



TAL MANUFACTURING SOLUTIONS LIMITED

16TH ANNUAL REPORT 2015-16

Registered Office & Works:

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Chinchwad, Pune - 411 033 (MH).

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Website: www.tal.co.in

Factory/ Works:

Aerospace Division,
Sector -3, MIHAN SEZ,
Village Kalkuhi, Nagpur – 441 108
Tel: 07126 – 662802



A TATA Enterprise

TAL MANUFACTURING SOLUTIONS LIMITED**SIXTEENTH ANNUAL REPORT 2015-16****INDEX**

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Board of Directors:

1. Mr. R.S. Thakur (Chairman), Non Executive Director, DIN: 00020126;
2. Dr. Raghunath Anant Mashelkar, Independent Director, DIN: 00074119;
3. Mr. Satish Bhaskar Pradhan, Non Executive Director, DIN: 00175969;
4. Ms. Padmini Khare Kaicker, Independent Director, DIN: 00296388;
5. Mr. Ajit Chinubhai Shah, Independent Director, (w.e.f. 03/11/2015), DIN: 02396765;
6. Mr. Niranjan S. Kulkarni, Non Executive Director, DIN: 02667029;
7. Mr. Satish B. Borwankar, Non Executive Director, DIN: 01793948;
8. Mr. Rajesh Khatri (Executive Director & CEO) DIN: 03620093.

Audit Committee:

1. Ms. Padmini Khare Kaicker, Chairman
2. Dr. Raghunath Anant Mashelkar, Member (Upto 31/12/2015)
3. Mr. N. S. Kulkarni, Member
4. Mr. Ajit Chinubhai Shah, Member (w.e.f 14/01/2016)

Nomination & Remuneration Committee:

1. Mr. Satish Pradhan, Chairman
2. Mr. R. S. Thakur, Member
3. Ms. Padmini Khare Kaicker, Member
4. Dr. Raghunath Anant Mashelkar, Member

Chief Financial Officer:

- ❖ Mr. Santanu Sil.

Chief Operating Officer (Robotics):

- ❖ Mr. Amit Bhingurde.

Chief Operating Officer (Aerospace):

- ❖ Mr. Lokesh Srivastava.

Company Secretary:

- ❖ Mr. Jagdish Shirke.
- ❖ Ms. Kavita Sethi Jain
(Relieved w.e.f 04/05/2015)

Statutory Auditors:

- ❖ M/S Deloitte Haskins & Sells,
Chartered Accountants,
Pune.

Secretarial Auditor:

- ❖ Mr. I.U Thakur
Practicing Company Secretary,
Pimpri, Pune.

Internal Auditor:

- ❖ Mr. Dilip Parthe
Pimpri, Pune.

Cost Auditors:

- ❖ M/s Mani & Company,
Cost Accountants, Kolkata

Bankers:

1. HDFC Bank Ltd, Pune
2. State Bank of India, Pune
3. IDFC Bank Ltd, Pune
4. Union Bank of India, Pune

BOARD'S REPORT

To
The Members of
TAL MANUFACTURING SOLUTIONS LIMITED

The Directors present their Sixteenth Annual Report and the Audited Statement of Accounts for the financial year ended March 31, 2016.

FINANCIAL RESULTS

(Figures in Rupees Lacs)

Particulars	FY 2015-16	FY 2014-15
(i) Total Income	22,089	13,419
(ii) Total Expenses	23,488	15,252
(iii) Profit / (Loss) before Interest & Depreciation	(115)	(1,136)
(iv) Depreciation	625	398
(v) Interest (Net after capitalization)	658	299
(vi) Profit/(Loss) Before Exceptional Item & Tax	(1,398)	(1,833)
(a) Exceptional Items	0	0
(vii) Provision for Taxation / (Deferred Tax)	0	0
(viii) Profit / (Loss) After Tax	(1,398)	(1,833)
(ix) Balance brought forward	(3,105)	(1,272)
(x) Balance Carried to Balance Sheet	(4,504)	(3,105)

DIVIDEND

In view of the loss for the year, your Directors do not recommend any dividend on equity shares for Financial Year 2015-16.

OPERATION & PERFORMANCE

Your Company has achieved the total revenue of Rs. 22,089 Lacs during the financial year 2015-16 as compared to Rs.13,419 Lacs for the previous year. The Company has suffered a loss of Rs. (1,399) Lacs as compared to previous year's loss of Rs. (1,833) Lacs. The loss during the financial year is lower due to the accelerated ramp-up in the Aerospace business.

On the back of growing volumes in the Aerospace business, the contribution margin improved by 8 basis-points YoY. The employee expenses as a percentage to sales also were lower by 7% YoY.

The Company continued its thrust on cost reduction and improving operational efficiency driven mainly by lean initiatives. With focused efforts, the Company managed its growing needs of working capital efficiently.

INDUSTRIAL BUSINESS UNIT (IBU)

Despite the volatile and difficult global environment, the Indian economy has managed to maintain its growth momentum – with an expected GDP growth of 7.6% for FY16. Decade low oil prices provided a boost to the reserves and helped the government to maintain its inflation and fiscal targets. On the flip side, NPA's in the banking sector, stressed corporate balance sheets, stagnating exports due to global slowdown and below normal monsoon negatively impacted the domestic economy. The uncertainty prevailing in China and the re-evaluation of the Yuan, also added to the gloomy global environment.

Though the macro-economic indicators improved, it did not result in an industrial pick-up. The performance of core industries was depressed leading to capacity underutilization. Further, the credit growth to the industry saw a downslide due to the stresses in the banking sector. Certain bright spots in the industrial horizon included some movement in stalled projects, make in India policy initiatives, traction in the renewable energy market and investments in the railways by the Indian government.

Automobile industry has grown by 8-9%, with the M&HCV segment growing by 30% during the year. However, this has not translated into new capacity creation due to the existing capacity underutilization. The IBU could achieve an order booking (excluding excise duty) of Rs 9,100 Lacs, a de-growth of 34% YoY– the projects business saw a sharper drop of 43% YoY. The IBU Sales were at Rs 10,600 Lacs 7% higher YoY and a loss of Rs (2,500) Lacs (against a PY Loss of Rs (2,400) Lacs). The Machine Tools Division (MTD) of the Company incurred a loss of Rs (2,000) Lacs against a PY Loss of Rs (1,300) Lacs.

The MTD has been incurring losses ever since inception due to its high cost of operations and no technology upgrades. Considering lack of scalability and poor margins in the business, your Directors have decided and approved the closure of the MTD operations within 1 ½ to 2 years – this would enable the management to focus on Aerospace and Robotics and accelerate the growth in these sunrise segments. Necessary approvals for the same are being taken.

In the Fluid Power business, the off take was limited due to changeover from 57 cc - axial piston pumps (APP G600) to 57cc Gear pumps on its Tippers by TML.

In line with the strategic plan, the thrust in the projects business has been to deliver Integrated Manufacturing Solutions. Your company received a letter of appreciation for its speedy and quality performance in execution of the ASRS from a large customer – this was the first installation of an ASRS by your company. Yet another first of its kind order executed by your company was the Blue-Buck – a tool for inspection of proto-type BIW.

The Management is focusing on booking large orders with better margins in order to improve the profitability. Several large orders are in the closing stages of finalization.

AEROSPACE BUSINESS UNIT (ABU)

The Aerospace dedicated facility at MIHAN–SEZ, Nagpur continues to grow at an accelerated pace - Sales of Rs 10,800 Lacs for FY 16, an increase of 135% YoY and a PBT of Rs.1,200 Lacs (against a PBT of Rs 300 Lacs in the PY). With zero defects and 100% on-time delivery of the Advanced Composite Floor Beams (ACFB), your company was recognized and appreciated as one of the Best Suppliers from India by its key customer. Your company continues to be the only one outside of USA to have qualified for the production of advanced composite beams for the 787-9 Dreamliner aircraft.



During the year under review, your Company has successfully supplied more than 2,857 ACFBs (as against 450 beams in the PY). Actions have been initiated to fulfill the increasing demand for the next year.

The delivery of the Phase-1 Sheet Metal and Precision Machined Parts for the RUAG/Airbus A320 has also started in the last quarter. This will see a progressive FAI and ramp-up to reach a steady state of supplies towards beginning of FY18. Several new technologies like Fluid Cell Forming, Extrusion Stretch Wrapping and Solution Heat Treatment are being adopted for the purpose.

With continuous focus on cost reduction and lean initiatives, the margins have been better than expected. With a passion to excel, the Company has adopted global best practices in manufacturing to ensure risk free delivery model. The Boeing dedicated facility continues to have a Green status in the Production Readiness Assessment process. Other notable achievements include Nadcap certification with “merit status”, business processes integration through SAP and thrust on EHS initiatives.

The manpower is being augmented in line with the production ramp up activities in both the facilities in Nagpur. Training, development and employee engagement continue to be the focus areas.

One of the challenges in the business is the higher working capital requirement. Contracts have been re-negotiated to avail better credit terms. Future contracts also will be negotiated from this perspective.

Your company was awarded an initial order for delivery of 5 SS for the 787-10 Beams and is well placed for the long term contract for the same.

Your company participated in the Paris Air Show 2015 and effectively demonstrated its capabilities as a cost effective and reliable supplier of parts & assemblies for aero-structures and aero-engines, tooling and ground support / handling equipment.

ROBOTICS AND NEW DEVELOPMENTS

Robotics and Automation continues to be the key focus area for your company. During the year, the 10-kg payload, articulated, proto-type Robot has undergone several validation cycles. Several new features like the brake motors, GDC castings for structural parts, flexible wiring harness etc. were introduced to make the Robot more robust during industrial applications. We have also filed patents of Robotic arms.

Your Company has successfully developed its own controller (patents are under process) with advanced yet simple to use features - which the earlier ProXYZ (imported) controller was not able to provide. This has resulted in a deferral of the launch of the Robot; it is now planned for launch in July'16.

Several applications including pick & place, assembly, MIG welding, stud welding, sealing and those requiring vision systems have been developed by integrating our Robot. A dedicated Demonstration Centre has been created in the factory for the potential customers to see our robots in action.





The styling of the Robot was worked out to present a contemporary product. New materials have been used to provide a modern look and finish without compromising robot functioning for various applications. The production shop facility is in place for productionizing 10 Robots / day

Additionally, your company has invested lot of efforts in creating the awareness about BRABO!



The tagline “*BRABO – Power your future*” has been created to create brand awareness and product recall. The 10-kg and 2-kg payload Robots, displayed in the Make-In-India Week at Mumbai during Feb’16 invoked lot of attention and response in the form of inquiries. BRABO! also received significant news coverage in the Make-in-India show.

During the year under review, your Company has filed the following patent applications in relation to Robotics:

1. Tech Pendant Unit;
2. Base Motor Placement Panel;
3. Timer Belt Power Transmission;
4. Calibration System; and,
5. Controller.

BRABO! is expected to provide a value proposition which will revolutionise the MSME segment.

OUTLOOK

The global environment will continue to cast its shadow over the emerging economies. Efforts will be needed to regain the investor confidence and revive the growth cycle. In India, the reforms are in the right direction and with the downturn in the commodity cycle it augurs well for the medium and long term. A good monsoon this year could provide the necessary boost to consumption demand.

In line with its Strategic Plan 2020, Aerospace and Robotics and Automation continue to be the growth engines for your Company.

With a projected 5% CAGR long-term growth in commercial aircrafts, the Aerospace segment continues to offer good growth opportunities. The OEM and Tier-1 companies are keen to source their requirements - parts, assemblies and tooling, from India to leverage low-cost advantage and fulfill offset obligations.

Your company has taken proactive steps to exploit the growing opportunity in Aerospace. It has continually advanced its capabilities and implemented initiatives for operational excellence and is well prepared to leverage them for an accelerated growth. The revenues from the dedicated facility at Nagpur are expected to grow exponentially as the production rate gets ramped up.

The Company is building a strong team to aggressively market the indigenously built Robots and automation solutions. The current density of Robots in India is around 1 per 10,000 industrial employees as against 400 in Korea and 50 in China. With 40% demand in the handling segment, your company is well positioned to exploit the huge potential with cost effective robotic solutions.



With low scalability and poor margins, the legacy businesses viz. Machine Tools and Material Handling are losing their strategic relevance for TAL – and have been a big drain on its profitability. Opportunities / options for transitioning to sunrise segments are being reviewed by your Board of Directors.

Continued thrust on cost reduction and lean measures will continue to be the guiding force to drive efficiencies.

HUMAN RESOURCES

HR strategy at TAL is linked to business strategy and facilitates the organization to achieve the company objectives by building people capabilities. The company is focusing on acquiring right talent and capability development.

In line with the volume ramp-up, the strength of employees in ABU grew from 316 to 412, an addition of 96 nos., in FY16. With the addition of 31 employees in Robotics, the total strength of employees in TAL as on March 31, 2016 was 633, as against 518 in the previous year.

The Company continues to have cordial relations with its workmen union. During the year, there was continuous engagement and communication between the management and the union on improving the operations of the Company. The ex-gratia settlement Agreement for 2014-15 with bargain-able workforce was concluded amicably.

SEGMENT REPORTING

The Company is engaged, mainly in the business of the engineering products and manufacturing solutions. The new aerospace business has started operations during the period and have been reported as a separate segment for the year, which in the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, is considered to constitute a reportable segment.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The Information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo as required under the provisions of Section 134 (3) (a) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, are given as an **Annexure A** to this Report.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2016 is Rs. 115 Crores. During the Financial Year 2015-16, the Company has raised Rs.15,00,00,000/- (Rupees Fifteen Crores Only), comprising of 1,50,00,000 Equity Shares @ Rs.10/- each, through right issue to the existing shareholder of the Company. As on 31st March, 2016, none of the Directors of the Company hold any share of the Company.

HOLDING COMPANY

During the Financial year, your Company continues to remain a Wholly Owned Subsidiary Company of TATA Motors Limited (A Listed Company) in terms of the provisions of the Companies Act, 2013.

FIXED DEPOSITS

During the year under review, the Company has neither invited nor accepted/renewed any deposits from the Public within the meaning of Chapter V of the Companies Act, 2013; (2015-16: NIL).

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the Financial Year, your Company has not given any loan, guarantees & investments covered under Section 186 of the Companies Act, 2013.

STATUTORY AUDITORS & THEIR REPORT

M/s. Deloitte Haskins & Sells ('DHS'), Registration No.117365W, the Statutory Auditors of the Company, hold the office until the conclusion of the Seventeenth Annual General Meeting ('AGM') to be held in the year 2017 (subject to the ratification of their Appointment at every AGM). It is proposed to ratify their appointment and to fix their remuneration for FY 2016-17.

The Statutory Auditors have given their Audit Report for the Financial Year 2015-16 and the observations made by the Auditors together with relevant notes thereon are self-explanatory and do not call for any comments.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. I U Thakur, Practicing Company Secretary as a Secretarial Auditor to conduct the Secretarial Audit. The Secretarial Audit Report for FY 2015-16 is appended as **Annexure B**. The observations made by the Secretarial Auditors are self-explanatory and do not call for any comments.

COST AUDITOR

The Ministry of Corporate Affairs has issued the notification on 31st December, 2014 under Section 148 of the Companies Act, 2014 read with Companies (Cost Records and Audit) Amendment Rules, 2014 which was applicable to the Company for Financial Year 2015-16. As mandated by the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, the Resolution seeking the Member's ratification for the remuneration payable to the Cost Auditor will be included in the Agenda item of Notice convening the ensuing Annual General Meeting. After completion of Cost Audit for FY 2015-16, the Cost Audit Report for FY 2015-16 will be filed with MCA before due date in accordance with the provisions of the Companies Act, 2013.

INTERNAL AUDITOR

Pursuant to Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, the Company has appointed an Internal Auditor to conduct Internal Audit of the functions & activities of the Company. The Internal Auditor submits its quarterly reports to the Audit Committee for its review. Based on the Internal Audit Reports, the Audit Committee issues instructions to the process owners / departments to undertake corrective actions in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee on quarterly basis.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has an adequate system of internal controls in place. It has documented policies and procedures covering all major financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses and compliances with regulations. The Company has continued its efforts to align all its processes and controls with best practices in the country.

Some significant features of the internal control of systems are:

- The Audit Committee of the Board of Directors, comprising of Independent Directors since 31st March, 2015, regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with accounting standards as well as reasons for changes in accounting policies and practices, if any;
- Documentation of major business processes and testing thereof including financial closing, computer controls and entity level controls,
- An ongoing programme, for the reinforcement of the Tata Code of Conduct is prevalent across the organization. The Code covers integrity of financial reporting, ethical conduct, regulatory compliance, conflicts of interests review and reporting of concerns.
- State-of-the-art Enterprise Resource Planning, supplier relations management and customer relations management connect the Company's different locations and seamless information exchange. The Company also maintains a comprehensive information security policy and undertakes continuous upgrades to its IT systems;
- Detailed business plans for each segment, year-on-year reviews, annual financial and operating plans and monthly monitoring are part of the established practices for all operating and service functions;
- A well-established, independent, multi-disciplinary Internal Audit team operates in line with governance best practices. It reviews and reports to management and the Audit Committee about compliance with internal controls and the efficiency and effectiveness of operations as well as the key process risks.; and
- Whistle blower mechanisms are operative across the Company.

The Board takes responsibility for the overall process of risk management throughout the Organization. Through an Enterprise Risk Management programme, the Company's business

units and corporate functions address opportunities and the attendant risks through an institutionalized approach aligned to the Company's objectives. This is also facilitated by internal audit. The Business risk is managed through cross functional involvement and communication across businesses. The results of the risk assessment and residual risks are presented to the senior management. The Audit Committee reviews business risk areas covering operational, financial and strategic risks.

During Fiscal 2016, the Company conducted an assessment of the effectiveness of the internal control over financial reporting and no major control weaknesses were observed.

DIRECTORS

During the Financial year 2015-16, the Board of Directors appointed Mr. Ajit C. Shah as an Additional Independent Director on the Board of the Company with effect from November 03, 2015 in terms of the provisions of the Companies Act, 2013 and also recommended his appointment to the Members at the ensuing Annual General Meeting of the Company. The Company on receipt of the notice from member of the Company and amount of Rs. 1,00,000/- proposing the candidature of Mr. Ajit C Shah as a Director of the Company shall approve and confirm his appointment as a Director at ensuing Annual General Meeting. The Independent Director has given their declarations under Section 149(6) of the Companies Act, 2013 that they meet the criteria of independence.

During the Financial year 2015-16, Dr. Raghunath A. Mashelkar, vide his letter dated December 31, 2015, intimated the Company about his resignation from the Audit Committee on account of his preoccupancy in other official obligations and assignments w.e.f December 31, 2015. Further, the said resignation has no effect on his current position on the Board of TAL i.e. Independent Director and membership in the Nomination and Remuneration Committee (NRC). The Board members recalled the valuable contributions made by him as a member of the Audit Committee of the Company and extended their warm and sincere appreciation of the services rendered by him during his tenure.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company Mr. R. S. Thakur and Mr. Satish Pradhan are liable to retire by rotation and are eligible for re-appointment as the ensuing Annual General Meeting of the Company. The composition of the Board is in compliance with the provisions of the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL (KMP)

During the Financial year 2015-16, the Board has appointed Mr. Jagdish J. Shirke (FCS 6691) as a Company Secretary w.e.f April 06, 2015 due to resignation of Mrs. Kavita Sethi Jain.

The Company is in compliance with the requirement of Section 203 of the Companies Act, 2013 for key managerial personnel (KMP) in the Company viz. Executive Director, Chief Financial Officer (CFO) and Company Secretary (CS).

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board is required to carry out an Annual Performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committee (NRC) by process of assessment feedback/questionnaire from individual Directors/Committee members for Board & Committees. The questionnaire was sent to individual Directors for their feedback and the scores given by the Directors had been compiled with overall score and overall assessment by the Independent Directors. The NRC meetings were held to consider and evaluate the performance of the Directors and Board as a whole. The Committee also considered and noted the feedback/comments received from the Directors for improvement. The NRC issued necessary instructions to the Management for improvement. A separate meeting of Independent Directors was held on 18.05.2016 and IDs have shared their comments with the Chairman. The final reporting of assessment / evaluation was placed before the Board. The IDs and NRC had given its recommendation to the Board. The Company wishes to inform you that the overall score for Board evaluation has been arrived at green as per process / template shared within the TATA group.

MEETINGS OF BOARD & ITS COMMITTEES

A yearly calendar of the Meetings is prepared & circulated in advance to the Directors. During the Financial year 2015-16, Five (5) Board Meetings, Five (5) Audit Committee Meetings, one (1) meeting of Remuneration Committee and one (1) Allotment Committee meeting were convened & held. The intervening gap between the Board Meetings was within the period prescribed under the Companies Act, 2013. During the year, the Board has also constituted the BIW committee comprised of Mr. N S Kulkarni, Mr. Satish Borwankar and Mr. Rajesh Khatri, Directors of the Company in relation to BIW business and closure of MTD business.

AUDIT COMMITTEE

The Audit Committee of Directors comprised of three Non-executive Directors, viz. Ms. Padmini Khare Kaicker (Chairperson), Dr. Raghunath A. Mashelkar and Mr. N.S. Kulkarni. Dr. Raghunath A. Mashelkar, vide his letter dated December 31, 2015, intimated the Company about his resignation from the Audit Committee on account of his preoccupation in other official obligations and assignments w.e.f December 31, 2015, thereafter, the Audit Committee has been reconstituted vide circular resolution passed by the Board in accordance with the provisions of Section 177 of Companies Act, 2013, wherein Mr. Ajit C. Shah has been appointed as a member of the Audit Committee.

The Audit Committee comprises of Ms. Padmini Khare Kaicker (Chairperson), Mr. Ajit C. Shah and Mr. N. S. Kulkarni.

The Audit Committee had 5 (Five) meetings during the year. These meetings were attended by the Executive Director & CEO, Chief Financial Officer, Chief Operating Officer, Head – ABU, Internal Auditor and Statutory Auditors of the Company. The Secretary of the Company acted as a Secretary to the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee of Directors comprised of four Non-executive Directors, viz. Mr. Satish Pradhan (Chairman), Mr. R.S Thakur, Dr. Raghunath A. Mashelkar and Ms. Padmini Khare Kaicker. The Nomination & Remuneration Committee had One (1) meeting during the financial year 2015-16. The Secretary of the Company acted as a Secretary to the Committee.

REMUNERATION POLICY

The Board upon the recommendation of Remuneration Committee has adopted the policy pursuant to Section 178 of the Companies Act, 2013 during the Financial Year 2014-15. The key highlights of the policy are shared herewith for the reference of the members.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”) In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the company shall abide by the applicable law. While formulating this policy, the Nomination and Remuneration Committee (“NRC”) has considered the factors laid down under Section 178(4) of the Act, which are as under:

- (a) “the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals”.

A) Remuneration for independent directors and non-independent non- executive directors

- i) Independent directors (“ID”) and non-independent non-executive directors (“NED”) may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits.
- ii) Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
- iii) Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the company (taking into consideration the challenges faced by the company and its future growth imperatives).
- iv) Overall remuneration should be reflective of size of the company, complexity of the sector/ industry/ company’s operations and the company’s capacity to pay the remuneration.
- v) Overall remuneration practices should be consistent with recognized best practices.
- vi) Quantum of sitting fees may be subject to review on a periodic basis, as required.
- vii) The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.

- viii) The NRC will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.
- ix) In addition to the sitting fees and commission, the company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/ her role as a director of the company. This could include reasonable expenditure incurred by the director for attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a director.

B) Remuneration for managing director (“MD”)/ executive directors (“ED”)/ KMP/ rest of the employees

- i) The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be
 - a) Market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent)
 - b) Driven by the role played by the individual,
 - c) Reflective of size of the company, complexity of the sector/ industry/ company’s operations and the company’s capacity to pay,
 - d) Consistent with recognized best practices and
 - e) Aligned to any regulatory requirements.
- ii) In terms of remuneration mix or composition,
 - a) The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.
 - b) Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
 - c) In addition to the basic/ fixed salary, the company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursements or insurance cover and accidental death and dismemberment through personal accident insurance.
 - d) The company provides retirement benefits as applicable.
 - e) In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company provides MD/ EDs such remuneration by way of commission, calculated with reference to the net profits of the company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/ EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.

- f) In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company provides MD/ EDs such remuneration by way of an annual incentive remuneration/ performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:
 - i) Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time,
 - ii) Industry benchmarks of remuneration,
 - iii) Performance of the individual.
- g) The company provides the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the company.

C) Remuneration payable to Director for services rendered in other capacity

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity unless:

- a) The services rendered are of a professional nature; and
- b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.

D) Policy implementation

The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

CORPORATE GOVERNANCE

Given herein below are relevant disclosures, as required under Section-II (B) of Part-II of Schedule V to the Companies Act, 2013:

Managerial Remuneration

- a) **Nomination & Remuneration Committee (NRC):** The Nomination & Remuneration Committee in its meeting held on May 02, 2015, comprising of four non-executive Directors viz. Mr. Satish Pradhan (Chairman), Mr. R. S. Thakur, Dr. Raghunath A. Mashelkar and Ms. Padmini Khare Kaicker, considered, approved and recommended the remuneration payable to the Executive Director & CEO of the Company. During the year, one meeting of the Committee was held on the aforesaid date.
- b) **Remuneration Policy:**
The NRC decides the remuneration payable to Managerial personnel based on criteria such as industry benchmarks, responsibilities shouldered, the Company's performance vis-à-vis the industry, performance / track record of the Managerial personnel and reports' to the Board of Directors. The Company pays remuneration to its Managerial personnel by way of salary, perquisites and allowances (fixed component) and commission and/or incentive remuneration (variable component).

Annual increments are recommended by the Nomination & Remuneration Committee and approved by the Board of Directors within the salary scale approved by the members and are effective from April 1, annually.

The Details of remuneration paid to Mr. Rajesh Khatri, Executive Director & CEO is disclosed in Extract of Annual Return attached with this Report. The salient features of the agreement executed by the Company with the Executive Director are as under:

Period of Appointment	October 01, 2012 to September 30, 2017
Salary	In the scale of Rs. 3,00,000/- per month upto a maximum of Rs.6,00,000/- per month (Basic Salary Rs.3,15,000 pm commencing from April 01, 2013). The annual increments which will be effective 01 st April each year, will be decided by the Board and will be merit-based and take into account the Company's performance as well.
Commission	In addition to the salary, perquisites and allowances payable, payment of commission, if any, will be paid as a percentage to the net profits of the Company in a particular financial year as per Section 349 and 350 of the earlier Companies Act, 1956, subject to the overall ceilings stipulated in Sections 198 and 309 of the 1956 Act. The commission payable to Mr. Khatri would be based on certain performance criteria, as may be laid down by the Board of Directors/ Remuneration Committee, and payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Members.
Incentive Remuneration	Upto 200% of Basic Salary to be paid annually at the discretion of the Board/Remuneration Committee based on certain performance

Perquisites & Allowances	<p>a. House Rent and House Maintenance Allowances aggregating 85% of the basic salary or Company leased accommodation in lieu thereof as per norms of the Company.</p> <p>b. Medical benefits, Transport and other facilities:</p> <p>i. Medical benefits under the Medical Insurance Scheme in force in the Company.</p> <p>ii. A Company Car, as per the rules of Company.</p> <p>iii. Housing Loan Interest subsidy, as per the Rules of the Company.</p> <p>c. Other perquisites and allowances given below subject to a maximum of 55% of the Basic Salary:-</p> <table> <tr> <td>i. Cash Allowances</td><td>33.34%</td></tr> <tr> <td>ii. Leave Travel Concession/Allowance</td><td>8.33%</td></tr> <tr> <td>iii. Medical allowance</td><td>8.33%</td></tr> <tr> <td></td><td>50.00%</td></tr> <tr> <td>iv. Personal Accident Insurance) @ actual subject to</td><td></td></tr> <tr> <td>v. Club Membership fees) a cap of</td><td>5.00%</td></tr> <tr> <td></td><td><u>55.00%</u></td></tr> </table>	i. Cash Allowances	33.34%	ii. Leave Travel Concession/Allowance	8.33%	iii. Medical allowance	8.33%		50.00%	iv. Personal Accident Insurance) @ actual subject to		v. Club Membership fees) a cap of	5.00%		<u>55.00%</u>
i. Cash Allowances	33.34%														
ii. Leave Travel Concession/Allowance	8.33%														
iii. Medical allowance	8.33%														
	50.00%														
iv. Personal Accident Insurance) @ actual subject to															
v. Club Membership fees) a cap of	5.00%														
	<u>55.00%</u>														
Minimum Remuneration	Where in any financial year during the currency of the tenure, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of Salary, Benefits, Perquisites and Allowances, and Performance Bonus as specified above for a period not exceeding 3 years.														
Notice period on either side	Six month notice or Company paying six month's salary in lieu of the notice.														
Stock option details	Not applicable														

The MCA has issued Circular 07/2015 dated 10.04.2015 clarifying that the Managerial Personnel appointed as per Schedule XIII of the Companies Act, 1956 may continue to receive the remuneration under the Old Act. In line with this Circular, the letter is being issued to the MCA communicating that the Company would pay remuneration as per the provisions of Schedule XIII for his remaining tenure.

- c) **Remuneration to Non-Executive Directors:** A sitting fee of Rs.50,000/- per meeting per Director is paid to each of the Non-executive Directors whereas Rs. 20,000/- per meeting per Director is paid to each of the Non-executive Directors and/or employee of Tata Motors Ltd for attending the meetings of the Board of Directors, Audit Committee and Nomination & Remuneration Committee attended by them. Sitting fees paid to the Non-Executive Directors for attending various Board/Committee meetings held during the financial year 2015-16 are furnished below:

(Figures in Rupees)

Name of the Director	Sitting fees paid				Total sitting fees paid during 2015 - 16
	Board	Audit Committee	Remuneration Committee	Any Other Committee	
Mr. R.S. Thakur	2,50,000	-	50,000	-	3,00,000
Mr. Satish Pradhan	2,00,000	-	50,000	-	2,50,000
Dr. Raghunath Anant Mashelkar	2,50,000	1,50,000	50,000	-	4,50,000
Ms. Padmini Khare Kaicker	2,50,000	2,50,000	50,000	-	5,50,000
Mr. N.S Kulkarni	1,00,000	1,00,000	-	-	2,00,000
Mr. Satish Borwankar [#]	Nil	-	-	Nil	Nil
Mr. Ajit C. Shah ^{\$}	1,00,000	1,00,000	-	-	2,00,000
Mr. Rajesh Khatri – Executive Director & C.E.O	NA	NA	NA	NA	NA

[#] Except Executive Director of the Holding Company.

^{\$} Appointed as an additional Independent Director on November 03, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, and secretarial auditors and external consultant(s) including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2015-16.

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2015-16 and of the profit & loss of the Company for Financial Year 2015-16.
- have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- have prepared the annual accounts on a "going concern basis";
- have devised proper system to ensure compliance with the provisions of all applicable laws and the system is adequate and operating effectively.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a vigil mechanism named Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The Policy has also been posted on the website of the Company.

RISK MANAGEMENT POLICY

During the period under review, the Company has adopted the Enterprise Risk Management Policy and also identified the Company level risks. The Company has formed ERM Committee which regularly reviews the risks and mitigation actions. The ERM Committee also reviews the mitigation actions and its implementation for risks identified at Company level. A separate risk register is also prepared by the Company which is being placed and reviewed by the Audit Committee.

CORPORATE SOCIAL RESPONSIBILITY

Having considered the provisions of Rule 3(2) of Companies (Corporate Social Responsibility Policy) Rules, 2014, during financial year 2015-16, the Company has not been covered under any criteria specified in Section 135(1) of the Companies Act 2013 i.e. having net worth of Rs. 500 Crs or more, or turnover of Rs. 1000 Crs or more, or a net profit of Rs. 5 Crs or more during previous three consecutive financial years.

The Company is incurring consecutive operating losses for the financial years 2012-13, 2013-14, 2014-15 and 2015-16, therefore as per the provisions of Rule 3 of Companies (Corporate Social Responsibility Policy) Rules, 2014; the Company shall not require complying with the provisions of Sec 135(5).

DISCLOSURES AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at workplace and a Policy on prevention, prohibition and redressal of sexual harassment at workplace is already in place which is in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace.

The Company has not received any complaint on sexual harassment during the financial year 2015-16.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year 2015-16 were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Directors, Key Managerial Personnel or other senior management persons which might be a potential conflict with the interest of the Company at large. All related party transactions are placed before the Audit Committee as also the Board for approval. The Statement giving the details of all related party transactions is placed before the Audit Committee & the Board on quarterly basis. The Statement is supported by certificate from the ED & CFO of the Company.



None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company except remuneration paid to the Executive Director as per the Companies Act, 2013.

The particular of Contract with related parties in prescribed form under Section 134 of the Companies Act, 2013 has been attached with this Report as **Annexure C**.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS OR TRIBUNALS

During the year, no significant & material order passed by any regulator, courts or any other tribunals to the Company which would impact the going concern status and company's operations in future.

EXTRACT OF ANNUAL RETURN

The Extract of Annual Return as on 31.03.2016 in MGT-9 pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is annexed herewith as **Annexure D**.

ACKNOWLEDGEMENTS

The Directors wish to convey their sincere appreciation to all the Company's employees and employees' union for their enormous personal efforts and their collective contribution to enable the Company to meet targets and overcome the challenges faced by the Company during the year. The Directors would also like to thank Company's Shareholders, bankers, auditors, suppliers and all other business associates and stakeholders for the continuous support given by them to the company and for their confidence in its management.

**On behalf of the Board of Directors
For TAL Manufacturing Solutions Ltd**

Sd/-

**R.S Thakur (DIN: 00020126)
Chairman**

**Date: 6th July, 2016
Place: Pune**

AnnexureA

(Attached with the Board's Report for the financial year ended March 31, 2016)

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo

A. Conservation of Energy

The Company has always been conscious of the need for conservation of energy. Energy conservation measures have been implemented in all the plants and offices of the Company.

Particulars	FY 2015-2016	FY 2014-15
Electrical Energy(KWH in lacs)	75.31	75.87

(i) Steps taken or impact on conservation of energy:

The Company is putting efforts toward conservation of energy and with this intent two numbers of AC plants are almost shut down for the whole year (one in Bay no.1, & second in Bay no.5 North side). Further, the 3rd shift was almost stopped in last year (used very rarely, in case of extreme emergency) and Air Compressor Valve in TAL supply line is kept off in C-shift to contain the air leakages.

The Company has put effort conserve the energy by minimizing the usages of electrical equipment and reduction of shift by working singled shift of one of the division of the Company.

For Nagpur Plant of the Company, all Equipments purchased are critically analyzed from Power consumption point of view. All Electrical Motors which are installed on the Equipment's are EFF – 1. Both the Buildings in the Plant i.e. Boeing & Generic has sufficient Day light Panel's due to which during day time the lights are not required and sufficient lux remains available in the plant. Power consumption is monitored unit wise daily to understand the power consumption separately for Boeing & Generic & corrective actions are taken.

Hydro Pneumatic System is also installed for the DM Water pumping system which is supplying DM Water to Boeing & Generic Tank line.

Proper planning is done to maximize the utilization of the machines in Machine shop so that less no of machines are used for the required production. Controlling Compressed Air leakages & appropriate load settings to minimize the Delta in Lower & Upper settings of pressure to ensure less unloading of Compressors.

Company is controlling on the limits of the temperature on Environmental Conditions for our Clean room & other places by doing this we reduce our Air Conditioning tonnage/Wind driven Turbine Ventilators has been installed at DG House & substations to take out the heat, plan is also to install in Generic Shop. Cool lamps are installed in offices to reduce the heat load. A fully automated ETP has been added for Generic.

(ii) Steps taken by the company for utilising alternate sources of energy:

Dialogue has been started with the parent Company for Roof Top solar systems in existing facilities at Pune plant.

Since the Nagpur Plant is in MIHAN SEZ, the power cost is low for the same and therefore alternate source of energy is not considered.

(iii) Capital Investment on energy conservation equipments:

The Company is contemplating the investment options/opportunities for conservation of energy through modern equipments and systems.

B. Technology Absorption

The Company has signed Technology tie-up agreement with M/s PROXYZ / Autofina for the mechanical design of Robots. Leveraging its mechatronics capabilities to provide low cost automation solutions, your company developed and manufactured a 10 kg-payload articulated Robot equipped with India-centric controller. The Robot is expected to go into commercial production in Q2 FY16-17.

The Company has signed Technology tie-up Agreement with IHI Logistics & Machinery Corporation, Japan for ASRS technology for stacking system.

C. Foreign Exchange Earnings & Outgo

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

Particulars	FY 2015-16	FY 2014-15
Foreign Exchange Earnings and Outgo	<i>(Equivalent in Rs. lakhs)</i>	<i>(Equivalent in Rs. lakhs)</i>
i) Foreign Exchange Earnings	11,062	1,491
ii) Foreign Exchange Outgo	12,926	11,578

Annexure B

(Attached with the Board's Report for the financial year ended March 31, 2016)

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE PERIOD 01.04.2015 TO 31.03.2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

TAL MANUFACTURING SOLUTIONS LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **TAL MANUFACTURING SOLUTIONS LIMITED** (hereinafter called "**THE COMPANY**"). Secretarial Audit was conducted in a manner that provides me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period ended on 31.03.2016 according to the provisions of following Acts and found them in satisfactory conditions:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) Other Laws:
 - 1. The Factories Act, 1948
 - 2. The Water (Prevention and Control of Pollution) Act, 1974
 - 3. The Air (Prevention And Control Of Pollution) Act, 1981
 - 4. The Environment (Protection) Act, 1986

I have also examined compliance with the applicable clauses of the following:

Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the observations as mentioned in annexure.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Pune
Date : 28/04/2016

Signature: **Sd/-**
Name of Company Secretary in practice / Firm:
I U THAKUR, Company Secretary
ACS/FCS No. : 2298
C. P. No. : 1402

Annexure C

(Attached with the Board's Report for the financial year ended March 31, 2016)

Form AOC -2

Particulars of Contracts / Arrangements with Related Parties

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: **N.A**

(a) Name(s) of the related party and nature of relationship: **N.A**

(b) Nature of contracts/arrangements/transactions: **N.A**

(c) Duration of the contracts / arrangements/transactions: **N.A**

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: **N.A**

(e) Justification for entering into such contracts or arrangements or transactions: **N.A**

(f) date(s) of approval by the Board: **N.A**

(g) Amount paid as advances, if any: **N.A**

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: **N.A**

2. Details of material contracts or arrangement or transactions at arm's length basis

----- Attached herewith -----

Form No. AOC 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014

Date of Contract	Name of the Related Party	Name of the Director's Interested	Nature of Relation with the Company	Nature of Contracts/ arrangements/transactions	Duration of the Contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Dates of Approval by the Board, if any	Value of Total Transaction During F.Y. 2015-16 (In Rs.)	Amount paid as advances, if any During F.Y. 2015-16 (In Rs.)
On Going Contracts	Tata Motors Ltd	Mr. Satish Borwankar	TML Executive Director/ Holding Company	Sale of goods	Continuing/ under earlier Act (Exempted)	As per PO Terms	18-May-16	27,26,64,458	1,40,25,241
				Purchase of goods		As per PO Terms		NIL	NIL
				leasing of property of any kind		As per PO Terms		2,73,60,800	NIL
				availing of services of any kind		As per PO Terms		4,60,92,747	NIL
				rendering of services of any kind		As per PO Terms		72,31,156	NIL
				appointment of any agent for purchase or sale of goods, materials, services or property		As per PO Terms		NA	NA
On Going Contracts	Tata Marcopolo Motors Ltd	Mr. Satish Borwankar	Common Director/ Fellow Subsidiary	Sale of goods	Continuing	As per PO Terms	18-May-16	NIL	67,25,100
				rendering of services of any kind		As per PO Terms		NIL	NIL
				appointment of any agent for purchase or sale of goods, materials, services or property		As per PO Terms		NA	NA
On Going Contracts	TML Drivelines Ltd	Mr. Satish Borwankar Mr. N.S. Kulkarni	Common Director/ Fellow Subsidiary	Sale of goods	Continuing	As per PO Terms	18-May-16	36,48,547	11,44,900
				rendering of services of any kind		As per PO Terms		13,32,785	NIL
On Going Contracts	Tata Technologies Ltd (TTL)	-	Fellow Subsidiary	Sale of goods	Continuing	As per PO Terms	18-May-16	NIL	NIL
				availing or rendering of services of any kind		As per PO Terms		79,06,076	NIL
				appointment of any agent for purchase or sale of goods, materials, services or property		As per PO Terms		NA	NA
On Going Contracts	Tata Cummins Pvt. Ltd	Mr. Satish Borwankar	JV of Holding Company / Common Director	Sale of goods	Continuing	As per PO Terms	18-May-16	81,037	NIL

It is hereby declared that the above transactions are on-going transactions with the Related Parties and there is no change in the terms & conditions in the FY 2015 - 16. Further these transactions are in the ordinary course of business and are at Arm's Length Basis.

Sd/-
Mr. Santanu Sil
CFO

Sd/-
Mr. R.S Thakur
Chairman. (DIN:00020126)

Annexure D

(Attached with the Board's Report for the financial year ended March 31, 2016)

Form No. MGT-9

EXTRACT OF ANNUAL RETURN As on the Financial Year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	U29100PN2000PLC130290
ii)	Registration Date:	13/03/2000
iii)	Name of the Company:	TAL Manufacturing Solutions Limited
iv)	Category / Sub-Category of the Company:	Public Limited
v)	Address of the Registered office and contact details:	PDO Building, TATA Motors Campus, Chinchwad, Pune - 411 033, Maharashtra, India Tel. +91 20 – 6613 5509 Fax: +91 20 – 6613 5578 Website: www.tal.co.in
vi)	Whether listed company:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / Services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Other parts of Aeroplanes	3030	41
2.	Sale of CNC Machining Center	2822	15
3.	Fluid Power Solutions	2812	12
4.	Material Handling Equipment	2816	15

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1.	Tata Motors Ltd Bombay House, 24, Homi Mody Street, Hutatma Chowk, Mumbai. PIN - 400 001	L28920MH1945PLC004520	Holding	100%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No of Shares held at the beginning of the year				No of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of total Shares	
A. Promoter									
(1) Indian									
a) Individual / HUF	NIL	NIL	NIL	NA	NIL	NIL	NIL	NIL	NA
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	NIL	10,00,00,000	10,00,00,000	100	NIL	11,50,00,000	11,50,00,000	100	NIL
e) Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-Total									
(A)(1) :-	NIL	10,00,00,000	10,00,00,000	100	NIL	11,50,00,000	11,50,00,000	100	NIL
(2) Foreign									
a) NRIs Ind	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other Ind	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies corp	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub – Total (A)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Shareholding of promoter (A) = (A)(1) + (A)(2)	NIL	10,00,00,000	10,00,00,000	100	NIL	11,50,00,000	11,50,00,000	100	NIL

Category of Shareholders	No of Shares held at the beginning of the year				No of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of total Shares	
B. Public Shareholding									
1. Institutional									
a) Mutual Funds	NIL	NIL	NIL	NA	NIL	NIL	NIL	NIL	NA
b) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Fund	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-Total (B)(1)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non Institutions									
a) Bodies Corp	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Individual shareholders holding nominal share capital upto Rs. 1 Lac	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Individual shareholders holding nominal capital in excess of Rs. 1 Lac	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) Others	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-Total (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B) = (B)(1) + (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDR & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A + B + C)	NIL	10,00,00,000	10,00,00,000	100	NIL	11,50,00,000	11,50,00,000	100	NIL

(ii) Shareholding of Promoters

Sr. No.	Shareholders name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change during the year
		No of Shares	% of shares total of the Company	% of shares pledged / encumbered to total shares	No of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	
1.	TATA Motors Limited ('TML')	9,99,99,930	99.99	NIL	11,49,99,930	99.99	NIL	NIL
2.	TML jointly with Mr. A. Gajendragadkar	10	0.00001	NIL	10	0.00001	NIL	NIL
3.	TML jointly with Mr. Hoshang K Sethna	10	0.00001	NIL	10	0.00001	NIL	NIL
4	TML jointly with Mr. V.B. Somaiya	20	0.00002	NIL	20	0.00002	NIL	NIL
5	TML jointly with Mr. C. Ramakrishnan	10	0.00001	NIL	10	0.00001	NIL	NIL
6	TML jointly with Mr. Vispi Patel	10	0.00001	NIL	10	0.00001	NIL	NIL
7	TML jointly with Mr. Ravindra Pisharody	10	0.00001	NIL	10	0.00001	NIL	NIL
	Total	10,00,00,000	100		11,50,00,000	100		

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	10,00,00,000	100	-	-

2.	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat	<p>Increase in Promoters Share holding on 09/06/2015 by the allotment of 1,50,00,000 equity right shares at Rs. 10 each.</p> <p>The Company intends to utilize the proceeds from the Issue of Equity Rights shares aggregating Rs. 15 Crores towards funding the following objects:</p> <ul style="list-style-type: none"> ◆ capital expenditure of Aerospace and Robotics & Automation, businesses ◆ augment the Bank requirement for term loan ◆ general corporate purposes. 			
3.	At the End of the year	11,50,00,000	100	11,50,00,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	NIL	NIL	NIL	NIL
2.	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc).	NIL	NIL	NIL	NIL
3.	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	NIL	NIL	NIL	NIL
2.	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity, etc).	NIL	NIL	NIL	NIL
3.	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(In Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	33,88,84,533	14,00,00,000	NIL	47,88,84,533
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	18,06,644	NIL	NIL	18,06,644
Total (i + ii + iii)	34,06,91,177	14,00,00,000	NIL	48,06,91,177
Change in Indebtedness during the financial year				
♦ Addition	40,44,85,851	NIL	NIL	40,44,85,851
♦ Reduction	NIL	9,00,00,000	NIL	NIL
Net Change	40,44,85,851	NIL	NIL	40,44,85,851
Indebtedness at the end of the financial year				
i) Principal Amount	74,06,31,267	5,00,00,000	NIL	79,06,31,267
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	45,45,761	NIL	NIL	45,45,761
Total (i + ii + iii)	74,51,77,028	5,00,00,000	NIL	79,51,77,028

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount In Rs.)

Sl. no.	Particulars of Remuneration	Name of WTD					Total Amount
		Mr. Rajesh Khatri, Executive Director & CEO	-	-	-	-	
1.	Gross salary (a) Salary ¹ as per provisions contained in section 17(1) of the Income-tax Act, 1961	74,88,960*					74,88,960
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	61,18,019	-	-	-	-	61,18,019
	(c) Profits in lieu of salary under section 17(3) Income- tax Act 1961	NIL					NIL
2.	Stock Option	NIL	-	-	-	-	NIL
3.	Sweat Equity	NIL	-	-	-	-	NIL
4.	Commission - as % of profit - Others, specify...	NIL	-	-	-	-	NIL
5.	Others, Retiral Benefits	14,27,938 [#]	-	-	-	-	14,27,938 [#]
	Total (A)	1,50,34,917	-	-	-	-	1,50,34,917
	Ceiling as per the Act	As per MCA Circular ^{**}	-	-	-	-	—

[#]Other retiral benefits includes gratuity (Provided For) of Rs. 2,15,919/-.

* Salary includes the performance linked pay approved by the Nomination & Remuneration Committee and the Board amounting to Rs. 30 Lacs for FY 2015-16 which will be paid during FY 2016-17.

^{**}The MCA vide its circular No 07/2015 dated 10.04.2015 has clarified the payment of remuneration to the Managerial personnel who have been appointed under earlier act read with Schedule XIII for their remaining tenure. Accordingly the Company is entitled to pay excess remuneration over & above the ceiling in schedule and the excess pay has already been approved by the members in general Meeting. In view of the aforesaid Circular, the Board of Directors, on approval/recommendation of Nomination & Remuneration Committee, vide meeting held on 12.05.2016 has approved the payment of incremental remuneration for FY 2015-16 and also approved the incremental remuneration for FY 2016-17 within overall limits as approved by the Members of the Company. Accordingly, the communication is being issued to the MCA for payment of incremental remuneration to ED & CEO considering the circular.

B. Remuneration to other directors:

(Amount in Rs.)

Sl. No	Particulars of Remuneration		Name of Directors				Total Amt.
			-----	----	----	---	
	1.Independent Directors		Dr. Mashelkar	Ms. Khare	Mr. Ajit Shah	--	
	• Fee for attending board committee meetings		4,50,000	5,50,000	2,00,000		12,00,000
	• Commission		NIL	NIL	NIL	--	
	• Others, please specify		NA	NA	NA		
	Total(1)		4,50,000	5,50,000	2,00,000	NIL	12,00,000
	2.OtherNon-Executive Directors		Mr. Thakur	Mr. Pradhan	Mr. Kulkarni	Mr. Borwankar	
	• Fee for attending board committee meetings		3,00,000	2,50,000	2,00,000	NIL	7,50,000
	• Commission		NIL	NIL	NIL	NIL	NIL
	• Others, please specify		NA	NA	NA	NA	NA
	Total (2)		3,00,000	2,50,000	2,00,000	NIL	7,50,000
	Total (B) = (1+2)					NIL	19,50,000
	Total Managerial Remuneration		--	NA	NA	NA	--
	Overall Ceiling as per the Act*			NA	NA	NA	

* Please refer note given at previous page.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTG:

Sl. no.	Particulars of Remuneration	CEO ^{\$}	Key Managerial Personnel			
			Company Secretary*		CFO	Total
			Ms. Kavita Sethi Jain	Mr. Jagdish Shirke		
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Already covered in VI (A) for WTD	45,008	4,42,951	11,21,751	16,09,710
			3,87,994 [#]	12,64,596 ^α	31,16,592 ^α	47,69,182
			Nil	Nil	Nil	Nil
2.	Stock Option		NIL	NIL	NIL	NIL
3.	Sweat Equity		NIL	NIL	NIL	NIL
4.	Commission - as % of profit - Others, specify...		NIL	NIL	NIL	NIL
5.	Others, Retiral Benefits		5,401	70,029	3,02,873	3,78,303
6.	Others, Gratuity @ 4.81% of Consolidated Salary plus Personal Pay		2,165	21,306	53,956	77,427
	Total		4,40,568	17,98,882	45,95,172	68,34,622

^{\$} Mr. Rajesh Khatri is appointed as Executive Director & CEO.

*During the financial year 2015-16, Ms. Kavita Sethi Jain, CS has been resigned and accepted her resignation as KMP w.e.f. 05.04.2015 and relieved from the Company w.e.f. 04.05.2015. Mr. Jagdish Shirke has been appointed as a CS of the Company w.e.f. 06.04.2015. Accordingly, the total remuneration paid to them for their respective tenure have been clubbed & mentioned herein.

[#] Includes Rs. 2,69,286/- Gratuity Paid to Ms. Kavita Sethi Jain upon her relieving.

^α Salary includes the performance linked pay; Rs. 1,17,000/- for Mr. Jagdish Shirke and Rs. 2,91,000/- for Mr. Santanu Sil for FY 2015-16 which will be paid during FY 2016-17. The same is approved by the Nomination & Remuneration Committee in its meeting held on May 18, 2016.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A.COMPANY:					
Penalty	NIL	NA	NA	NA	NA
Punishment	NIL	NA	NA	NA	NA
Compounding	NIL	NA	NA	NA	NA
B.DIRECTORS:					
Penalty	NIL	NA	NA	NA	NA
Punishment	NIL	NA	NA	NA	NA
Compounding	NIL	NA	NA	NA	NA
C. OTHER OFFICERS IN DEFAULT:					
Penalty	NIL	NA	NA	NA	NA
Punishment	NIL	NA	NA	NA	NA
Compounding	NIL	NA	NA	NA	NA

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAL MANUFACTURING SOLUTIONS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **TAL MANUFACTURING SOLUTIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 22(b) 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.

2. 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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sd/-

Amol A. Apte
(Partner)
(Membership No. 76289)

Pune, 23rd May, 2016.

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

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

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

We have audited the internal financial controls over financial reporting of **TAL MANUFACTURING SOLUTIONS LIMITED** (“the Company”) as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-

Amol A. Apte
(Partner)
(Membership No. 76289)

Pune, 23rd May, 2016.

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

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

- (i) (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 verification of fixed assets in accordance with which all fixed assets are physically verified once every two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, physical verification has been carried out by the Management for certain fixed assets during the 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 fixed asset 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 fixed asset in the financial statement has been constructed on land in respect of which the Company has lease rights.”
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) 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 Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the CARO 2016 Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for Machine Tool Division. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax/Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.)	Amount unpaid (Rs.)
Income Tax Act, 1961	Income Tax	Income-Tax Appellate Tribunal	A.Y. 2010-11	11,868,800	11,868,800
Income Tax Act, 1961	Income Tax	Income-Tax Appellate Tribunal	A.Y. 2011-12	17,426,970	17,426,970
Income Tax Act, 1961	Income Tax	Income-Tax Appellate Tribunal	A.Y. 2012-13	8,411,000	8,411,000

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not borrowed any funds from financial institutions or debenture holders during the year under audit.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) 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.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

- (xiii) 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 etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sd/-

Amol A. Apte
(Partner)
(Membership No. 76289)

Pune, 23rd May, 2016.

TAL MANUFACTURING SOLUTIONS LIMITED

Balance Sheet as at March 31, 2016

			As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
	Note No.	Rupees		
I. EQUITY AND LIABILITIES				
(1) Shareholder's Funds				
(a) Share Capital	1	1,150,000,000		1,000,000,000
(b) Reserves and Surplus	2	<u>(450,323,747)</u>		<u>(310,488,714)</u>
			699,676,253	689,511,286
(2) Non-Current Liabilities				
(a) Long-term Borrowings	3	198,481,302		-
(b) Deferred Tax Liabilities (Net)	4	-		-
(c) Other Long-term Liabilities	5	6,847,000		9,215,355
(d) Long-term Provisions	6	<u>137,308,967</u>		<u>114,815,975</u>
			342,637,269	124,031,330
(3) Current Liabilities				
(a) Short-term Borrowings	7	592,149,965		478,884,533
(b) Trade Payables	8			
- total outstanding dues of Micro Enterprises and Small Enterprises		541,207		1,444,318
- total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		646,964,935		607,831,167
(c) Other Current Liabilities	9	434,188,222		439,832,600
(d) Short-term Provisions	10	<u>56,262,957</u>		<u>34,731,392</u>
			1,730,107,286	1,562,724,010
TOTAL			2,772,420,808	2,376,266,626

II. ASSETS

(1) Non-current Assets				
(a) Fixed Assets				
(i) Tangible Assets	11	844,910,125		485,561,338
(ii) Intangible Assets	12	3,587,802		8,433,104
(iii) Capital Work-in-progress		<u>161,835,475</u>		<u>347,444,113</u>
		1,010,333,402		841,438,555
(b) Long-term loans and advances	13	169,189,152		146,701,648
(c) Other Non-current Assets	14	<u>3,500,000</u>		<u>3,500,000</u>
			1,183,022,554	991,640,203
(2) Current Assets				
(a) Inventories	15	748,680,307		752,439,422
(b) Trade Receivables	16	681,785,833		378,595,632
(c) Cash and Cash Equivalents	17	4,821,887		3,411,357
(d) Short-term loans and advances	18	57,590,303		71,102,762
(e) Other Current Assets	19	<u>96,519,924</u>		<u>179,077,250</u>
			1,589,398,254	1,384,626,423
TOTAL			2,772,420,808	2,376,266,626

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

Sd/-
Amol A. Apte
Partner

Sd/-
SANTANU SIL, Chief Financial Officer

Sd/-
JAGDISH SHIRKE, Company Secretary

Sd/-
R.S.THAKUR, Chairman
Sd/-
RAGHUNATH MASHELKAR, Director
Sd/-
PADMINI KHARE KAICKER, Director
Sd/-
SATISH PRADHAN, Director
Sd/-
N.S.KULKARNI, Director
Sd/-
SATISH BORWANKAR, Director
Sd/-
AJIT C SHAH, Director
Sd/-
RAJESH KHATRI, Executive Director

Place: Pune
Date: 23/05/2016

Place: Pune
Date: 18/05/2016

TAL MANUFACTURING SOLUTIONS LIMITED
Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Note No.	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
I. Revenue from Operations - Gross		2,162,926,792	1,329,918,446
Less: Excise duty		98,852,528	93,513,335
Revenue from Operations - Net	A(1)	2,064,074,264	1,236,405,111
II. Other Income	A(2)	144,898,672	105,560,148
III. Total Revenue (I + II)		2,208,972,936	1,341,965,259
IV. Expenses :			
Cost of Materials Consumed	B (1)	1,326,407,540	1,029,764,465
Changes in Inventories of finished goods and work-in-progress	B (2)	(26,090,597)	(66,312,030)
Employee Benefits Expense	B (3)	500,059,785	440,755,625
Finance Costs	B (4)	65,861,492	29,958,600
Depreciation and Amortisation Expense	B (5)	62,504,778	39,813,397
Other Expenses	B (6)	477,980,880	428,673,509
Expenditure transferred to capital and other accounts		(57,915,909)	(377,358,421)
V. Total Expenses		2,348,807,969	1,525,295,145
VI. Profit / (Loss) Before Tax (III - V)		(139,835,033)	(183,329,886)
VII. Tax Expense :			
- Current Tax		-	-
- Deferred Tax		-	-
VIII. Profit / (Loss) After Tax (VI - VII)		(139,835,033)	(183,329,886)
IX. Earnings Per Equity Share: (Not Annualised)			
Ordinary Share			
- Basic (Nominal Value per share Rs. 10)		(1.25)	(2.44)
- Diluted (Nominal Value per share Rs. 10)		(1.25)	(2.44)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

In terms of our report attached to the Balance Sheet

For Deloitte Haskins & Sells

Chartered Accountants

Sd/-

Amol A. Apte

Partner

Sd/-

SANTANU SIL, Chief Financial Officer

Sd/-

JAGDISH SHIRKE, Company Secretary

For and on behalf of the Board

Sd/-

R.S.THAKUR, Chairman

Sd/-

RAGHUNATH MASHELKAR, Director

Sd/-

PADMINI KHARE KAICKER, Director

Sd/-

SATISH PRADHAN, Director

Sd/-

N.S.KULKARNI, Director

Sd/-

SATISH BORWANKAR, Director

Sd/-

AJIT C SHAH, Director

Sd/-

RAJESH KHATRI, Executive Director

Place: Pune

Date: 23/05/2016

Place: Pune

Date: 18/05/2016

TAL MANUFACTURING SOLUTIONS LIMITED
Cash Flow Statement for the period April 01, 2015 to March 31, 2016

	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Rupees		Rupees	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax		(139,835,033)		(183,329,886)
Adjustments for:				
Depreciation / amortisation	62,504,778		39,813,397	
(Profit)/ Loss on sale of assets (net)	-		(7,748,000)	
Finance Costs	65,861,492		29,958,600	
Interest received	-		(1,290,274)	
Compensation received from a customer	(116,464,867)		(68,275,639)	
		11,901,403		(7,541,916)
Operating Profit before Working Capital changes		(127,933,630)		(190,871,802)
Adjustments for:				
Inventories	3,759,115		(298,251,471)	
Trade receivables	(303,190,201)		33,980,046	
Long term and Short term Loans and Advances, Other Current and Non-Current assets	91,256,547		(25,715,282)	
Trade Payables	38,230,655		193,061,231	
Other Current and Long term Liabilities	(68,506,785)		(604,772,309)	
Short-term and Long-term Provisions	44,024,557		20,449,629	
		(194,426,112)		(681,248,156)
Cash generated from operations		(322,359,742)		(872,119,958)
Income taxes paid (net)		(2,188,636)		(2,913,189)
Net Cash from / (used in) Operating Activities		(324,548,378)		(875,033,147)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (net of compensation received from a customer)	(189,130,318)		(118,783,671)	
Sale of fixed assets	-		7,748,000	
Compensation received towards validation support, wear & tear and warranty cost	116,464,867		68,275,639	
Inter Corporate Deposit matured / (placed) (net)	-		100,000,000	
Interest received	-		1,290,274	
Net Cash from/ (used in) Investing Activities		(72,665,451)		58,530,242
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds / (Repayment) of long term borrowings from Banks (net)	198,481,302		-	
Proceeds / (Repayment) of short term borrowings from Banks (net)	203,265,432		332,535,359	
Proceeds of Inter Corporate Deposit	50,000,000		270,000,000	
Repayment of Inter Corporate Deposit	(140,000,000)		(130,000,000)	
Interest paid	(63,122,375)		(28,151,956)	
Proceeds / (Repayment) of Equity Share Capital (net)	150,000,000		350,000,000	
Net Cash from/(used in) Financing Activities		398,624,359		794,383,403
D. NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		1,410,530		(22,119,502)
Cash and cash equivalents (Opening Balance)		3,411,357		25,530,859
Cash and cash equivalents (Closing Balance)		4,821,887		3,411,357

Note:

- Figures in the brackets represents outflow of Cash and cash equivalents.
- Cash and Cash equivalents comprises of :

	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014
	Rs.	Rs.	Rs.
Cash on hand	125,773	114,218	179,842
Cheques, drafts on hand and Remittances in transit	2,098,764	-	22,413,810
Balances with Bank	2,597,350	3,297,139	2,937,207
	4,821,887	3,411,357	25,530,859

In terms of our report attached to the Balance Sheet

For Deloitte Haskins & Sells
Chartered Accountants

Sd/-
Amol A. Apte
Partner

Sd/-
SANTANU SIL, Chief Financial Officer

Sd/-
JAGDISH SHIRKE, Company Secretary

Place: Pune
Date: 23/05/2016

For and on behalf of the Board

Sd/-
R.S.THAKUR, Chairman
Sd/-
RAGHUNATH MASHELKAR, Director
Sd/-
PADMINI KHARE KAICKER, Director
Sd/-
SATISH PRADHAN, Director
Sd/-
N.S.KULKARNI, Director
Sd/-
SATISH BORWANKAR, Director
Sd/-
AJIT C SHAH, Director
Sd/-
RAJESH KHATRI, Executive Director

Place: Pune
Date: 18/05/2016

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 1 - SHARE CAPITAL

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Authorised :		
120,000,000 (March 31, 2015- 120,000,000) equity shares of Rs.10/- each	<u>1,200,000,000</u>	1,200,000,000
Issued, subscribed and paid up :		
115,000,000 (March 31, 2015- 100,000,000) equity shares of Rs.10/- each fully paid up	<u>1,150,000,000</u>	1,000,000,000

Reconciliation of number of shares outstanding at the beginning and the end of the year :

	As at March 31, 2016 No. of shares	As at March 31, 2016 Rupees	As at March 31, 2015 No. of shares	As at March 31, 2015 Rupees
No. of shares outstanding at the beginning of the year				
-Equity Shares	100,000,000	1,000,000,000	65,000,000	650,000,000
Add: Additional shares issued during the year				
-Equity Shares	15,000,000	150,000,000	35,000,000	350,000,000
Less: Shares forfeited/ Bought back during the year				
-Equity Shares	-	-	-	-
No. of equity shares outstanding at the end of the year				
-Equity Shares	<u>115,000,000</u>	<u>1,150,000,000</u>	<u>100,000,000</u>	<u>1,000,000,000</u>

	No. of shares as at March 31, 2016	No. of shares as at March 31, 2015
1 Number of Shares held by each shareholder holding more than 5 percent shares in the Company are as follows :		
Equity Shares :		
Tata Motors Ltd., The Holding Company	<u>114,999,930</u>	99,999,930

- 2 115,000,000 (Previous year March 31, 2015 - 100,000,000) equity shares are held by the holding company and its nominees.
- 3 The Share Capital as above is after reduction of Equity Share Capital, under sections 100 to 105 of the Companies Act, 1956, amounting to Rs. 850,000,000 which was registered on November 24, 2004.
- 4 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.

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 2 - RESERVES AND SURPLUS

	As at March 31, 2015 Rupees	Additions Profit / (Loss) for the period Rupees	Deductions Rupees	Appropriations Rupees	As at March 31 2016 Rupees
Surplus/(Deficit) i.e. Balance in Profit and Loss Statement	(310,488,714)	(139,835,033)	-	-	(450,323,747)
As at March 31, 2015	(127,158,828)	(183,329,886)	-	-	(310,488,714)

TAL MANUFACTURING SOLUTIONS LIMITED**Notes forming part of the Financial Statements****NOTE 3 - LONG TERM BORROWINGS**

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Term Loans from Banks (Secured)	198,481,302	-

Note:

(i) 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.

Terms of repayment of Term Loan of Rs. 550,000,000 is as below:

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)

(iii) Term loan carries interest rate of HDFC Bank's base rate plus a spread of 100 bps.

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
NOTE 4 - DEFERRED TAX LIABILITY (NET)		
(i) Break up of deferred tax liability as at year end:		
Nature of timing difference		
Provision for Depreciation	44,500,000	31,589,000
(ii) Break up of deferred tax asset as at year end:		
Nature of timing difference		
Provision for Doubtful Trade Receivables, Security deposits, Construction in Progress and other advances	44,500,000	31,589,000
Total Deferred Tax Liability	44,500,000	31,589,000
Deferred tax liability :	-	-

Note :

Deferred tax asset (excluding on carry forward tax losses) has been recognised only to the extent of the existing deferred tax liability in the absence of virtual certainty. No deferred tax asset has been recognised on carry forward tax losses in the absence of virtual certainty.

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 5 - OTHER LONG TERM LIABILITIES

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Other than Trade Payable- Others	6,847,000	9,215,355

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 6 - LONG TERM PROVISIONS

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(a) Provision for employee benefits		
- Provision for compensated absences	34,497,000	30,773,000
- Provision for gratuity	7,668,214	7,126,847
- Provision for post-employment medical benefits	11,424,104	10,618,720
- Provision for pension	66,268,488	53,528,000
- Provision for other employee benefits	11,704,259	7,405,033
	131,562,065	109,451,600
(b) Provision for product warranty (See note 33)	5,746,902	5,364,375
	137,308,967	114,815,975

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

		As at	As at
		March 31, 2016	March 31, 2015
		Rupees	Rupees
<hr/>			
NOTE 7 - SHORT TERM BORROWINGS			
(A) Loans repayable on demand from Banks (Secured):			
Buyer's Credit		100,661,489	-
Cash Credit and Working Capital Demand Loan		441,488,476	338,884,533
(B) Loans and advances from related parties (Unsecured) :			
Inter-Corporate deposits from			
- Sheba Properties Limited (Fellow Subsidiary)	-		40,000,000
- Tata Motors Limited (Holding Company)	50,000,000		100,000,000
		50,000,000	140,000,000
		<hr/>	<hr/>
		592,149,965	478,884,533
		<hr/>	<hr/>

Note: Cash 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.

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

	As at	As at
	March 31, 2016	March 31, 2015
NOTE 8 - TRADE PAYABLES	Rupees	Rupees
Trade Payables (Other than Acceptances)		
- total outstanding dues of Micro Enterprises and Small enterprises	541,207	1,444,318
- total outstanding dues of creditors other than Micro Enterprises and Small enterprises	646,964,935	607,831,167
	647,506,142	609,275,485

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 9 - OTHER CURRENT LIABILITIES

	As at	As at
	March 31, 2016	March 31, 2015
	Rupees	Rupees
(a) Interest Accrued but not due on Borrowings	4,545,761	1,806,644
(b) Advances received from customers against capital expenditure to be incurred (Refer Note 37 (a))	165,512,962	240,485,218
(c) Amount Due to Customer in respect of Contract work	1,893,685	2,385,000
(d) Other Payables		
- Advance from Customer	140,828,042	134,964,406
- Payables for purchase of fixed assets	91,335,139	33,580,204
- Withholding taxes, employee related dues and other statutory obligations	30,072,633	26,611,128
	262,235,814	195,155,738
	434,188,222	439,832,600

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 10 - SHORT TERM PROVISIONS

	As at	As at
	March 31, 2016	March 31, 2015
	Rupees	Rupees
<hr/>		
(a) Provision for Employee benefits		
- Provision for compensated absences	3,135,040	3,516,000
- Provision for post-employment medical benefits	1,055,896	859,280
- Provision for other defined benefit plans	90,000	-
- Provision for pension	6,319,512	5,040,000
- Provision for other employee benefits	1,145,500	507,628
	<hr/>	<hr/>
	11,745,948	9,922,908
 (b) Provision - Others		
- Provision for Tax - Current	2,900,422	2,900,422
- Provision for Potential Statutory Liabilities (Refer Note 33)	18,500,148	10,339,393
- Provision for product warranty (See Note 33)	20,416,439	11,568,669
- Provision for Other Contingencies (See Note 33)	2,700,000	-
	<hr/>	<hr/>
	44,517,009	24,808,484
	<hr/>	<hr/>
	56,262,957	34,731,392
	<hr/>	<hr/>

TAL MANUFACTURING SOLUTIONS LIMITED
Notes forming part of the Financial Statements
NOTE 11 - TANGIBLE ASSETS
(Amount in Rupees)

Particulars	Cost				Depreciation / Amortisation				Net Book Value	
	As at March 31, 2015	Additions during the year	Disposals during the year	As at March 31, 2016	Up to March 31, 2015	For the year	On Disposals	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets										
(a) Leasehold Land	64,828,136 (64,828,136)	- (-)	- (-)	64,828,136 (64,828,136)	4,970,211 (4,298,469)	668,856 (671,742)	- (-)	5,639,067 (4,970,211)	59,189,069 (59,857,925)	59,857,925
(b) Buildings (See note 38)	146,055,206 (143,230,684)	11,979,556 (2,824,522)	157,170 (-)	157,877,592 (146,055,206)	5,816,070 (909,526)	5,155,170 (4,906,544)	- (-)	10,971,240 (5,816,070)	146,906,352 (140,239,136)	140,239,136
(c) Improvement to leased premises	1,493,386 (1,493,386)	- (-)	- (-)	1,493,386 (1,493,386)	1,493,386 (1,493,386)	- (-)	- (-)	1,493,386 (1,493,386)	- (-)	-
(d) Plant & Equipment (See Note 38)	570,106,005 (498,853,871)	383,789,482 (88,029,025)	4,212,023 (16,776,891)	949,683,464 (570,106,005)	302,215,996 (297,474,882)	42,311,509 (21,518,005)	3,640,414 (16,776,891)	340,887,091 (302,215,996)	608,796,373 (267,890,009)	267,890,009
(e) Furniture and Fixtures	15,636,919 (15,348,663)	1,468,479 (288,256)	1,207,613 (-)	15,897,785 (15,636,919)	9,121,836 (8,449,415)	731,460 (672,421)	1,088,092 (-)	8,765,204 (9,121,836)	7,132,581 (6,515,083)	6,515,083
(f) Vehicles	3,845,717 (4,299,045)	- (-)	- (453,328)	3,845,717 (3,845,717)	2,048,531 (1,930,738)	571,121 (571,121)	- (453,328)	2,619,652 (2,048,531)	1,226,065 (1,797,186)	1,797,186
(g) Office Equipment	50,435,228 (48,804,240)	17,099,618 (1,630,988)	11,543,408 (-)	55,991,438 (50,435,228)	41,173,229 (35,378,945)	4,290,364 (5,794,284)	11,131,840 (-)	34,331,753 (41,173,229)	21,659,685 (9,261,999)	9,261,999
Total	852,400,597	414,337,135	17,120,214	1,249,617,518	366,839,259	53,728,480	15,860,346	404,707,393	844,910,125	485,561,338
As at March 31, 2015	(776,858,025)	(92,772,791)	(17,230,219)	(852,400,597)	(349,935,361)	(34,134,117)	(17,230,219)	(366,839,259)		

Notes:

1. Figures in bracket are in respect of previous year.

2. The company has not taken any assets on Finance Lease and has not given any assets on Operating Lease

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 12 - INTANGIBLE ASSETS

(Amount in Rupees)

Particulars	Cost				Amortisation				Net Book Value	
	As at March 31, 2015	Additions during the year	Disposals during the year	As at March 31, 2016	Up to March 31, 2015	For the year	On Disposals	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Intangible Assets (Other than internally generated)										
(a) Computer Software	33,952,305 (33,952,305)	646,475 (-)	- (-)	34,598,780 (33,952,305)	31,316,210 (28,685,573)	2,632,119 (2,630,637)	- (-)	33,948,329 (31,316,210)	650,451 (2,636,095)	2,636,095
(b) Technical know how	34,255,079 (34,255,079)	- (-)	- (-)	34,255,079 (34,255,079)	28,458,070 (25,409,427)	5,796,723 (3,048,643)	- (-)	34,254,793 (28,458,070)	286 (5,797,009)	5,797,009
Intangible Assets (Internally generated)										
(a) Product Development Expense	- (-)	3,284,521 (-)	- (-)	3,284,521 (-)	- (-)	347,456 (-)	- (-)	347,456 (-)	2,937,065 (-)	-
Total	68,207,384	3,930,996	-	72,138,380	59,774,280	8,776,298	-	68,550,578	3,587,802	8,433,104
As at March 31, 2015	(68,207,384)	(-)	(-)	(68,207,384)	(54,095,000)	(5,679,280)	(-)	(59,774,280)		

Figures in bracket are in respect of previous year.

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 13 - LONG TERM LOANS AND ADVANCES

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Loans and Advances to other than related parties:		
(Unsecured, considered good unless otherwise stated)		
(a) Capital Advances	48,757,672	35,581,742
Less: Provision for doubtful Capital Advances	<u>-</u>	<u>2,309,700</u>
	48,757,672	33,272,042
 (b) Security Deposits		
Considered good	3,678,202	4,187,596
Considered doubtful	<u>195,573</u>	<u>610,373</u>
	3,873,775	4,797,969
Less: Provision for doubtful Security Deposits	<u>195,573</u>	<u>610,373</u>
	3,678,202	4,187,596
 (c) VAT, other taxes recoverable and dues from Government		
Considered good	64,470,503	56,796,205
Considered doubtful	<u>8,869,398</u>	<u>5,638,543</u>
	73,339,901	62,434,748
Less: Provision for doubtful VAT, other taxes recoverable and dues from Government	<u>8,869,398</u>	<u>5,638,543</u>
	64,470,503	56,796,205
 (d) Advance income tax (net of provisions of Rs. 89,675,684/- (31st March 2015 - Rs. 89,675,684/-) unsecured, considered good	27,361,830	25,173,194
 (e) Advance paid under protest to Government Authorities	1,081,465	1,909,797
 (f) Other Loans and Advances		
- Claims Receivable	15,114,069	14,582,030
- Prepaid Expenses	2,192,530	3,241,157
- Loans to Employees	<u>7,438,003</u>	<u>7,912,710</u>
	24,744,602	25,735,897
Less : Provision for Doubtful claims recoverable	<u>905,122</u>	<u>373,083</u>
	23,839,480	25,362,814
	169,189,152	146,701,648

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 14 - OTHER NON- CURRENT ASSETS

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<hr/>		
(Unsecured, considered good unless otherwise stated)		
(a) Long term Trade Receivables		
Considered Good	3,500,000	3,500,000
Considered Doubtful	1,735,000	3,523,857
	<hr/>	<hr/>
	5,235,000	7,023,857
Less : Allowances for Doubtful Receivables	1,735,000	3,523,857
	<hr/>	<hr/>
	3,500,000	3,500,000
	<hr/>	<hr/>
	3,500,000	3,500,000
	<hr/>	<hr/>

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 15 - INVENTORIES

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(a) Stores and spares	74,073,172	66,047,064
(b) Raw materials	454,797,501	406,998,041
(c) Work-in-progress	154,727,672	132,754,441
(d) Finished goods	65,081,962	60,964,596
(e) Pre - Operative inventory - Finished Goods	-	85,675,280
	748,680,307	752,439,422

Notes:

1 Above includes Goods-in-transit :		
(i) Raw materials and components	3,544,440	28,442,175
(ii) Stores and spares	7,836,756	2,663,063
(iii) Finished goods	16,130,698	10,100,975
	27,511,894	41,206,213
2 The above items are valued at lower of cost and net realisable value.		

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 16 - TRADE RECEIVABLES

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(Unsecured, considered good unless otherwise stated)		
(a) Trade Receivables due for a period exceeding six months:		
Considered Good	47,146,129	40,705,140
Considered Doubtful	41,153,303	62,703,800
	88,299,432	103,408,940
(b) Others Trade Receivables		
Considered Good	634,639,704	337,890,492
	722,939,136	441,299,432
Less : Allowances for Doubtful Receivables	41,153,303	62,703,800
	681,785,833	378,595,632

TAL MANUFACTURING SOLUTIONS LIMITED**Notes forming part of the Financial Statements****NOTE 17 - CASH AND CASH EQUIVALENTS**

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(a) Cash on hand	125,773	114,218
(b) Cheques, drafts on hand	2,098,764	-
(b) Balances with Banks		
(i) In Current accounts	2,000,116	3,195,745
(ii) In Cash credit accounts	597,234	101,394
	4,821,887	3,411,357

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 18 -SHORT TERM LOANS AND ADVANCES

	As at	As at
	March 31, 2016	March 31, 2015
	Rupees	Rupees
<hr/>		
(Unsecured, considered good unless otherwise stated)		
(a) Loans & Advances to related parties :		
- Other advance	-	21,155,509
(b) Loans & Advances to other than related parties :		
- VAT, other taxes recoverable and dues from Government	26,828,317	14,715,581
- Advances to suppliers	12,855,182	17,636,765
Less: Provision for doubtful advances to suppliers	161,173	3,289,754
	<hr/> 12,694,009	<hr/> 14,347,011
- Other Loans and Advances		
- Claims Recoverable	7,050,583	11,224,904
- Prepaid Expenses	8,397,659	7,675,150
- Loans to Employees	2,619,735	2,516,646
	<hr/> 18,067,977	<hr/> 21,416,700
Less : Provision for Doubtful claims recoverable	-	532,039
	<hr/> 18,067,977	<hr/> 20,884,661
	<hr/> 57,590,303	<hr/> 71,102,762
	<hr/> <hr/>	<hr/> <hr/>

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 19: OTHER CURRENT ASSETS

	As at	As at
	March 31, 2016	March 31, 2015
	Rupees	Rupees
(a) Amount due from Customer in respect of contract work		
Considered Good	95,498,364	179,077,250
Considered Doubtful	86,510,000	83,840,000
	182,008,364	262,917,250
Less: Provision for doubtful Construction In Progress	86,510,000	83,840,000
	95,498,364	179,077,250
(b) Others		
(i) Claims receivable		
Considered Good	-	-
Considered Doubtful	-	1,181,156
	-	1,181,156
Less: Provision for claims receivable	-	1,181,156
	-	-
(ii) Unamortised Premium on Forward Contracts	1,021,560	-
	96,519,924	179,077,250

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE A(1) - REVENUE FROM OPERATIONS - NET

	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
Sale of Products (including Revenue from Construction contracts)	2,097,718,111	1,278,623,257
Sale of Services (including Revenue from Construction contracts)	30,360,197	33,966,201
Other operating revenues - Scrap Sales	31,330,610	17,328,988
Other operating revenues - Duty Drawback	3,517,874	-
	2,162,926,792	1,329,918,446
Less: Excise duty	98,852,528	93,513,335
	2,064,074,264	1,236,405,111

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE A(2) - OTHER INCOME

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
	Rupees	Rupees
(a) Interest income		
On Bank deposits, employee loans, customer dues, Inter Corporate deposit etc	-	1,290,274
(b) Other Non-operating Income		
Profit on Sale/write off of Fixed Assets (Net)	-	7,748,000
Compensation received from customer (See Note 29)	116,464,867	68,275,639
Net gain on foreign currency transaction and translation	-	10,577,970 \$
Sundry Credit balances, provisions and advances from customers no longer required written back (Net) (Refer Note (i) below)	27,924,732	15,635,294
Lease Rental (Refer Note (ii) below)	-	1,788,000
Miscellaneous Income	509,073	244,971
	144,898,672	105,560,148

(i) Includes Rs. 9,260,500 with respect to prior years.

(ii) Lease rental income recognised represents assets given on operating lease to customers on short term basis.

\$ Net of amortisation of premium on forward contracts Rs. 2,330,938 for year ended March 31, 2015.

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE B (1) - COST OF MATERIALS CONSUMED

	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
Raw Material consumed	1,326,407,540	1,029,764,465
- Including processing charges for year ended March 31, 2016 Rs. 60,442,415 (For year ended March 31, 2015 Rs. 52,166,622)		
	1,326,407,540	1,029,764,465

NOTE B (2) - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
Opening Stocks:		
Finished Goods	60,964,596	23,774,798
Work-in-progress	132,754,441	103,632,209
	193,719,037	127,407,007
Less: Closing Stock:		
Finished Goods	65,081,962	60,964,596
Work-in-progress	154,727,672	132,754,441
	219,809,634	193,719,037
	(26,090,597)	(66,312,030)

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE B (3)- EMPLOYEE BENEFITS EXPENSE

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Salaries & Wages	431,695,461	388,506,858
Contribution to provident and other funds	27,649,358	21,684,180
Staff welfare expenses	40,714,966	30,564,587
	500,059,785	440,755,625

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE B(4) - FINANCE COST

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Interest expense on:		
a) Borrowings	63,721,986	26,027,730
b) Trade Payables	644,628	1,625,814
c) Others		
- Interest on delayed payment of Octroi / Income Taxes	1,157,242	2,305,056
Amortisation of Loan Processing Fees	337,636	-
	65,861,492	29,958,600

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

**NOTE B (5) - DEPRECIATION AND
AMORTISATION EXPENSES**

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Depreciation on Tangible assets (see note 11)	53,728,480	34,134,117
Amortisation of Intangible assets (see note 12)	8,776,298	5,679,280
	62,504,778	39,813,397

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE B (6) - OTHER EXPENSES

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Consumption of stores and spare parts	139,715,944	116,763,872
Excise Duty :		
- Relating to Increase / (Decrease) in Closing Stocks	4,885,244	862,107
- Others	1,166,345	490,927
	6,051,589	1,353,034
Contract labour	10,243,328	8,774,086
Power and fuel	37,471,129	50,665,478
Rent	24,077,725	18,351,000
Repairs and maintenance to Buildings	613,634	886,534
Repairs and maintenance to Plant and Equipments	5,441,121	3,782,323
Repairs and maintenance to Others	5,175,916	1,913,167
Insurance	5,357,960	3,733,616
Rates and taxes	9,200	57,661
Travelling & Conveyance	38,305,260	41,526,560
Freight outward (Net of recoveries of Rs. 4,889,674) (March 31, 2015 - Rs. 4,422,822)	3,433,716	10,507,886
Commission on sales	3,449,888	2,144,018
Auditors remuneration		
a. To Statutory Auditors		
- For Audit	2,200,000	2,200,000
- For Tax Audit	150,000	150,000
- For Other services	713,964	188,950
- Rembursement of Expenses	6,010	63,385
	3,069,974	2,602,335
b. To Cost Auditors for Cost Audit	150,750	168,540
Bad debts and advances written off	16,537,967	6,166,690
Net loss on Foreign Currency transaction and translation (other than considered as Finance Cost)	1,330,453 \$	-
Provision for doubtful debts and advances (net)	(27,142,736)	20,039,729
Provision for doubtful Construction In Progress	2,670,000	-
Product warranty	10,939,529	8,535,707
Cost of Services Procured	52,194,513	33,059,231
Late Delivery Charges	3,293,498	3,343,362
Director's Sitting Fees	1,958,656	400,000
Asset Written Off	738,173	-
Erection and Commissioning charges	37,421,183	41,990,099
Stamp duty and registration charges for increase in authorised share capital	-	2,850,000
Miscellaneous Expenses	95,472,510	49,058,581
	477,980,880	428,673,509

\$ Includes amortisation of premium on forward contracts Rs.7,427,649 for year ended March 31, 2016

Notes forming part of the Financial Statements

20. Statement of Significant Accounting Policies

Note 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.

Note 2:

Significant Accounting Policies

A Basis of preparation of Financial Statements:

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

B Significant Accounting Policies

(a) Sales

Sale of products is recognized when all significant risks and rewards of ownership have been transferred to the buyers. Sales include excise duty but exclude sales tax and value added tax.

Income from services is recognized as and when services are rendered.

Commission is recognized based on terms of arrangement with parties.

Interest income is accounted for on accrual basis.

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

(b) Accounting of 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.

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

(c) Fixed Assets

Fixed assets are carried at cost less accumulated depreciation/amortisation. The cost of fixed assets 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, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Notes forming part of the Financial Statements

(d) **Depreciation/ Amortization**

Depreciation on tangible fixed assets is provided using the Straight Line method over their estimated useful lives as follows:

Nature of Assets	Useful Life
Building	30 Years
Plant & Machinery	13 Years
Office Equipment	5 Years
Furniture & Fixtures	15 Years
Vehicles	5 Years
Leasehold Land	Over Leasehold period

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

The economic useful life of assets has been 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.

Improvements to leased premises is amortized over the period of 24 months.

Depreciation on assets acquired/purchased, sold/discarded during the period is provided on a pro-rata basis from the date of each addition till the date of sale/discard.

Intangible assets are amortized on a straight line basis over their estimated useful life as follows 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

(e) **Transactions in Foreign Currency**

Transactions in foreign currency are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary foreign currency items are carried at their historical costs and not retranslated. Gains and losses arising on translation and settlement of foreign currency monetary assets and liabilities are recognised in the Statement of Profit and Loss.

The premium or discount at the inception of a forward contract is amortised over the life of a contract. Exchange differences on forward exchange contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of a forward exchange contract is recognised in the Statement of Profit and Loss.

Pursuant to the announcement on accounting for derivative issued by the Institute of Chartered Accountants of India (ICAI), the Company in accordance with the principle of prudence as enunciated in Accounting Standard 1, 'Disclosure of Accounting Policies', provides for losses in respect of all outstanding derivative contracts at the Balance Sheet by marking them to market. Any net unrealised gains arising on such mark to market are not recognised.

TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

(f) **Inventories**

Inventories are valued at lower of cost and net realizable value after providing for obsolescence and other losses where considered necessary. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of purchased materials is ascertained on a moving weighted average basis. Work in progress and finished goods are valued on full absorption cost basis. Value of finished goods includes excise duty where ever applicable.

(g) **Employee Benefits**

(i) Short-term Employee Benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by the employees is recognized during the year when the employees render the service.

(ii) Post-Employment Benefits:

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.

Defined Benefit plans:

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 accounts for the liability for future gratuity benefits ascertained based on an independent actuarial valuation as at the end of the year.

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. The monthly pension benefits after retirement range from 0.75 percent to 2 percent of the annual basic salary for each year of service. The company accounts for the liability for future benefits under the plan based on an independent actuarial valuation as at the end of the year.

With effect from April 1, 2003, this plan was amended and benefits earned by covered employees have been protected as at March 31, 2003. 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.

(iii) Other Long-term Employee Benefits:

Compensated absences:

The Company's liability towards compensated absences which are not expected to accrue within twelve months after the end of the period in which the employee renders the related service is determined by using the Projected Unit Credit method, with actuarial valuation being carried out at each balance sheet.

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. The liability for this scheme is determined based on an independent actuarial valuation.

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. The Company accounts for the liability for future benefits defined based on an independent actuarial valuation carried out at the year end.

(h) **Use of Estimates**

The preparation of the financial statements, in conformity with the Indian GAAP, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liability) at the date of the financial statements and the reported amounts of revenues and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between actual results and estimates are recognized in the periods in which the results are known/materialize.

Notes forming part of the Financial Statements

(i) Product Warranty Expenses

Provision for product warranty is recognized for the best estimates of the average cost involved for replacement/repair etc. of the product sold before the balance sheet date. These estimates are determined 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.

(l) Cost of product warranties is included/ disclosed under the head

a) 'raw material consumed' as consists of free replacement of spares and components.

b) 'employee benefit expenses' as consists of the cost of manpower spent on the warranty jobs.

c) 'other expenses' which includes provision for warranties (net) and debits received from customers.

(j) Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. 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.

(k) Taxes on Income

Tax expense comprises of current tax and deferred tax.

Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognized for timing differences other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future income will be available against which these can be realized. Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realize the assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

(l) Earning per share

The Company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standard 20 "Earnings per Share". Basic EPS is computed by dividing the profit or loss after tax for the year attributable to equity shareholder by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss attributable to equity shareholders by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

(m) 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.

(n) Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

(o) Provisions and Contingent liabilities:

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

TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

21. As per the provisions of Special Business Purpose agreement dated September 19, 2011, the Company is liable to compensate Boeing for damages (permitted by law) by reasons attributable to Company's acts or omissions. The damages will be determined as follows:

- (a) damages occur during the period beginning on scheduled delivery date of the first Product and ending on 24 months thereafter, an amount not exceeding US \$ 1,300,000 for each event upto maximum cumulative amount of US \$ 4,000,000.
- (b) damages occur after expiration of 24 months period and through the date of the final scheduled delivery of the products upto maximum cumulative amount of US \$ 25,000,000. To cover for such damages, the Company has taken product liability insurance of US \$ 25,000,000.

22. Contingent Liabilities:

- (a) Bill discounted with bank outstanding as on March 31, 2016 Rs. 12,142,208 (March 31, 2015 - Rs.4,983,987)
- (b) Claims against the Company not acknowledged as debts as on March 31, 2016:
 - Claim from a customer (Boeing Company) of Rs. 128,766,922 (equivalent US \$ 1,943,725) (March 31, 2015 - Rs. 121,463,373 (equivalent US \$ 1,943,725)).
 - Amount debited by supplier of Rs. 7,642,501 (equivalent US \$ 115,363) (March 31, 2015 - Rs. NIL (equivalent US \$ NIL)).
 - * - Bonus related to retrospective period - Rs. 5,061,000 (March 31, 2015 - Rs. NIL).
 - Income Tax Demand - Rs. 37,996,540 (March 31, 2015 - Rs. 37,996,540).
 - Fringe Benefit Tax Demand - Rs. 601,140 (March 31, 2015 - Rs. 601,140).
 - Sales Tax Matters - Rs. 118,590,591 (March 31, 2015 - Rs. 12,566,455).
 - Other Matters - Rs. 43,780,261 (March 31, 2015 - Rs. 43,780,261).

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 favor of the Company.

- * Bonus pertaining to period retrospective to the notification date 01.01.2016 not provided, pending similar cases contesting retrospective applicability of the said notification in the Honorable High Courts of Kerala, Karnataka, Tamil Nadu and Gujarat.

23. (a) Estimated amount of contracts remaining to be executed on capital account and not provided for:
- i) Tangible assets Rs. 172,076,548 (March 31, 2015 – Rs. 88,128,208).
 - ii) Intangible assets Rs. NIL (March 31, 2015 – Rs. NIL).

24. (i) Details of Gross Sales and Finished Goods stock under broad heads :

	Particulars	Finished Goods -Opening Stock		Finished Goods - Closing Stock		Sales (Gross)	
		As at 1st April, 2015	As at 1st April, 2014	As at 31st March, 2016	As at 31st March, 2015	For the year ended 31st March, 2016	For the year ended 31st March, 2015
		(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
1	Metal Cutting & Grinding Machines (including Machining Centers)	19,771,576	12,414,891	12,649,811	19,771,576	285,228,400	488,959,991
2	Jigs & Fixtures	-	-	-	-	87,618,320	132,926,254
3	Material Handling Equipments & Parts thereof	-	-	1,866,238	-	547,479,225	71,031,131
4	Paint shop & Parts thereof	-	-	-	-	6,401,048	29,018,661
5	Car Parking System	-	-	-	-	12,363,484	2,989,588
6	Fluid Power Solutions - Hydraulic Pumps & Telescopic Cylinders	14,482,660	8,938,245	6,772,376	14,482,660	227,894,606	196,755,948
7	Aerospace components	26,710,360	2,421,662	43,793,537	26,710,360	984,343,093	292,450,669
8	Other Products (including parts of machines & equipment etc.)	-	-	-	-	26,807,506	23,206,765
9	Increase/(Decrease) in Contracts in Progress	-	-	-	-	(80,417,571)	41,284,250
	TOTAL	60,964,596	23,774,798	65,081,962	60,964,596	2,097,718,111	1,278,623,257

Notes forming part of the Financial Statements

(ii) Details of income derived from Services rendered (Net) under broad heads :

	Particulars	Sale of Services	
		For the year ended 31st March, 2016	For the year ended 31st March, 2015
		(Rupees)	(Rupees)
1	Income from Services rendered - Other (includes reconditioning of machines, processing charges, deployment of company personnel to others etc.)	30,360,197	33,966,201
	Total	30,360,197	33,966,201

(iii) Details of Work-in-Progress stock under broad heads :

	Particulars	WIP - Opening Stock		WIP - Closing Stock	
		As at 1st April, 2015 (Rupees)	As at 1st April, 2014 (Rupees)	As at 31st March, 2016 (Rupees)	As at 31st March, 2015 (Rupees)
1	Metal Cutting & Grinding Machines (including Machining Centres)	75,209,222	83,580,983	54,302,762	75,209,222
2	Material Handling equipments and parts thereof	7,020,325	11,683,038	17,979,511	7,020,325
3	Jigs & Fixtures	17,328,368	5,505,803	-	17,328,368
4	Car Parking System	6,607,646	2,862,385	-	6,607,646
5	Aerospace Components	26,588,880	-	82,445,399	26,588,880
	Total	132,754,441	103,632,209	154,727,672	132,754,441

Notes forming part of the Financial Statements

	For the Year ended March 31, 2016 Rupees	For the Year ended March 31, 2015 Rupees
25. CIF Value of Imports		
Raw materials	806,923,006	548,662,115
Capital goods	292,341,877	458,908,760
Others	181,954,599	142,320,659
26. Earnings in foreign exchange		
FOB Value of Exports	1,020,726,381	148,906,536
*[excluding exports of Rs.11,552,654/- (31st March, 2015 - Rs. 154,063,077/-) where payment is receivable in Rupees]		
27. Expenditure in foreign currency		
Professional and Consultation fees (Debited to CWIP Rs. 2,362,404 (31st March, 2015 - Rs.NIL))	5,905,848	6,125
Commission on sales	-	49,814
Inspection, Supervision and installation charges	-	966,611
Travelling Expenses	3,498,819	2,215,388
Hiring Services	-	1,626,131
Erection and Commissioning charges (Debited to CWIP Rs. NIL (31st March, 2015 - Rs. 1,045,200))	-	1,391,195
Warranty Expenses	-	5,451,537
Other expenses (Debited to CWIP Rs. NIL (31st March, 2015 - Rs. 1,657,871))	1,890,539	3,905,888

28. Value and Percentage of Imported and Indigenous Raw material consumed

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Rs.	Percentage %	Rs.	Percentage %
(a) Imported	686,041,802	51.72	476,186,729	46.24
(b) Indigenously obtained	640,365,738	48.28	553,577,736	53.76
Total	1,326,407,540	100.00	1,029,764,465	100.00

TAL Manufacturing Solutions Limited**Notes forming part of the Financial Statements****29. Details of Raw Material Consumption under broad heads :**

Particulars	For the Year Ended	For the Year Ended
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Steel	168,608,621	44,367,428
CNC Systems	44,585,502	79,568,937
Castings	80,213,427	168,650,531
Titanium	74,314,041	126,314,703
Composite	384,088,038	143,064,802
Aluminium	29,289,042	13,409,530
Sheet metal	18,060,882	13,298,536
Forging	15,801,168	15,773,117
ATC	10,452,083	12,528,338
Rubber	9,656,668	8,471,855
hardware	1,720,385	1,129,303
Others	489,617,683	403,187,385
	1,326,407,540	1,029,764,465

Notes:

The consumption figures shown above are after adjusting excesses and shortages ascertained on physical verification. The figures of "Others" is a balancing figure based on total consumption shown in the Statement of Profit and Loss.

Notes forming part of the Financial Statements

30. 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
	Tata Marcopolo Motors Ltd.
	Tata Technologies Ltd.
	Sheba Properties Ltd.
Key Management Personnel	Mr. R.K. Khatri (Executive Director & CEO)
	Mr. Santanu A. Sil (Chief Finance Officer)
	Ms. Kavita Jain (Company Secretary) (Upto April 5, 2015)
	Mr. Jagdish Shirke (Company Secretary) (From April 6, 2015)

b) Related Party Transactions:

Nature of Transactions	Holding Company	Companies under common control with the Company (Fellow Subsidiaries)	Key Management Personnel
	Rs.	Rs.	Rs.
Purchases of Goods	- (3,087,113)	- (-)	- (-)
Services received #	46,092,747 (42,839,098)	7,906,076 (5,061,820)	- (-)
Late Delivery Charges	1,045,997 (3,140,234)	1,500,000 (385,000)	- (-)
Sale of Goods – Gross (Refer Footnote ii)	272,664,458 (178,690,330)	3,648,546 (56,420,264)	- (-)
License fees for premises	27,360,800 (20,224,800)	- (-)	- (-)
Services rendered #	7,231,157 (14,090,043)	1,332,785 (539,328)	- (-)
Advance received in respect of contract work/sale of products	14,025,241 (4,923,750)	7,870,000 (578,664)	- (-)
Inter Corporate deposit Taken	50,000,000 (100,000,000)	- (170,000,000)	- (-)
Inter Corporate deposit Repaid	100,000,000 (-)	40,000,000 (130,000,000)	- (-)
Inter Corporate deposit recovered	- (100,000,000)	- (-)	- (-)
Interest paid	14,551,370 (244,520)	552,329 (4,884,658)	- (-)
Interest Received	- (1,179,041)	- (-)	- (-)
Remuneration *	- (-)	- (-)	23,614,286 (19,838,420)
Amount received towards Equity subscription	150,000,000 (350,000,000)	- (-)	- (-)
Amount outstanding as at the end of the year			
- Receivable	59,239,698 (51,767,078)	6,398,274 (17,477,315)	- (-)
- Payable	1,291,709 (1,132,314)	3,780,717 (825,733)	- (-)
- Customer Advance	7,604,161 (10,526,365)	7,785,100 (990,000)	- (-)
- Payable (in respect of loans)	50,000,000 (100,000,000)	- (40,000,000)	- (-)
- Other Advance	- (21,155,510)	- (-)	- (-)

Including reimbursement of expenses

* Out of the above, Rs. 449,610 pertains towards Remuneration of Executive Director for previous year. Remuneration of Executive Director includes provision of Rs. 3,220,000 which is subject to approval of the Nomination and Remuneration Committee and Board of Directors.

Notes forming part of the Financial Statements

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

Nature of Transactions	TML Drivelines Ltd	Tata Marcopolo Motors Ltd.	Tata Technologies Ltd.	Sheba Properties Ltd.
Services received	- (-)	- (-)	7,906,076 (5,061,820)	- (-)
Sale of Goods – Gross (Refer Footnote ii)	3,648,546 (56,356,115)	- (-)	- (64,150)	- (-)
Services rendered (Refer Footnote ii)	1,332,785 (-)	- (539,328)	- (-)	- (-)
Advance received in respect of contract work /sale of products	1,060,000 (578,664)	6,725,100 (-)	- (-)	- (-)
Late Delivery Charges	- (385,000)	1,500,000 (-)	- (-)	- (-)
Interest Paid	- (-)	- (-)	- (-)	552,329 (4,884,658)

Footnotes:

- i Figures in brackets are in respect of the previous year ended March 31, 2015.
- ii Sale of Goods- Gross and Services rendered includes billing done in respect of construction contracts for which revenue is recognized in the Statement of Profit & Loss on percentage completion method.
- iii Rs. 2,591,370 has been provided for doubtful debts in respect of debts due from related parties as at March 31, 2016 (Rs. 5,799,496 as at March 31, 2015). No amount has been written off or written back in respect of debts due from or to related parties.
- iv The remuneration excludes gratuity contribution and leave encashment for the key managerial personnel, as the contribution / provision is made for the Company as a whole. The above remuneration also excludes pension payable to Ex - Managing Director which was approved after his retirement.
- v The remuneration excludes amount of gratuity paid to Ms. Kavita Jain, previous Company Secretary, amounting to Rs.160,989.

31. Earnings per Share (EPS):

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
a) Loss attributable to share holders	(139,835,033)	(183,329,886)
b) Weighted average number of Equity Shares		
- Basic	112,172,131	75,068,493
- Diluted	112,172,131	75,068,493
Nominal value of equity share (In Rs.)	10	10
Earnings per share (In Rs.)		
- Basic	(1.25)	(2.44)
- Diluted	(1.25)	(2.44)

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

Notes forming part of the Financial Statements

32. Disclosures under Accounting Standard – 7 (Revised) “Construction Contracts”

- a) i) Contract Revenue recognized for the year ended March 31, 2016 Rs. 336,307,395 (March 31, 2015 - Rs.138,132,489)
- ii) Method used to determine the contract revenue recognized and the stage of completion of contracts in progress [Refer Note: 2(B)(b) of Note 20]
- b) Disclosure in respect of contracts in progress as at the year end:
 - i) Aggregate amount of costs incurred and recognized profits (less recognized losses) – Rs. 641,518,409 (March 31, 2015 – Rs. 1,614,915,000)
 - ii) Advances received are Rs. 64,908,560 (March 31, 2015 - Rs. 57,904,534)
 - iii) Retention money is Rs. 46,248,734 (March 31, 2015 - Rs. 60,719,476)

33. Details of provisions and movements in each class of provisions as required by the Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (Accounting Standard – 29): -

Particulars	# Product Warranty	Potential Statutory Liabilities	Other Contingencies
	(Rs.)	(Rs.)	(Rs.)
Carrying Amount as at the beginning of the year	16,933,044 (15,171,923)	10,339,393 (7,305,561)	- (-)
Additional Provision made during the year	16,681,856 (12,433,881)	8,160,755 (8,959,408)	2,700,000 (-)
Amounts Used during the year	7,451,559 (10,672,760)	- (5,925,576)	- (-)
Unused amount reversed during the year	- (-)	- (-)	- (-)
Carrying Amount as at the end of the year	26,163,341 (16,933,044)	18,500,148 (10,339,393)	2,700,000 (-)

Note: Includes long - term warranty provision of Rs. 5,746,902 /- (March 31, 2015 - Rs. 5,364,375)

Figures in bracket are in respect of the previous year ended March 31, 2015.

Brief description of the nature of obligation

i Provision for Product Warranty :

Provision for product warranties has been made based on past experience and estimates to meet expected warranty claims. The closing balance of the provision represents the provision made during the period in respect of products supplied for which product warranty period has not elapsed. The provision would be utilized towards expenditure to be incurred in the following year (except provision that is considered long term) and the provision required as at the end of the following period would be reassessed. The Company makes a provision of 1 percent of sales of aerospace components to Boeing which the management believes is adequate 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 year 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 year.

TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

34. a. Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information and relied upon by Auditors) as at March 31, 2016 is Rs. 541,207 (March 31, 2015 - Rs.1,444,318) including unpaid amounts of 5,711 (March 31, 2015 - Rs.228,139) outstanding for more than 30/45 days. Estimated interest due thereon is Rs. 24 (March 31, 2015 - Rs. 3,724).
- b. Amount of payments made to suppliers beyond 30/45 days during the year is Rs. 44,000 (March 31, 2015 - Rs.3,881,837). Interest paid thereon is Rs. NIL (March 31, 2015 - Rs. Nil) and the estimated interest due and payable thereon is Rs. 1,141 (March 31, 2015 – Rs. 171,215).
- c. Amount of estimated interest accrued and remaining unpaid as at March 31, 2016 is Rs.1,165 (March 31, 2015 - Rs. 174,939).
- d. The amount of estimated interest due and payable for the period from April 1, 2016 to actual date of payment or April 15, 2016 (whichever is earlier) is Rs. 24.

Notes:

1. 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.
2. Four Micro and Small Enterprise parties have confirmed to the management for waiver of interest on delayed payments upto March 31, 2016. Accordingly, the above disclosure in 34 (b), (c) and (d) excludes disclosure for these parties.

TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

35. a) Details of Derivative Instruments (For Hedging)

Name of the Instrument: Forward Contracts

Particulars	Amount in Foreign Currency		Equivalent amount in Rs.
	Currency	Amount	
Trade and Other Payables	USD	846,539 (27,655)	56,379,495 (1,736,956)
	JPY	- (10,790,000)	- (5,643,170)
Short Term Borrowings	USD	1,469,631 (-)	102,387,876 (-)

b) Details of Foreign Currency exposures that are not hedged by derivative instrument or otherwise:

Particulars	Amount in Foreign Currency		Equivalent amount in Rs.
	Currency	Amount	
Trade and Other Payables	USD	4,174,518 (2,760,372)	276,252,965 (172,523,278)
	EUR	652,823 (237,064)	49,203,296 (15,933,575)
	JPY	22,721,000 (890,882)	13,398,119 (464,506)
	GBP	19,575 (20,117)	1,868,467 (1,859,893)
Trade Receivables	USD	6,346,837 (1,356,038)	420,430,338 (84,745,616)
Other Current Asset	USD	- (18,900)	- (1,181,156)

Note: Figures in bracket are in respect of previous year March 31, 2015

TAL Manufacturing Solutions Limited
Notes forming part of the Condensed Financial Statements

36 Segment information

The Company has identified business segments as its primary segment and geographical segments as its secondary segment. Business segments are primarily Aerospace Business Segment and Industrials Division Segment. Aerospace Business Segment caters to the needs of Aerospace Industry. Industrials Division Segment caters to various products of capital goods industry. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment, manpower efforts and other factors. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Geographical revenues are allocated based on the location of the customer. Geographical segments of the Company are United State of America (USA), India and Others.

Primary Segment	For the period ended March 31, 2016				
	Business segments		Total	Inter Segment Eliminations	Total
	Aerospace	Industrials Division			
Revenue					
External Revenue	1,016,343,044 <i>303,848,782</i>	1,047,731,220 <i>932,556,329</i>	2,064,074,264 <i>1,236,405,111</i>	- -	2,064,074,264 <i>1,236,405,111</i>
Inter-segment revenue	- -	70,470,764 <i>53,750,981</i>	70,470,764 <i>53,750,981</i>	(70,470,764) <i>(53,750,981)</i>	- -
Other Income	123,533,953 <i>68,275,639</i>	20,855,646 <i>25,416,265</i>	144,389,599 <i>93,691,904</i>	- -	144,389,599 <i>93,691,904</i>
Total Revenue	1,139,876,997 <i>372,124,421</i>	1,139,057,630 <i>1,011,723,575</i>	2,278,934,627 <i>1,383,847,996</i>	(70,470,764) <i>(53,750,981)</i>	2,208,463,863 <i>1,330,097,015</i>
Segment results before other income, finance cost, tax	145,202,346 <i>82,462,208</i>	(219,684,960) <i>(247,701,738)</i>	(74,482,614) <i>(165,239,530)</i>	- -	(74,482,614) <i>(165,239,530)</i>
Other income (unallocable)					509,073 <i>11,868,244</i>
Finance Costs					65,861,492 <i>29,958,600</i>
Loss before tax					(139,835,033) <i>(183,329,886)</i>
Tax expense					- -
Loss after tax					(139,835,033) <i>(183,329,886)</i>

Figures in italics are in respect of the previous year ended March 31, 2015.

Primary Segment	For the period ended March 31, 2016		
	Business segments		Total
	Aerospace	Industrials Division	
Segment assets	1,751,772,050 <i>1,280,761,030</i>	888,292,341 <i>961,600,372</i>	2,640,064,391 <i>2,242,361,402</i>
Unallocable assets			132,356,418 <i>133,905,224</i>
Total assets			2,772,420,808 <i>2,376,266,626</i>
Segment liabilities	892,090,028 <i>583,511,987</i>	466,266,467 <i>543,317,318</i>	1,358,356,495 <i>1,126,829,305</i>
Unallocable liabilities			714,388,060 <i>559,926,035</i>
Total liabilities			2,072,744,555 <i>1,686,755,340</i>
<u>Other information</u>			
Capital expenditure	384,018,119 <i>88,331,638</i>	31,804,651 <i>3,520,116</i>	415,822,770 <i>91,851,754</i>
Capital expenditure (unallocable)			2,445,361 <i>921,037</i>
Depreciation and amortisation	32,106,981 <i>11,985,717</i>	28,954,958 <i>26,415,544</i>	61,061,939 <i>38,401,261</i>
Depreciation and amortisation (unallocable)			1,442,839 <i>1,412,136</i>

Figures in italics are in respect of the previous year ended March 31, 2015.

The geographical segments individually contributing 10 percent or more of the Company's revenues and segment assets are

Secondary Segment	Revenues for the period ended March 31, 2016	Segment assets as at March 31, 2016	Capital expenditure incurred during the period ended March 31, 2016
USA	1,112,609,934 <i>372,124,421</i>	382,736,015 <i>156,529,976</i>	- -
India	883,004,932 <i>947,435,089</i>	2,250,292,769 <i>2,051,178,076</i>	418,268,131 <i>92,772,791</i>
Others	212,848,997 <i>10,537,505</i>	7,035,606 <i>34,653,350</i>	- -

Figures in italics are in respect of the previous year ended March 31, 2015.

Notes forming part of the Financial Statements

37. Details of Employee Benefits as required by the Accounting Standard on Employee Benefits (Accounting Standard 15 (Revised 2005)) are as follows:-

A) Defined contribution Plans

The amount recognised as an expense, in the Statement of Profit and Loss in respect of Defined Contribution Plans is Rs. 19,568,050.00- (31st March, 2015 Rs. 18,957,333.00)

B) A general description of the Employee Benefit Plans:-

Funded Benefit Plans

a. Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement 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 accounts for the liability for future gratuity benefits ascertained based on an independent actuarial valuation as at the end of the year.

b. Superannuation

The Company has two superannuation plans, a defined benefit plan and a defined contribution plan.

Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. The monthly pension benefits after retirement range from 0.75% to 2% of the annual basic salary for each year of service. The Company accounts for the liability for future benefits under the plan based on an independent actuarial valuation carried out at the year end.

With effect from April 1, 2003, this plan was amended and benefits earned by covered employees have been protected as at March 31, 2003. 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% of salary, and therefore, has become a defined contribution plan.

Unfunded Benefit Plans

a. Post-retirement Medicare Scheme

Under this Scheme, employees get 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. The liability for this scheme is based on independent actuarial valuation.

b. Bhavishya Kalyan Yojana (BKY)

Bhavishya Kalyan Yojana is an unfunded defined benefit plan. 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% of the salary drawn at the time of death or accident or a specified amount, whichever is more. The Company accounts for the liability for future benefits based on an independent actuarial valuation carried out at the year end.

Amount in Rs.					
	Particulars	Gratuity		DBS Superannuation	
	I Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
1	Present Value of Defined Benefit Obligation at the beginning of the year	91,745,000	93,575,000	81,000	75,000
2	Current Service cost	5,198,000	5,467,000	0	0
3	Interest Cost	6,897,000	7,970,000	5,000	5,000
4	Losses (gains) on Curtailment	-	-	-	-
5	Liabilities extinguished on settlements	-	-	-	-
6	Plan ammendments	-	-	-	-
7	Past Service cost	-	-	-	-
8	Actuarial (gains) / losses	6,747,000	(1,382,000)	4,000	1,000
9	Benefits paid	(11,060,000)	(13,885,000)	-	-
10	Present value of Defined Benefit Obligation as on Balance Sheet date.	99,527,000	91,745,000	90,000	81,000

	II Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :				
1	Fair value of Plan assets as at the beginning of the year	84,618,000	89,169,000	-	-
2	Expected return on plan assets	6,629,000	6,578,000	-	-
3	Actuarial gains and (losses)	4,118,000	2,756,000	-	-
4	Actual contributions by employers	7,554,000.00	-	-	-
5	Other Adjustments	-	-	-	-
6	Benefits paid	(11,060,000)	(13,885,000)	-	-
7	Plan assets as on Balance Sheet Date	91,859,000	84,618,000	-	0

	III Analysis of Defined Benefit Obligation :				
1	Defined Benefit Obligation as at 31st March	99,527,000	91,745,000	90,000	81,000
2	Fair Value of Plan assets at the end of the year	91,859,000	84,618,000	-	-
3	Net (Asset)/Liability recognized in the Balance Sheet as on Balance Sheet Date	7,668,000	7,127,000	90,000	81,000

	IV Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :				
1	Present value of Defined Benefit Obligation	99,527,000	91,745,000	90,000	81,000
2	Fair value of plan assets	91,859,000	84,618,000	-	0
3	Funded status [Surplus/(Deficit)]	(7,668,000)	(7,127,000)	(90,000)	(81,000)
4	Unrecognized Past Service Costs	-	-	-	-
5	Net Asset/(Liability) recognized in Balance Sheet	(7,668,000)	(7,127,000)	(90,000)	(81,000)

	V Components of employer expenses recognized in the statement of profit and				
1	Current Service cost	5,198,000	5,467,000	-	-
2	Interest cost	6,897,000	7,970,000	5,000	5,000
3	Expected return on plan assets	(6,629,000)	(6,578,000)	-	-
4	Curtailment cost/(credit)	-	-	-	-
5	Settlement cost/(credit)	-	-	-	-
6	Past Service cost	-	-	-	-
7	Actuarial Losses/(Gains)	2,629,000	(4,138,000)	4,000	1,000
8	Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds	8,095,000	2,721,000	9,000	6,000

	VI Principal Actuarial Assumptions :				
1	Discount Rate (%)	8.00	8.00	6.75	6.75
2	Expected Return on plan assets (%)	N/A	N/A	8.00	8.00
3	Salary escalation (EG & TM / S & OP) (%)	8.00 / 5.00	2.00 / 5.00	N/A	N/A
4	Medical cost inflation	N/A	N/A	N/A	N/A

	VII The major categories of plan assets as percentage to total plan				
	Debt securities	99%	100%	0%	17%
	Balances with banks	1%	0%	0%	0%

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.

VII The major categories of plan assets as a percentage of total plan assets:

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:

1	Central Govt Securities	14%	17%	0%	0%
2	PSU Bonds	42%	41%	0%	0%
3	Private Sector Bonds	20%	21%	0%	0%
4	State Loans (RBI Guaranteed)	-	-	-	-
5	Mutual Funds (G Sec based)	-	-	-	-
6	Special Deposit with Banks	0%	0%	-	-
7	Balances with Banks & Others	1%	0%	-	-
8	SAIL Cent Guaranteed Bonds	-	-	-	-
9	State Government Bonds	23%	20%	0%	17%

	IX Contributions expected to be paid to the plan during the next financial year	Nil	Nil	Nil	Nil
--	---	-----	-----	-----	-----

- a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.
- b) Expected Rate of Return of Plan Assets : This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.
- c) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors

Notes forming part of the Financial Statements

C (ii) Defined Benefit Plan

		Amount in Rs.			
	Particulars	Bhavishya Kalyan Yojana		Post Employment Medical Benefits	
	I Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
1	Present Value of Defined Benefit Obligation at the beginning of the year	6,822,000	6,919,000	19,747,000	17,393,000
2	Current Service cost	869,000	906,000	244,000	188,000
3	Interest Cost	516,000	607,000	1,549,000	1,568,000
4	Losses (gains) on Curtailment	-	-	-	-
5	Liabilities extinguished on settlements	-	-	-	-
6	Plan ammendments	-	-	-	-
7	Actuarial (gains) / losses	4,304,000	(969,000)	360,000	1,302,000
8	Benefits paid	(741,000)	(641,000)	(767,000)	(704,000)
9	Present value of Defined Benefit Obligation as on Balance Sheet date * Total obligation - Rs.21,133,000 (31st March, 2015 - Rs.19747000) Less: Obligation in respect of services rendered in holding company borne by holding company - Rs.8,653,000 (31st March, 2015 - Rs.8,569,000/-) Net Obligation accounted by the company - Rs.11,178,000/- (31st March, 2015 - Rs.11,178,000/-)	11,770,000	6,822,000	21,133,000 *	19,747,000
	II Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :				
1	Fair value of Plan assets as at the beginning of the year	-	-	-	-
2	Expected return on plan assets	-	-	-	-
3	Actuarial gains and losses	-	-	-	-
4	Actual contributions by employers	741,000	641,000	-	-
5	Benefits paid	(741,000)	(641,000)	-	-
6	Plan assets as on Balance Sheet Date	-	-	-	-
	III Analysis of Defined Benefit Obligation :				
1	Defined Benefit Obligation as at 31st March	11,770,000	6,822,000	21,133,000	19,747,000
2	Fair Value of Plan assets at the end of the year	-	-	-	-
3	Net (Asset)/Liability recognized in the Balance Sheet as on Balance Sheet Date	11,770,000	6,822,000	21,133,000 *	19,747,000
	IV Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :				
1	Present value of Defined Benefit Obligation	11,770,000	6,822,000	21,133,000	19,747,000
2	Fair value of plan assets	-	-	-	-
3	Funded status [Surplus/(Deficit)]	11,770,000	(6,822,000)	(21,133,000)	(17,393,000)
4	Unrecognized Past Service Costs	-	-	-	-
5	Net Asset/(Liability) recognized in Balance Sheet	(11,770,000)	(6,822,000)	(21,133,000) *	(17,393,000)
	V Components of employer expenses recognized in the statement of profit and loss				
1	Current Service cost	869,000	906,000	244,000	188,000
2	Interest cost	516,000	607,000	1,549,000	1,568,000
3	Expected return on plan assets	-	-	-	-
4	Curtailment cost/(credit)	-	-	-	-
5	Settlement cost/(credit)	-	-	-	-
6	Past Service cost	-	-	-	-
7	Actuarial Losses/(Gains)	4,304,000	(969,000)	360,000	1,302,000
8	Total expense recognised in the Statement of Profit & Loss under Staff Welfare Expenses	5,689,000	544,000	2,153,000	3,058,000
	VI Principal Actuarial Assumptions :				
1	Discount Rate (%)	8.00	8.00	8.00	8.00
2	Expected Return on plan assets (%)	N/A	N/A	N/A	N/A
3	Salary escalation (EG & TM / S & OP) (%)	8.00 / 5.00	2.00 / 5.00	8.00 / 5.00	2.00 / 5.00
4	Medical cost inflation	N/A	N/A	N/A	N/A
	VII Effect of one percentage point change in assumed Medical inflation rate	One percentage point increase in Medical inflation rate		One percentage point decrease in Medical inflation rate	
		2016	2015	2016	2015
	Revised Defined Benefit Obligation at the year end		8,241,000		5,751,000
	Revised service cost & Interest Cost for the year	NA	NA	NA	NA

- a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.
- b) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Notes forming part of the Financial Statements

C (iii) Other disclosure

A Funded Schemes		Gratuity					DBS Superannuation				
		31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
1	Experience Gain / (loss) adjustments on plan liability	(7,127,000)	(5,935,000)	(4,366,000)	(11,427,000)	3,396,000	4,000	1,000	-	(156,000)	(441,000)
2	Experience Gain / (loss) adjustments on plan assets	(4,118,000)	(2,756,000)	3,745,000	1,977,000	59,000	-	-	-	(441,000)	2,358,000
3	Defined Benefit Obligation at the end of the period	(99,527,000)	(91,745,000)	(90,000)	(106,194,000)	(96,746,000)	(90,000)	(81,000)	-	(3,414,000)	(9,816,000)
4	Plan Assets at the end of the period	91,859,000	84,618,000	-	(106,886,000)	95,546,000	-	-	-	10,621,000	16,675,000
5	Funded Status	(7,668,000)	(7,127,000)	(90,000)	692,000	(1,200,000)	(90,000)	(81,000)	-	7,207,000	6,859,000

B Unfunded Schemes		Bhavishya Kalyan Yojana					Post Employment Medical Benefits				
		31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
1	Experience Gain / (loss) adjustments on plan liability	4,041,000	(1,448,000)	(1,866,000)	936,000	1,192,000	(2,439,000)	(339,000)	(3,305,000)	1,845,000	1,956,000
2	Experience Gain / (loss) adjustments on plan assets	-	-	-	-	-	-	-	-	-	-
3	Defined Benefit Obligation at the end of the period	11,770,000	6,822,000	21,133,000	8,066,000	7,944,000	21,133,000	19,747,000	17,393,000	19,598,000	15,290,000
4	Plan Assets at the end of the period	-	-	-	-	-	-	-	-	-	-
5	Funded Status	(11,770,000)	(6,822,000)	(21,133,000)	(8,066,000)	(7,944,000)	(21,133,000)	(19,747,000)	(17,393,000)	(19,598,000)	(15,290,000)

C (iv)

Actual Return on plan assets		Gratuity		DBS Superannuation	
	Particulars	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
1	Expected return on plan assets	6,629,000	6,578,000	-	-
2	Actuarial Gains and (Losses)	4,118,000	2,756,000	-	-
3	Actual return on plan assets	10,747,000	9,334,000	-	-

TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

38. (a) Boeing has compensated the Company for the cost of fixed assets used in the project. Accordingly the cost of fixed assets and capital work-in-progress is net off compensation received from Boeing Rs.2,561,187,022 [March 31, 2015: Rs.2,079,535,302]. Individual fixed assets are being carried at a nominal value of Rs.1 each. Consequent to a reconciliation with Boeing, excess compensation of Rs. 116,464,867 has been recognized as Income during the year and compensation of Rs. 137,222,611 is being carried forward pending incurrence and included in Note 9 (b) - Other Current Liabilities.
- (b) In accordance with the amended Special Business Provisions dated March 25, 2015, Boeing has agreed to pay US \$5,890,000 (equivalent to Rs. 390,197,775) as an equitable adjustment for any and all pre-operative expenses that the Company has incurred till the date of commercial production. Boeing has released an initial payment of US\$ 2,000,000 (Rs. 131,355,000) and the balance US\$3,890,000 (equivalent to Rs. 257,702,775) is subject to execution of a guarantee agreement by Tata Motors Limited in favour of Boeing. Pending the execution of the said guarantee by Tata Motors Limited, the proposed payment of US\$ 3,890,000 has not been recognized in the financial statements for the period ended March 31, 2016.
39. Previous year's/period's figures have been regrouped/ restated wherever necessary to conform with this period's classification.

Date: 18/05/2016
Place: Pune

Sd/-
Executive Director

Sd/-
Director

TAL MANUFACTURING SOLUTIONS LIMITED
Balance Sheet as at March 31, 2016

	Note No.	Rupees	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
I. EQUITY AND LIABILITIES				
(1) Shareholder's Funds				
(a) Share Capital	1	1,150,000,000		1,000,000,000
(b) Reserves and Surplus	2	(450,323,747)		(310,488,714)
			699,676,253	689,511,286
(2) Non-Current Liabilities				
(a) Long-term Borrowings	3	198,481,302		-
(b) Deferred Tax Liabilities (Net)	4	-		-
(c) Other Long-term Liabilities	5	6,847,000		9,215,355
(d) Long-term Provisions	6	137,308,967		114,815,975
			342,637,269	124,031,330
(3) Current Liabilities				
(a) Short-term Borrowings	7	592,149,965		478,884,533
(b) Trade Payables	8			
- total outstanding dues of Micro Enterprises and Small Enterprises		541,207		1,444,318
- total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		646,964,935		607,831,167
(c) Other Current Liabilities	9	434,188,222		439,832,600
(d) Short-term Provisions	10	56,262,957		34,731,392
			1,730,107,286	1,562,724,010
TOTAL			2,772,420,808	2,376,266,626
II. ASSETS				
(1) Non-current Assets				
(a) Fixed Assets				
(i) Tangible Assets	11	844,910,125		485,561,338
(ii) Intangible Assets	12	3,587,802		8,433,104
(iii) Capital Work-in-progress		161,835,475		347,444,113
		1,010,333,402		841,438,555
(b) Long-term loans and advances	13	169,189,152		146,701,648
(c) Other Non-current Assets	14	3,500,000		3,500,000
			1,183,022,554	991,640,203
(2) Current Assets				
(a) Inventories	15	748,680,307		752,439,422
(b) Trade Receivables	16	681,785,833		378,595,632
(c) Cash and Cash Equivalents	17	4,821,887		3,411,357
(d) Short-term loans and advances	18	57,590,303		71,102,762
(e) Other Current Assets	19	96,519,924		179,077,250
			1,589,398,254	1,384,626,423
TOTAL			2,772,420,808	2,376,266,626

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Amol A. Apte
Partner

SANTANU SIL, Chief Financial Officer

JAGDISH SHIRKE, Company Secretary

For and on behalf of the Board

R.S.THAKUR, Chairman

RAGHUNATH MASHELKAR, Director

PADMINI KHARE KAICKER, Director

SATISH PRADHAN, Director

N.S.KULKARNI, Director

SATISH BORWANKAR, Director

AJIT C SHAH, Director

RAJESH KHATRI, Executive Director

Place: PUNE
Date: 23 May, 2016

Place: PUNE
Date: MAY 18, 2016

TAL MANUFACTURING SOLUTIONS LIMITED
Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Note No.	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
I. Revenue from Operations - Gross		2,162,926,792	1,329,918,446
Less: Excise duty		98,852,528	93,513,335
Revenue from Operations - Net	A(1)	2,064,074,264	1,236,405,111
II. Other Income	A(2)	144,898,672	105,560,148
III. Total Revenue (I + II)		<u>2,208,972,936</u>	<u>1,341,965,259</u>
IV. Expenses :			
Cost of Materials Consumed	B (1)	1,326,407,540	1,029,764,465
Changes in Inventories of finished goods and work-in-progress	B (2)	(26,090,597)	(66,312,030)
Employee Benefits Expense	B (3)	500,059,785	440,755,625
Finance Costs	B (4)	65,861,492	29,958,600
Depreciation and Amortisation Expense	B (5)	62,504,778	39,813,397
Other Expenses	B (6)	477,980,880	428,673,509
Expenditure transferred to capital and other accounts		(57,915,909)	(377,358,421)
V. Total Expenses		<u>2,348,807,969</u>	<u>1,525,295,145</u>
VI. Profit / (Loss) Before Tax (III - V)		(139,835,033)	(183,329,886)
VII. Tax Expense :			
- Current Tax		-	-
- Deferred Tax		-	-
VIII. Profit / (Loss) After Tax (VI - VII)		<u>(139,835,033)</u>	<u>(183,329,886)</u>
IX. Earnings Per Equity Share: (Not Annualised)			
Ordinary Share			
- Basic (Nominal Value per share Rs. 10)		(1.25)	(2.44)
- Diluted (Nominal Value per share Rs. 10)		(1.25)	(2.44)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

In terms of our report attached to the Balance Sheet

For Deloitte Haskins & Sells
Chartered Accountants

Amol A. Apte
Partner

SANTANU SIL, Chief Financial Officer

JAGDISH SHIRKE, Company Secretary

Place: PUNE
Date: 23 May, 2016

For and on behalf of the Board

R.S.THAKUR, Chairman

RAGHUNATH MASHELKAR, Director

PADMINI KHARE KAICKER, Director

SATISH PRADHAN, Director

N.S.KULKARNI, Director

SATISH BORWANKAR, Director

AJIT C SHAH, Director

RAJESH KHATRI, Executive Director

Place: PUNE
Date: MAY 18, 2016

TAL MANUFACTURING SOLUTIONS LIMITED
Cash Flow Statement for the period April 01, 2015 to March 31, 2016

	For the year ended March 31, 2016	For the year ended March 31, 2015
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(139,835,033)	(183,329,886)
Adjustments for:		
Depreciation / amortisation	62,504,778	39,813,397
(Profit)/ Loss on sale of assets (net)	-	(7,748,000)
Finance Costs	65,861,492	29,958,600
Interest received	-	(1,290,274)
Compensation received from a customer	(116,464,867)	(68,275,639)
	11,901,403	(7,541,916)
Operating Profit before Working Capital changes	(127,933,630)	(190,871,802)
Adjustments for:		
Inventories	3,759,115	(298,251,471)
Trade receivables	(303,190,201)	33,980,046
Long term and Short term Loans and Advances, Other Current and Non-Current assets	91,256,547	(25,715,282)
Trade Payables	38,230,655	193,061,231
Other Current and Long term Liabilities	104,904,435	(604,772,309)
Short-term and Long-term Provisions	44,024,557	20,449,629
	(21,014,892)	(681,248,156)
Cash generated from operations	(148,948,522)	(872,119,958)
Income taxes paid (net)	(2,188,636)	(2,913,189)
Net Cash from / (used in) Operating Activities	(151,137,158)	(875,033,147)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (net of compensation received from a customer)	(246,076,671)	(118,783,671)
Sale of fixed assets	-	7,748,000
Compensation received towards validation support, wear & tear and warranty cost	-	68,275,639
Inter Corporate Deposit matured / (placed) (net)	-	100,000,000
Interest received	-	1,290,274
Net Cash from/ (used in) Investing Activities	(246,076,671)	58,530,242
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) of long term borrowings from Banks (net)	198,481,302	-
Proceeds / (Repayment) of short term borrowings from Banks (net)	203,265,432	332,535,359
Proceeds of Inter Corporate Deposit	50,000,000	270,000,000
Repayment of Inter Corporate Deposit	(140,000,000)	(130,000,000)
Interest paid	(63,122,375)	(28,151,956)
Proceeds / (Repayment) of Equity Share Capital (net)	150,000,000	350,000,000
Net Cash from/(used in) Financing Activities	398,624,359	794,383,403
D. NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	1,410,530	(22,119,502)
Cash and cash equivalents (Opening Balance)	3,411,357	25,530,859
Cash and cash equivalents (Closing Balance)	4,821,887	3,411,357

Note:

- Figures in the brackets represents outflow of Cash and cash equivalents.
- Cash and Cash equivalents comprises of :

	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014
	Rs.	Rs.	Rs.
Cash on hand	125,773	114,218	179,842
Cheques, drafts on hand and Remittances in transit	2,098,764	-	22,413,810
Balances with Bank	2,597,350	3,297,139	2,937,207
	4,821,887	3,411,357	25,530,859

In terms of our report attached to the Balance Sheet

For Deloitte Haskins & Sells
Chartered Accountants

Amol A. Apte
Partner

SANTANU SIL, Chief Financial Officer

JAGDISH SHIRKE, Company Secretary

Place: PUNE
Date: 23 May, 2016

For and on behalf of the Board

R.S.THAKUR, Chairman

RAGHUNATH MASHEKAR, Director

PADMINI KHARE KAICKER, Director

SATISH PRADHAN, Director

N.S.KULKARNI, Director

SATISH BORWANKAR, Director

AJIT C SHAH, Director

RAJESH KHATRI, Executive Director

Place: PUNE
Date: MAY 18, 2016

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 1 - SHARE CAPITAL

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Authorised :		
120,000,000 (March 31, 2015- 120,000,000) equity shares of Rs.10/- each	<u>1,200,000,000</u>	<u>1,200,000,000</u>
Issued, subscribed and paid up :		
115,000,000 (March 31, 2015- 100,000,000) equity shares of Rs.10/- each fully paid up	<u>1,150,000,000</u>	<u>1,000,000,000</u>

Reconciliation of number of shares outstanding at the beginning and the end of the year :

	As at March 31, 2016 No. of shares	As at March 31, 2016 Rupees	As at March 31, 2015 No. of shares	As at March 31, 2015 Rupees
No. of shares outstanding at the beginning of the year				
-Equity Shares	100,000,000	1,000,000,000	65,000,000	650,000,000
Add: Additional shares issued during the year				
-Equity Shares	15,000,000	150,000,000	35,000,000	350,000,000
Less: Shares forfeited/ Bought back during the year				
-Equity Shares	-	-	-	-
No. of equity shares outstanding at the end of the year				
-Equity Shares	<u>115,000,000</u>	<u>1,150,000,000</u>	<u>100,000,000</u>	<u>1,000,000,000</u>

	No. of shares as at March 31, 2016	No. of shares as at March 31, 2015
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1 Number of Shares held by each shareholder holding more than 5 percent shares in the Company are as follows :

Equity Shares :

Tata Motors Ltd., The Holding Company	<u>114,999,930</u>	<u>99,999,930</u>
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2 115,000,000 (Previous year March 31, 2015 - 100,000,000) equity shares are held by the holding company and its nominees.

3 The Share Capital as above is after reduction of Equity Share Capital, under sections 100 to 105 of the Companies Act, 1956, amounting to Rs. 850,000,000 which was registered on November 24, 2004.

4 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



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 2 - RESERVES AND SURPLUS

	As at March 31, 2015 Rupees	Additions Profit / (Loss) for the period Rupees	Deductions Rupees	Appropriations Rupees	As at March 31 2016 Rupees
Surplus/(Deficit) i.e. Balance in Profit and Loss Statement	(310,488,714)	(139,835,033)	-	-	(450,323,747)
As at March 31, 2015	(127,158,828)	(183,329,866)	-	-	(310,488,714)



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 3 - LONG TERM BORROWINGS

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Term Loans from Banks (Secured)	198,481,302	-

Note:

(i) 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.

Terms of repayment of Term Loan of Rs. 550,000,000 is as below:

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)

(iii) Term loan carries interest rate of HDFC Banks base rate plus a spread of 100 bps.



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
NOTE 4 - DEFERRED TAX LIABILITY (NET)		
(i) Break up of deferred tax liability as at year end:		
Nature of timing difference		
Provision for Depreciation	44,500,000	31,589,000
(ii) Break up of deferred tax asset as at year end:		
Nature of timing difference		
Provision for Doubtful Trade Receivables, Security deposits, Construction in Progress and other advances	44,500,000	31,589,000
Total Deferred Tax Liability	44,500,000	31,589,000
Deferred tax liability :	-	-

Note :

Deferred tax asset (excluding on carry forward tax losses) has been recognised only to the extent of the existing deferred tax liability in the absence of virtual certainty. No deferred tax asset has been recognised on carry forward tax losses in the absence of virtual certainty.



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 5 - OTHER LONG TERM LIABILITIES

As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
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Other than Trade Payable- Others

6,847,000	9,215,355
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TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 6 - LONG TERM PROVISIONS

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(a) Provision for employee benefits		
- Provision for compensated absences	34,497,000	30,773,000
- Provision for gratuity	7,668,214	7,126,847
- Provision for post-employment medical benefits	11,424,104	10,618,720
- Provision for pension	66,268,488	53,528,000
- Provision for other employee benefits	11,704,259	7,405,033
	131,562,065	109,451,600
(b) Provision for product warranty (See note 33)	5,746,902	5,364,375
	137,308,967	114,815,975



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 7 - SHORT TERM BORROWINGS

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(A) Loans repayable on demand from Banks (Secured):		
Buyer's Credit	100,661,489	-
Cash Credit and Working Capital Demand Loan	441,488,476	338,884,533
(B) Loans and advances from related parties (Unsecured) :		
Inter-Corporate deposits from		
- Sheba Properties Limited (Fellow Subsidiary)	-	40,000,000
- Tata Motors Limited (Holding Company)	50,000,000	100,000,000
	50,000,000	140,000,000
	592,149,965	478,884,533

Note: Cash 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.



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 8 - TRADE PAYABLES

Trade Payables (Other than Acceptances)

- total outstanding dues of Micro Enterprises and Small enterprises
- total outstanding dues of creditors other than Micro Enterprises and Small enterprises

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
	541,207	1,444,318
	646,964,935	607,831,167
	<u>647,506,142</u>	<u>609,275,485</u>



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 9 - OTHER CURRENT LIABILITIES

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(a) Interest Accrued but not due on Borrowings	4,545,761	1,806,644
(b) Advances received from customers against capital expenditure to be incurred (Refer Note 38 (a))	165,512,962	240,485,218
(c) Amount Due to Customer in respect of Contract work	1,893,685	2,385,000
(d) Other Payables		
- Advance from Customer	140,828,042	134,964,406
- Payables for purchase of fixed assets	91,335,139	33,580,204
- Withholding taxes, employee related dues and other statutory obligations	30,072,633	26,611,128
	262,235,814	195,155,738
	434,188,222	439,832,600



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 10 - SHORT TERM PROVISIONS

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(a) Provision for Employee benefits		
- Provision for compensated absences	3,135,040	3,516,000
- Provision for post-employment medical benefits	1,055,896	859,280
- Provision for other defined benefit plans	90,000	-
- Provision for pension	6,319,512	5,040,000
- Provision for other employee benefits	1,145,500	507,628
	11,745,948	9,922,908
(b) Provision - Others		
- Provision for Tax - Current	2,900,422	2,900,422
- Provision for Potential Statutory Liabilities (Refer Note 33)	18,500,148	10,339,393
- Provision for product warranty (See Note 33)	20,416,439	11,568,669
- Provision for Other Contingencies (See Note 33)	2,700,000	-
	44,517,009	24,808,484
	56,262,957	34,731,392



(Amount in Rupees)

Particulars	Cost			Depreciation / Amortisation			Net Book Value	
	As at March 31, 2015	Additions during the year	Disposals during the year	As at March 31, 2016	For the year	On Disposals	Up to March 31, 2016	As at March 31, 2015
Tangible Assets								
(a) Leasehold Land	64,828,136 (64,828,136)	- (-)	- (-)	64,828,136 (64,828,136)	668,856 (671,742)	- (-)	5,639,067 (4,970,211)	59,189,069 (59,857,925)
(b) Buildings (See note 38)	146,055,206 (143,230,684)	11,979,556 (2,824,522)	157,170 (-)	157,877,592 (146,055,206)	5,155,170 (4,906,544)	- (-)	10,971,240 (5,816,070)	146,906,352 (140,239,136)
(c) Improvement to leased premises	1,493,386 (1,493,386)	- (-)	- (-)	1,493,386 (1,493,386)	- (-)	- (-)	1,493,386 (1,493,386)	- (-)
(d) Plant & Equipment (See Note 38)	570,106,005 (488,853,871)	383,789,482 (88,029,025)	4,212,023 (16,776,891)	949,683,464 (570,106,005)	42,311,509 (21,518,005)	3,640,414 (16,776,891)	340,887,091 (302,215,996)	608,796,373 (267,890,009)
(e) Furniture and Fixtures	15,636,919 (15,348,663)	1,468,479 (288,256)	1,207,613 (-)	15,897,785 (15,636,919)	731,460 (672,421)	1,088,092 (-)	8,765,204 (9,121,836)	6,515,083 (6,515,083)
(f) Vehicles	3,845,717 (4,299,045)	- (-)	- (453,328)	3,845,717 (3,845,717)	571,121 (571,121)	- (453,328)	2,619,652 (2,048,531)	1,797,186 (1,797,186)
(g) Office Equipment	50,435,228 (48,804,240)	17,099,618 (1,630,988)	11,543,408 (-)	55,991,438 (50,435,228)	4,290,364 (5,794,284)	11,131,840 (-)	34,331,753 (41,173,229)	21,659,685 (9,261,999)
Total	852,400,597	414,337,135	17,120,214	1,249,617,518	53,728,480	15,860,346	404,707,393	485,561,338
As at March 31, 2015	(776,858,025)	(92,772,791)	(17,230,219)	(852,400,597)	(34,134,117)	(17,230,219)	(366,839,259)	

Notes:

- Figures in bracket are in respect of previous year.
- The company has not taken any assets on Finance Lease and has not given any assets on Operating Lease



Notes forming part of the Financial Statements

(Amount in Rupees)

Particulars	Cost			Amortisation			Net Book Value			
	As at March 31, 2015	Additions during the year	Disposals during the year	As at March 31, 2016	Up to March 31, 2015	For the year	On Disposals	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Intangible Assets (Other than internally generated)										
(a) Computer Software	33,952,305 (33,952,305)	646,475 (-)	- (-)	34,598,780 (33,952,305)	31,316,210 (28,685,573)	2,632,119 (2,630,637)	- (-)	33,948,329 (31,316,210)	650,451 (2,636,095)	2,636,095
(b) Technical know how	34,255,079 (34,255,079)	- (-)	- (-)	34,255,079 (34,255,079)	28,458,070 (25,409,427)	5,796,723 (3,048,643)	- (-)	34,254,793 (28,458,070)	286 (5,797,009)	5,797,009
Intangible Assets (Internally generated)										
(a) Product Development Expense	- (-)	3,284,521 (-)	- (-)	3,284,521 (-)	(-)	347,456 (-)	- (-)	347,456 (-)	2,937,065 (-)	-
Total	68,207,384	3,930,996	-	72,138,380	59,774,280	8,776,298	-	68,550,578	3,587,802	8,433,104
As at March 31, 2015	(68,207,384)	(-)	(-)	(68,207,384)	(54,095,000)	(5,679,280)	(-)	(59,774,280)		

Figures in bracket are in respect of previous year.



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 13 - LONG TERM LOANS AND ADVANCES

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Loans and Advances to other than related parties:		
(Unsecured, considered good unless otherwise stated)		
(a) Capital Advances	48,757,672	35,581,742
Less: Provision for doubtful Capital Advances	-	2,309,700
	48,757,672	33,272,042
(b) Security Deposits		
Considered good	3,678,202	4,187,596
Considered doubtful	195,573	610,373
	3,873,775	4,797,969
Less: Provision for doubtful Security Deposits	195,573	610,373
	3,678,202	4,187,596
(c) VAT, other taxes recoverable and dues from Government		
Considered good	64,470,503	56,796,205
Considered doubtful	8,869,398	5,638,543
	73,339,901	62,434,748
Less: Provision for doubtful VAT, other taxes recoverable and dues from Government	8,869,398	5,638,543
	64,470,503	56,796,205
(d) Advance income tax (net of provisions of Rs. 89,675,684/- (31st March 2015 - Rs. 89,675,684/-) unsecured, considered good	27,361,830	25,173,194
(e) Advance paid under protest to Government Authorities	1,081,465	1,909,797
(f) Other Loans and Advances		
- Claims Receivable	15,114,069	14,582,030
- Prepaid Expenses	2,192,530	3,241,157
- Loans to Employees	7,438,003	7,912,710
	24,744,602	25,735,897
Less : Provision for Doubtful claims recoverable	905,122	373,083
	23,839,480	25,362,814
	169,189,152	146,701,648



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 14 - OTHER NON- CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

(a) Long term Trade Receivables

Considered Good

3,500,000

3,500,000

Considered Doubtful

1,735,000

3,523,857

5,235,000

7,023,857

Less : Allowances for Doubtful Receivables

1,735,000

3,523,857

3,500,000

3,500,000

3,500,000

3,500,000



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 15 - INVENTORIES

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(a) Stores and spares	74,073,172	66,047,064
(b) Raw materials	454,797,501	406,998,041
(c) Work-in-progress	154,727,672	132,754,441
(d) Finished goods	65,081,962	60,964,596
(e) Pre - Operative inventory - Finished Goods	-	85,675,280
	748,680,307	752,439,422

Notes:

1 Above includes Goods-in-transit :

(i) Raw materials and components	3,544,440	28,442,175
(ii) Stores and spares	7,836,756	2,663,063
(iii) Finished goods	16,130,698	10,100,975
	27,511,894	41,206,213

2 The above items are valued at lower of cost and net realisable value.



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 16 - TRADE RECEIVABLES

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(Unsecured, considered good unless otherwise stated)		
(a) Trade Receivables due for a period exceeding six months:		
Considered Good	47,146,129	40,705,140
Considered Doubtful	41,153,303	62,703,800
	88,299,432	103,408,940
(b) Others Trade Receivables		
Considered Good	634,639,704	337,890,492
	722,939,136	441,299,432
Less : Allowances for Doubtful Receivables	41,153,303	62,703,800
	681,785,833	378,595,632



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 17 - CASH AND CASH EQUIVALENTS

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(a) Cash on hand	125,773	114,218
(b) Cheques, drafts on hand	2,098,764	-
(b) Balances with Banks		
(i) In Current accounts	2,000,116	3,195,745
(ii) In Cash credit accounts	597,234	101,394
	<u>4,821,887</u>	<u>3,411,357</u>



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 18 -SHORT TERM LOANS AND ADVANCES

		As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(Unsecured, considered good unless otherwise stated)			
(a) Loans & Advances to related parties :			
- Other advance		-	21,155,509
(b) Loans & Advances to other than related parties :			
- VAT, other taxes recoverable and dues from Government		26,828,317	14,715,581
- Advances to suppliers	12,855,182		17,636,765
Less: Provision for doubtful advances to suppliers	161,173		3,289,754
		12,694,009	14,347,011
- Other Loans and Advances			
- Claims Recoverable	7,050,583		11,224,904
- Prepaid Expenses	8,397,659		7,675,150
- Loans to Employees	2,619,735		2,516,646
	18,067,977		21,416,700
Less : Provision for Doubtful claims recoverable	-		532,039
		18,067,977	20,884,661
		57,590,303	71,102,762



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE 19: OTHER CURRENT ASSETS

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(a) Amount due from Customer in respect of contract work		
Considered Good	95,498,364	179,077,250
Considered Doubtful	86,510,000	83,840,000
	<u>182,008,364</u>	<u>262,917,250</u>
Less: Provision for doubtful Construction In Progress	<u>86,510,000</u>	<u>83,840,000</u>
	<u>95,498,364</u>	<u>179,077,250</u>
(b) Others		
(i) Claims receivable		
Considered Good	-	-
Considered Doubtful	-	1,181,156
	<u>-</u>	<u>1,181,156</u>
Less: Provision for claims receivable	<u>-</u>	<u>1,181,156</u>
	<u>-</u>	<u>-</u>
(ii) Unamortised Premium on Forward Contracts	1,021,560	-
	<u>96,519,924</u>	<u>179,077,250</u>



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE A(1) - REVENUE FROM OPERATIONS - NET

	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
Sale of Products (including Revenue from Construction contracts)	2,097,718,111	1,278,623,257
Sale of Services (including Revenue from Construction contracts)	30,360,197	33,966,201
Other operating revenues - Scrap Sales	31,330,610	17,328,988
Other operating revenues - Duty Drawback	3,517,874	-
	2,162,926,792	1,329,918,446
Less: Excise duty	98,852,528	93,513,335
	2,064,074,264	1,236,405,111



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE A(2) - OTHER INCOME

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
	Rupees	Rupees
(a) Interest income		
On Bank deposits, employee loans, customer dues, Inter Corporate deposit etc	-	1,290,274
(b) Other Non-operating Income		
Profit on Sale/write off of Fixed Assets (Net)	-	7,748,000
Compensation received from customer (See Note 33)	116,464,867	68,275,639
Net gain on foreign currency transaction and translation	-	10,577,970 \$
Sundry Credit balances, provisions and advances from customers no longer required written back (Net) (Refer Note (i) below)	27,924,732	15,635,294
Lease Rental (Refer Note (ii) below)	-	1,788,000
Miscellaneous Income	509,073	244,971
	144,898,672	105,560,148

(i) Includes Rs. 9,260,500 with respect to prior years.

(ii) Lease rental income recognised represents assets given on operating lease to customers on short term basis.

\$ Net of amortisation of premium on forward contracts Rs. 2,330,938 for year ended March 31, 2015.



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE B (1) - COST OF MATERIALS CONSUMED

	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
Raw Material consumed	1,326,407,540	1,029,764,465
- Including processing charges for year ended March 31, 2016 Rs. 60,442,415 (For year ended March 31, 2015 Rs. 52,166,622)		
	<u>1,326,407,540</u>	<u>1,029,764,465</u>

NOTE B (2) - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
Opening Stocks:		
Finished Goods	60,964,596	23,774,796
Work-in-progress	132,754,441	103,632,209
	<u>193,719,037</u>	<u>127,407,007</u>
Less: Closing Stock:		
Finished Goods	65,081,962	60,964,596
Work-In-progress	154,727,672	132,754,441
	<u>219,809,634</u>	<u>193,719,037</u>
	<u>(26,090,597)</u>	<u>(66,312,030)</u>



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE B (3)- EMPLOYEE BENEFITS EXPENSE

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Salaries & Wages	431,695,461	388,506,858
Contribution to provident and other funds	27,649,358	21,684,180
Staff welfare expenses	40,714,966	30,564,587
	<u>500,059,785</u>	<u>440,755,625</u>



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE B(4) - FINANCE COST

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Interest expense on:		
a) Borrowings	63,721,986	26,027,730
b) Trade Payables	644,628	1,625,814
c) Others		
- Interest on delayed payment of Octroi / Income Taxes	1,157,242	2,305,056
Amortisation of Loan Processing Fees	337,636	-
	<u>65,861,492</u>	<u>29,958,600</u>



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE B (5) - DEPRECIATION AND
AMORTISATION EXPENSES

Depreciation on Tangible assets (see note 11)
Amortisation of Intangible assets (see note 12)

For the year ended	For the year ended
March 31, 2016	March 31, 2015
Rupees	Rupees
53,728,480	34,134,117
8,776,298	5,679,280
62,504,778	39,813,397



TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements

NOTE B (6) - OTHER EXPENSES

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Consumption of stores and spare parts	139,715,944	116,763,872
Excise Duty :		
- Relating to Increase / (Decrease) in Closing Stocks	4,885,244	862,107
- Others	1,166,345	490,927
	6,051,589	1,353,034
Contract labour	10,243,328	8,774,086
Power and fuel	37,471,129	50,665,478
Rent	24,077,725	18,351,000
Repairs and maintenance to Buildings	613,634	886,534
Repairs and maintenance to Plant and Equipments	5,441,121	3,782,323
Repairs and maintenance to Others	5,175,916	1,913,167
Insurance	5,357,960	3,733,616
Rates and taxes	9,200	57,661
Travelling & Conveyance	38,305,260	41,526,560
Freight outward (Net of recoveries of Rs. 4,889,674) (March 31, 2015 - Rs. 4,422,822)	3,433,716	10,507,886
Commission on sales	3,449,888	2,144,018
Auditors remuneration		
a. To Statutory Auditors		
- For Audit	2,200,000	2,200,000
- For Tax Audit	150,000	150,000
- For Other services	713,964	188,950
- Rembursement of Expenses	6,010	63,385
	3,069,974	2,602,335
b. To Cost Auditors for Cost Audit	150,750	168,540
Bad debts and advances written off	16,537,967	6,166,690
Net loss on Foreign Currency transaction and translation (other than considered as Finance Cost)	1,330,453 \$	-
Provision for doubtful debts and advances (net)	(27,142,736)	20,039,729
Provision for doubtful Construction In Progress	2,670,000	-
Product warranty	10,939,529	8,535,707
Cost of Services Procured	52,194,513	33,059,231
Late Delivery Charges	3,293,498	3,343,362
Director's Sitting Fees	1,958,656	400,000
Asset Written Off	738,173	-
Erection and Commissioning charges	37,421,183	41,990,099
Stamp duty and registration charges for increase in authorised share capital	-	2,850,000
Miscellaneous Expenses	95,472,510	49,058,581
	477,980,880	428,673,509

\$ Includes amortisation of premium on forward contracts Rs.7,427,649 for year ended March 31, 2016



Notes forming part of the Financial Statements

20. Statement of Significant Accounting Policies

Note 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.

Note 2:

Significant Accounting Policies

A Basis of preparation of Financial Statements:

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

B Significant Accounting Policies

(a) Sales

Sale of products is recognized when all significant risks and rewards of ownership have been transferred to the buyers. Sales include excise duty but exclude sales tax and value added tax.

Income from services is recognized as and when services are rendered.

Commission is recognized based on terms of arrangement with parties.

Interest income is accounted for on accrual basis.

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

(b) Accounting of 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.

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

(c) Fixed Assets

Fixed assets are carried at cost less accumulated depreciation/amortisation. The cost of fixed assets 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, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.



Notes forming part of the Financial Statements

(d) Depreciation/ Amortization

Depreciation on tangible fixed assets is provided using the Straight Line method over their estimated useful lives as follows:

Nature of Assets	Useful Life
Building	30 Years
Plant & Machinery	13 Years
Office Equipment	5 Years
Furniture & Fixtures	15 Years
Vehicles	5 Years
Leasehold Land	Over Leasehold period

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

The economic useful life of assets has been 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.

Improvements to leased premises is amortized over the period of 24 months.

Depreciation on assets acquired/purchased, sold/discarded during the period is provided on a pro-rata basis from the date of each addition till the date of sale/discard.

Intangible assets are amortized on a straight line basis over their estimated useful life as follows 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

(e) Transactions in Foreign Currency

Transactions in foreign currency are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary foreign currency items are carried at their historical costs and not retranslated. Gains and losses arising on translation and settlement of foreign currency monetary assets and liabilities are recognised in the Statement of Profit and Loss.

The premium or discount at the inception of a forward contract is amortised over the life of a contract. Exchange differences on forward exchange contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of a forward exchange contract is recognised in the Statement of Profit and Loss.

Pursuant to the announcement on accounting for derivative issued by the Institute of Chartered Accountants of India (ICAI), the Company in accordance with the principle of prudence as enunciated in Accounting Standard 1, 'Disclosure of Accounting Policies', provides for losses in respect of all outstanding derivative contracts at the Balance Sheet by marking them to market. Any net unrealised gains arising on such mark to market are not recognised.



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

(f) Inventories

Inventories are valued at lower of cost and net realizable value after providing for obsolescence and other losses where considered necessary. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of purchased materials is ascertained on a moving weighted average basis. Work in progress and finished goods are valued on full absorption cost basis. Value of finished goods includes excise duty where ever applicable.

(g) Employee Benefits

(i) Short-term Employee Benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by the employees is recognized during the year when the employees render the service.

(ii) Post-Employment Benefits:

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.

Defined Benefit plans:

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 accounts for the liability for future gratuity benefits ascertained based on an independent actuarial valuation as at the end of the year.

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. The monthly pension benefits after retirement range from 0.75 percent to 2 percent of the annual basic salary for each year of service. The company accounts for the liability for future benefits under the plan based on an independent actuarial valuation as at the end of the year.

With effect from April 1, 2003, this plan was amended and benefits earned by covered employees have been protected as at March 31, 2003. 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.

(iii) Other Long-term Employee Benefits:

Compensated absences:

The Company's liability towards compensated absences which are not expected to accrue within twelve months after the end of the period in which the employee renders the related service is determined by using the Projected Unit Credit method, with actuarial valuation being carried out at each balance sheet.

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. The liability for this scheme is determined based on an independent actuarial valuation.

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. The Company accounts for the liability for future benefits defined based on an independent actuarial valuation carried out at the year end.

(h) Use of Estimates

The preparation of the financial statements, in conformity with the Indian GAAP, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liability) at the date of the financial statements and the reported amounts of revenues and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between actual results and estimates are recognized in the periods in which the results are known/materialize.



Notes forming part of the Financial Statements

(i) **Product Warranty Expenses**

Provision for product warranty is recognized for the best estimates of the average cost involved for replacement/repair etc. of the product sold before the balance sheet date. These estimates are determined 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.

(1) Cost of product warranties is included/ disclosed under the head

- a) 'raw material consumed' as consists of free replacement of spares and components.
- b) 'employee benefit expenses' as consists of the cost of manpower spent on the warranty jobs.
- c) 'other expenses' which includes provision for warranties (net) and debits received from customers.

(j) **Borrowing Costs**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. 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.

(k) **Taxes on Income**

Tax expense comprises of current tax and deferred tax.

Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognized for timing differences other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future income will be available against which these can be realized. Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realize the assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

(l) **Earning per share**

The Company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standard 20 "Earnings per Share". Basic EPS is computed by dividing the profit or loss after tax for the year attributable to equity shareholder by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss attributable to equity shareholders by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

(m) **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.

(n) **Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

(o) **Provisions and Contingent liabilities:**

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



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

21. As per the provisions of Special Business Purpose agreement dated September 19, 2011, the Company is liable to compensate Boeing for damages (permitted by law) by reasons attributable to Company's acts or omissions. The damages will be determined as follows:

- (a) damages occur during the period beginning on scheduled delivery date of the first Product and ending on 24 months thereafter, an amount not exceeding US \$ 1,300,000 for each event upto maximum cumulative amount of US \$ 4,000,000.
- (b) damages occur after expiration of 24 months period and through the date of the final scheduled delivery of the products upto maximum cumulative amount of US \$ 25,000,000. To cover for such damages, the Company has taken product liability insurance of US \$ 25,000,000.

22. Contingent Liabilities:

- (a) Bill discounted with bank outstanding as on March 31, 2016 Rs. 12,142,208 (March 31, 2015 - Rs.4,983,987)
- (b) Claims against the Company not acknowledged as debts as on March 31, 2016:
 - Claim from a customer (Boeing Company) of Rs. 128,766,922 (equivalent US \$ 1,943,725) (March 31, 2015 - Rs. 121,463,373 (equivalent US \$ 1,943,725)).
 - Amount debited by supplier of Rs. 7,642,501 (equivalent US \$ 115,363) (March 31, 2015 - Rs. NIL (equivalent US \$ NIL)).
 - * - Bonus related to retrospective period - Rs. 5,061,000 (March 31, 2015 - Rs. NIL).
 - Income Tax Demand - Rs. 37,996,540 (March 31, 2015 - Rs. 37,996,540).
 - Fringe Benefit Tax Demand - Rs. 601,140 (March 31, 2015 - Rs. 601,140).
 - Sales Tax Matters - Rs. 118,590,591 (March 31, 2015 - Rs. 12,566,455).
 - Other Matters - Rs. 43,780,261 (March 31, 2015 - Rs. 43,780,261).

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 favor of the Company.

- * Bonus pertaining to period retrospective to the notification date 01.01.2016 not provided, pending similar cases contesting retrospective applicability of the said notification in the Honorable High Courts of Kerala, Karnataka, Tamil Nadu and Gujarat.

23. (a) Estimated amount of contracts remaining to be executed on capital account and not provided for:

- i) Tangible assets Rs. 172,076,548 (March 31, 2015 – Rs. 88,128,208).
- ii) Intangible assets Rs. NIL (March 31, 2015 – Rs. NIL).



Notes forming part of the Financial Statements

1. (I) Details of Gross Sales and Finished Goods stock under broad heads :

	Particulars	Finished Goods - Opening Stock		Finished Goods - Closing Stock		Sales (Gross)	
		As at 1st April, 2015 (Rupees)	As at 1st April, 2014 (Rupees)	As at 31st March, 2016 (Rupees)	As at 31st March, 2015 (Rupees)	For the year ended 31st March, 2016 (Rupees)	For the year ended 31st March, 2015 (Rupees)
1	Metal Cutting & Grinding Machines (including Machining Centers)	19,771,576	12,414,891	12,649,811	19,771,576	285,228,400	488,959,991
2	Jigs & Fixtures	-	-	-	-	87,618,320	132,926,254
3	Material Handling Equipments & Parts thereof	-	-	1,866,238	-	547,479,225	71,031,131
4	Paint shop & Parts thereof	-	-	-	-	6,401,048	29,018,661
5	Car Parking System	-	-	-	-	12,363,484	2,989,588
6	Fluid Power Solutions - Hydraulic Pumps & Telescopic Cylinders	14,482,660	8,938,245	6,772,376	14,482,660	227,894,606	196,755,948
7	Aerospace components	26,710,360	2,421,662	43,793,537	26,710,360	984,343,093	292,450,669
8	Other Products (including parts of machines & equipment etc.)	-	-	-	-	26,807,506	23,206,765
9	Increase/(Decrease) in Contracts in Progress	-	-	-	-	(80,417,571)	41,284,250
	TOTAL	60,964,596	23,774,798	65,081,962	60,964,596	2,097,718,111	1,278,623,257



Notes forming part of the Financial Statements

(ii) Details of income derived from Services rendered (Net) under broad heads :

	Particulars	Sale of Services	
		For the year ended 31st March, 2016	For the year ended 31st March, 2015
		(Rupees)	(Rupees)
1	Income from Services rendered - Other (includes reconditioning of machines, processing charges, deployment of company personnel to others etc.)	30,360,197	33,966,201
	Total	30,360,197	33,966,201

(iii) Details of Work-in-Progress stock under broad heads :

	Particulars	WIP - Opening Stock		WIP - Closing Stock	
		As at 1st April, 2015 (Rupees)	As at 1st April, 2014 (Rupees)	As at 31st March, 2016 (Rupees)	As at 31st March, 2015 (Rupees)
1	Metal Cutting & Grinding Machines (including Machining Centres)	75,209,222	83,580,983	54,302,762	75,209,222
2	Material Handling equipments and parts thereof	7,020,325	11,683,038	17,979,511	7,020,325
3	Jigs & Fixtures	17,328,368	5,505,803	-	17,328,368
4	Car Parking System	6,607,646	2,862,385	-	6,607,646
5	Aerospace Components	26,588,880	-	82,445,399	26,588,880
	Total	132,754,441	103,632,209	154,727,672	132,754,441



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

	For the Year ended March 31, 2016 Rupees	For the Year ended March 31, 2015 Rupees
25. CIF Value of Imports		
Raw materials	806,923,006	548,662,115
Capital goods	292,341,877	458,908,760
Others	181,954,599	142,320,659
26. Earnings in foreign exchange		
FOB Value of Exports	1,020,726,381	148,906,536
*[excluding exports of Rs.11,552,654/- (31st March, 2015 - Rs. 154,063,077/-) where payment is receivable in Rupees]		
27. Expenditure in foreign currency		
Professional and Consultation fees (Debited to CWIP Rs. 2,362,404 (31st March, 2015 - Rs.NIL))	5,905,848	6,125
Commission on sales	-	49,814
Inspection, Supervision and installation charges	-	966,611
Travelling Expenses	3,498,819	2,215,388
Hiring Services	-	1,626,131
Erection and Commissioning charges (Debited to CWIP Rs. NIL (31st March, 2015 - Rs. 1,045,200))	-	1,391,195
Warranty Expenses	-	5,451,537
Other expenses (Debited to CWIP Rs. NIL (31st March, 2015 - Rs. 1,657,871))	1,890,539	3,905,888

28. Value and Percentage of Imported and Indigenous Raw material consumed

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Rs.	Percentage %	Rs.	Percentage %
(a) Imported	686,041,802	51.72	476,186,729	46.24
(b) Indigenously obtained	640,365,738	48.28	553,577,736	53.76
Total	1,326,407,540	100.00	1,029,764,465	100.00



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

29. Details of Raw Material Consumption under broad heads :

Particulars	For the Year Ended	For the Year Ended
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Steel	168,608,621	44,367,428
CNC Systems	44,585,502	79,568,937
Castings	80,213,427	168,650,531
Titanium	74,314,041	126,314,703
Composite	384,088,038	143,064,802
Aluminium	29,289,042	13,409,530
Sheet metal	18,060,882	13,298,536
Forging	15,801,168	15,773,117
ATC	10,452,083	12,528,338
Rubber	9,656,668	8,471,855
hardware	1,720,385	1,129,303
Others	489,617,683	403,187,385
	1,326,407,540	1,029,764,465

Notes:

The consumption figures shown above are after adjusting excesses and shortages ascertained on physical verification. The figures of "Others" is a balancing figure based on total consumption shown in the Statement of Profit and Loss.



Notes forming part of the Financial Statements

30. 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.
	Tata Marcopolo Motors Ltd.
	Tata Technologies Ltd.
	Sheba Properties Ltd.
Key Management Personnel	Mr. R.K. Khatri (Executive Director & CEO)
	Mr. Santanu A. Sil (Chief Finance Officer)
	Ms. Kavita Jain (Company Secretary) (Upto April 5, 2015)
	Mr. Jagdish Shirke (Company Secretary) (From April 6, 2015)

b) Related Party Transactions:

Nature of Transactions	Holding Company	Companies under common control with the Company (Fellow Subsidiaries)	Key Management Personnel
	Rs.	Rs.	Rs.
Purchases of Goods	- (3,087,113)	- (-)	- (-)
Services received #	46,092,747 (42,839,098)	7,906,076 (5,061,820)	- (-)
Late Delivery Charges	1,045,997 (3,140,234)	1,500,000 (385,000)	- (-)
Sale of Goods – Gross (Refer Footnote ii)	272,664,458 (178,690,330)	3,648,546 (56,420,264)	- (-)
License fees for premises	27,360,800 (20,224,800)	- (-)	- (-)
Services rendered #	7,231,157 (14,090,043)	1,332,785 (539,328)	- (-)
Advance received in respect of contract work/sale of products	14,025,241 (4,623,750)	7,870,000 (578,664)	- (-)
Inter Corporate deposit Taken	50,000,000 (100,000,000)	- (170,000,000)	- (-)
Inter Corporate deposit Repaid	100,000,000 (-)	40,000,000 (130,000,000)	- (-)
Inter Corporate deposit recovered	- (100,000,000)	- (-)	- (-)
Interest paid	14,551,370 (244,520)	552,329 (4,884,658)	- (-)
Interest Received	- (1,179,041)	- (-)	- (-)
Remuneration *	- (-)	- (-)	23,614,286 (19,838,420)
Amount received towards Equity subscription	150,000,000 (350,000,000)	- (-)	- (-)
Amount outstanding as at the end of the year			
- Receivable	59,239,698 (51,767,078)	6,398,274 (17,477,315)	- (-)
- Payable	1,291,709 (1,132,314)	3,780,717 (825,733)	- (-)
- Customer Advance	7,604,161 (10,526,365)	7,785,100 (990,000)	- (-)
- Payable (in respect of loans)	50,000,000 (100,000,000)	- (40,000,000)	- (-)
- Other Advance	- (21,155,510)	- (-)	- (-)

Including reimbursement of expenses

* Out of the above, Rs. 449,610 pertains towards Remuneration of Executive Director for previous year. Remuneration of Executive Director includes provision of Rs. 3,220,000 which is subject to approval of the Nomination and Remuneration Committee and Board of Directors.



Notes forming part of the Financial Statements

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

Nature of Transactions	TML Drivelines Ltd	Tata Marcopolo Motors Ltd.	Tata Technologies Ltd.	Sheba Properties Ltd.
Services received	- (-)	- (-)	7,906,076 (5,061,820)	- (-)
Sale of Goods – Gross (Refer Footnote ii)	3,648,546 (56,356,115)	- (-)	- (64,150)	- (-)
Services rendered (Refer Footnote ii)	1,332,785 (-)	- (539,328)	- (-)	- (-)
Advance received in respect of contract work /sale of products	1,060,000 (578,664)	6,725,100 (-)	- (-)	- (-)
Late Delivery Charges	- (385,000)	1,500,000 (-)	- (-)	- (-)
Interest Paid	- (-)	- (-)	- (-)	552,329 (4,884,658)

Footnotes:

- i Figures in brackets are in respect of the previous year ended March 31, 2015.
- ii Sale of Goods- Gross and Services rendered includes billing done in respect of construction contracts for which revenue is recognized in the Statement of Profit & Loss on percentage completion method.
- iii Rs. 2,591,370 has been provided for doubtful debts in respect of debts due from related parties as at March 31, 2016 (Rs. 5,799,496 as at March 31, 2015). No amount has been written off or written back in respect of debts due from or to related parties.
- iv The remuneration excludes gratuity contribution and leave encashment for the key managerial personnel, as the contribution / provision is made for the Company as a whole. The above remuneration also excludes pension payable to Ex - Managing Director which was approved after his retirement.
- v The remuneration excludes amount of gratuity paid to Ms. Kavita Jain, previous Company Secretary, amounting to Rs.160,989.

31. Earnings per Share (EPS):

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
a) Loss attributable to share holders	(139,835,033)	(183,329,886)
b) Weighted average number of Equity Shares		
- Basic	112,172,131	75,068,493
- Diluted	112,172,131	75,068,493
Nominal value of equity share (In Rs.)	10	10
Earnings per share (In Rs.)		
- Basic	(1.25)	(2.44)
- Diluted	(1.25)	(2.44)

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



Notes forming part of the Financial Statements

32. Disclosures under Accounting Standard – 7 (Revised) "Construction Contracts"

- a) i) Contract Revenue recognized for the year ended March 31, 2016 Rs. 336,307,395 (March 31, 2015 - Rs.138,132,489)
 ii) Method used to determine the contract revenue recognized and the stage of completion of contracts in progress [Refer Note: 2(B)(b) of Note 20]
- b) Disclosure in respect of contracts in progress as at the year end:
 i) Aggregate amount of costs incurred and recognized profits (less recognized losses) – Rs. 641,518,409 (March 31, 2015 – Rs. 1,614,915,000)
 ii) Advances received are Rs. 64,908,560 (March 31, 2015 - Rs. 57,904,534)
 iii) Retention money is Rs. 46,248,734 (March 31, 2015 - Rs. 60,719,476)

33. Details of provisions and movements in each class of provisions as required by the Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (Accounting Standard – 29): -

Particulars	# Product Warranty	Potential Statutory Liabilities	Other Contingencies
	(Rs.)	(Rs.)	(Rs.)
Carrying Amount as at the beginning of the year	16,933,044 (15,171,923)	10,339,393 (7,305,561)	- (-)
Additional Provision made during the year	16,681,856 (12,433,881)	8,160,755 (8,959,408)	2,700,000 (-)
Amounts Used during the year	7,451,559 (10,672,760)	- (5,925,576)	- (-)
Unused amount reversed during the year	- (-)	- (-)	- (-)
Carrying Amount as at the end of the year	26,163,341 (16,933,044)	18,500,148 (10,339,393)	2,700,000 (-)

Note: Includes long - term warranty provision of Rs. 5,746,902 /- (March 31, 2015 - Rs. 5,364,375)

Figures in bracket are in respect of the previous year ended March 31, 2015.

Brief description of the nature of obligation

i Provision for Product Warranty :

Provision for product warranties has been made based on past experience and estimates to meet expected warranty claims. The closing balance of the provision represents the provision made during the period in respect of products supplied for which product warranty period has not elapsed. The provision would be utilized towards expenditure to be incurred in the following year (except provision that is considered long term) and the provision required as at the end of the following period would be reassessed. The Company makes a provision of 1 percent of sales of aerospace components to Boeing which the management believes is adequate 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 year 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 year.



Notes forming part of the Financial Statements

34. a. Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information and relied upon by Auditors) as at March 31, 2016 is Rs. 541,207 (March 31, 2015 - Rs.1,444,318) including unpaid amounts of 5,711 (March 31, 2015 - Rs.228,139) outstanding for more than 30/45 days. Estimated interest due thereon is Rs. 24 (March 31, 2015 - Rs. 3,724).
- b. Amount of payments made to suppliers beyond 30/45 days during the year is Rs. 44,000 (March 31, 2015 - Rs.3,881,837). Interest paid thereon is Rs. NIL (March 31, 2015 - Rs. Nil) and the estimated interest due and payable thereon is Rs. 1,141 (March 31, 2015 - Rs. 171,215).
- c. Amount of estimated interest accrued and remaining unpaid as at March 31, 2016 is Rs.1,165 (March 31, 2015 - Rs. 174,939).
- d. The amount of estimated interest due and payable for the period from April 1, 2016 to actual date of payment or April 15, 2016 (whichever is earlier) is Rs. 24.

Notes:

1. 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.
2. Four Micro and Small Enterprise parties have confirmed to the management for waiver of interest on delayed payments upto March 31, 2016. Accordingly, the above disclosure in 34 (b), (c) and (d) excludes disclosure for these parties.



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

35. a) Details of Derivative Instruments (For Hedging)

Name of the Instrument: Forward Contracts

Particulars	Amount in Foreign Currency		Equivalent amount in Rs.
	Currency	Amount	
Trade and Other Payables	USD	846,539 (27,655)	56,379,495 (1,736,956)
	JPY	- (10,790,000)	- (5,643,170)
Short Term Borrowings	USD	1,469,631 (-)	102,387,876 (-)

b) Details of Foreign Currency exposures that are not hedged by derivative instrument or otherwise:

Particulars	Amount in Foreign Currency		Equivalent amount in Rs.
	Currency	Amount	
Trade and Other Payables	USD	4,174,518 (2,760,372)	276,252,965 (172,523,278)
	EUR	652,823 (237,064)	49,203,296 (15,933,575)
	JPY	22,721,000 (890,882)	13,398,119 (464,506)
	GBP	19,575 (20,117)	1,868,467 (1,859,893)
Trade Receivables	USD	6,346,837 (1,356,038)	420,430,338 (84,745,616)
Other Current Asset	USD	- (18,900)	- (1,181,156)

Note: Figures in bracket are in respect of previous year March 31, 2015



36 Segment information

The Company has identified business segments as its primary segment and geographical segments as its secondary segment. Business segments are primarily Aerospace Business Segment and Industrials Division Segment. Aerospace Business Segment caters to the needs of Aerospace Industry. Industrials Division Segment caters to various products of capital goods industry. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment, manpower efforts and other factors. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Geographical revenues are allocated based on the location of the customer. Geographical segments of the Company are United State of America (USA), India and Others.

Primary Segment	For the period ended March 31, 2016				
	Business segments		Total	Inter Segment Eliminations	Total
	Aerospace	Industrials Division			
Revenue					
External Revenue	1,016,343,044 303,848,782	1,047,731,220 932,556,329	2,064,074,264 1,236,405,111	- -	2,064,074,264 1,236,405,111
Inter-segment revenue	- -	70,470,764 53,750,981	70,470,764 53,750,981	(70,470,764) (53,750,981)	- -
Other Income	123,533,953 68,275,639	20,855,646 25,416,265	144,389,599 93,691,904	- -	144,389,599 93,691,904
Total Revenue	1,139,876,997 372,124,421	1,139,057,630 1,011,723,575	2,278,934,627 1,383,847,996	(70,470,764) (53,750,981)	2,208,463,863 1,330,097,015
Segment results before other income, finance cost, tax	145,202,346 82,462,208	(219,684,960) (247,701,738)	(74,482,614) (165,239,530)	- -	(74,482,614) (165,239,530)
Other income (unallocable)					509,073 11,868,244
Finance Costs					65,861,492 29,958,600
Loss before tax					(139,835,033) (183,329,886)
Tax expense					- -
Loss after tax					(139,835,033) (183,329,886)

Figures in italics are in respect of the previous year ended March 31, 2015.



TAL Manufacturing Solutions Limited
Notes forming part of the Financial Statements

Primary Segment	For the period ended March 31, 2016		
	Business segments		Total
	Aerospace	Industrials Division	
Segment assets	1,751,772,050 <i>1,280,761,030</i>	888,292,341 <i>961,600,372</i>	2,640,064,391 <i>2,242,361,402</i>
Unallocable assets			132,356,417 <i>133,905,224</i>
Total assets			2,772,420,808 <i>2,376,266,626</i>
Segment liabilities	892,090,028 <i>583,511,987</i>	466,266,467 <i>543,317,318</i>	1,358,356,495 <i>1,126,829,305</i>
Unallocable liabilities			714,388,060 <i>559,926,035</i>
Total liabilities			2,072,744,555 <i>1,686,755,340</i>
<u>Other information</u>			
Capital expenditure	384,018,119 <i>88,331,638</i>	31,804,651 <i>3,520,116</i>	415,822,770 <i>91,851,754</i>
Capital expenditure (unallocable)			2,445,361 <i>921,037</i>
Depreciation and amortisation	32,106,981 <i>11,985,717</i>	28,954,958 <i>26,415,544</i>	61,061,939 <i>38,401,261</i>
Depreciation and amortisation (unallocable)			1,442,839 <i>1,412,136</i>

Figures in italics are in respect of the previous year ended March 31, 2015.

The geographical segments individually contributing 10 percent or more of the Company's revenues and segment assets are

Secondary Segment	Revenues for the period ended March 31, 2016	Segment assets as at March 31, 2016	Capital expenditure incurred during the period ended March 31, 2016
USA	1,112,609,934 <i>372,124,421</i>	382,736,015 <i>156,529,976</i>	- -
India	883,004,932 <i>947,435,089</i>	2,250,292,769 <i>2,051,178,076</i>	418,268,131 <i>92,772,791</i>
Others	212,848,997 <i>10,537,505</i>	7,035,607 <i>34,653,350</i>	- -

Figures in italics are in respect of the previous year ended March 31, 2015.



Notes forming part of the Financial Statements

37. Details of Employee Benefits as required by the Accounting Standard on Employee Benefits (Accounting Standard 15 (Revised 2005)) are as follows:-

A) **Defined contribution Plans**

The amount recognised as an expense, in the Statement of Profit and Loss in respect of Defined Contribution Plans is Rs. 19,568,050 (31st March, 2015 Rs. 18,957,333)

B) **A general description of the Employee Benefit Plans:-**

Funded Benefit Plans

a. **Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement 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 accounts for the liability for future gratuity benefits ascertained based on an independent actuarial valuation as at the end of the year.

b. **Superannuation**

The Company has two superannuation plans, a defined benefit plan and a defined contribution plan.

Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. The monthly pension benefits after retirement range from 0.75% to 2% of the annual basic salary for each year of service. The Company accounts for the liability for future benefits under the plan based on an independent actuarial valuation carried out at the year end.

With effect from April 1, 2003, this plan was amended and benefits earned by covered employees have been protected as at March 31, 2003. 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% of salary, and therefore, has become a defined contribution plan.

Unfunded Benefit Plans

a. **Post-retirement Medicare Scheme**

Under this Scheme, employees get 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. The liability for this scheme is based on independent actuarial valuation.

b. **Bhavishya Kalyan Yojana (BKY)**

Bhavishya Kalyan Yojana is an unfunded defined benefit plan. 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% of the salary drawn at the time of death or accident or a specified amount, whichever is more. The Company accounts for the liability for future benefits based on an independent actuarial valuation carried out at the year end.



Particulars	Gratuity		DBS Superannuation	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
I Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :				
1 Present Value of Defined Benefit Obligation at the beginning of the year	91,745,000	93,575,000	81,000	75,000
2 Current Service cost	5,198,000	5,467,000	-	-
3 Interest Cost	6,897,000	7,970,000	5,000	5,000
4 Losses (gains) on Curtailment	-	-	-	-
5 Liabilities extinguished on settlements	-	-	-	-
6 Plan amendments	-	-	-	-
7 Past Service cost	-	-	-	-
8 Actuarial (gains) / losses	6,747,000	(1,382,000)	4,000	1,000
9 Benefits paid	(11,060,000)	(13,885,000)	-	-
10 Present value of Defined Benefit Obligation as on Balance Sheet date.	99,527,000	91,745,000	90,000	81,000

II Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :				
1 Fair value of Plan assets as at the beginning of the year	84,618,000	89,169,000	-	-
2 Expected return on plan assets	6,629,000	6,578,000	-	-
3 Actuarial gains and (losses)	4,118,000	2,756,000	-	-
4 Actual contributions by employers	7,554,000	-	-	-
5 Other Adjustments	-	-	-	-
6 Benefits paid	(11,060,000)	(13,885,000)	-	-
7 Plan assets as on Balance Sheet Date	91,859,000	84,618,000	-	-

III Analysis of Defined Benefit Obligation :				
1 Defined Benefit Obligation as at 31st March	99,527,000	91,745,000	90,000	81,000
2 Fair Value of Plan assets at the end of the year	91,859,000	84,618,000	-	-
3 Net (Asset)/Liability recognized in the Balance Sheet as on Balance Sheet Date	7,668,000	7,127,000	90,000	81,000

IV Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :				
1 Present value of Defined Benefit Obligation	99,527,000	91,745,000	90,000	81,000
2 Fair value of plan assets	91,859,000	84,618,000	-	-
3 Funded status [Surplus/(Deficit)]	(7,668,000)	(7,127,000)	(90,000)	(81,000)
4 Unrecognized Past Service Costs	-	-	-	-
5 Net Asset/(Liability) recognized in Balance Sheet	(7,668,000)	(7,127,000)	(90,000)	(81,000)

V Components of employer expenses recognized in the statement of profit and				
1 Current Service cost	5,198,000	5,467,000	-	-
2 Interest cost	6,897,000	7,970,000	5,000	5,000
3 Expected return on plan assets	(6,629,000)	(6,578,000)	-	-
4 Curtailment cost/(credit)	-	-	-	-
5 Settlement cost/(credit)	-	-	-	-
6 Past Service cost	-	-	-	-
7 Actuarial Losses/(Gains)	2,629,000	(4,138,000)	4,000	1,000
8 Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds	8,095,000	2,721,000	9,000	6,000

VI Principal Actuarial Assumptions :				
1 Discount Rate (%)	8.00	8.00	6.75	6.75
2 Expected Return on plan assets (%)	N/A	N/A	8.00	8.00
3 Salary escalation (EG & TM / S & OP) (%)	8.00 / 5.00	2.00 / 5.00	N/A	N/A
4 Medical cost inflation	N/A	N/A	N/A	N/A

VII The major categories of plan assets as percentage to total plan				
Debt securities	99%	100%	0%	0%
Balances with banks	1%	0%	0%	0%

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.

VII The major categories of plan assets as a percentage of total plan assets:

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:

1 Central Govt Securities	14%	17%	0%	0%
2 PSU Bonds	42%	41%	0%	0%
3 Private Sector Bonds	20%	21%	0%	0%
4 State Loans (RBI Guaranteed)	-	-	-	-
5 Mutual Funds (G Sec based)	-	-	-	-
6 Special Deposit with Banks	0%	0%	-	-
7 Balances with Banks & Others	1%	0%	-	-
8 SAIL Cent Guaranteed Bonds	-	-	-	-
9 State Government Bonds	23%	20%	0%	17%
IX Contributions expected to be paid to the plan during the next financial year	Nil	Nil	Nil	Nil

a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.

b) Expected Rate of Return of Plan Assets : This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.

c) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors



C (ii) Defined Benefit Plan

Particulars	Amount in Rs.			
	Bhavishya Kalyan Yojana		Post Employment Medical Benefits	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
I Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :				
1 Present Value of Defined Benefit Obligation at the beginning of the year	6,822,000	6,919,000	19,747,000	17,393,000
2 Current Service cost	869,000	906,000	244,000	188,000
3 Interest Cost	516,000	607,000	1,549,000	1,568,000
4 Losses (gains) on Curtailment	-	-	-	-
5 Liabilities extinguished on settlements	-	-	-	-
6 Plan amendments	-	-	-	-
7 Actuarial (gains) / losses	4,304,000	(969,000)	360,000	1,302,000
8 Benefits paid	(741,000)	(641,000)	(767,000)	(704,000)
9 Present value of Defined Benefit Obligation as on Balance Sheet date * Total obligation - Rs.21,133,000 (31st March, 2015 - Rs.19,747,000) Less: Obligation in respect of services rendered in holding company borne by holding company - Rs.8,653,000 (31st March, 2015 - Rs.8,569,000/-) Net Obligation accounted by the company - Rs.12,480,000/- (31st March, 2015 - Rs.11,178,000/-)	11,770,000	6,822,000	21,133,000 *	19,747,000
II Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :				
1 Fair value of Plan assets as at the beginning of the year	-	-	-	-
2 Expected return on plan assets	-	-	-	-
3 Actuarial gains and losses	-	-	-	-
4 Actual contributions by employers	741,000	641,000	-	-
5 Benefits paid	(741,000)	(641,000)	-	-
6 Plan assets as on Balance Sheet Date	-	-	-	-
III Analysis of Defined Benefit Obligation :				
1 Defined Benefit Obligation as at 31st March	11,770,000	6,822,000	21,133,000	19,747,000
2 Fair Value of Plan assets at the end of the year	-	-	-	-
3 Net (Asset)/Liability recognized in the Balance Sheet as on Balance Sheet Date	11,770,000	6,822,000	21,133,000 *	19,747,000
IV Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :				
1 Present value of Defined Benefit Obligation	11,770,000	6,822,000	21,133,000	19,747,000
2 Fair value of plan assets	-	-	-	-
3 Funded status [Surplus/(Deficit)]	11,770,000	(6,822,000)	(21,133,000)	(17,393,000)
4 Unrecognized Past Service Costs	-	-	-	-
5 Net Asset/(Liability) recognized in Balance Sheet	(11,770,000)	(6,822,000)	(21,133,000) *	(17,393,000)
V Components of employer expenses recognized in the statement of profit and loss				
1 Current Service cost	869,000	906,000	244,000	188,000
2 Interest cost	516,000	607,000	1,549,000	1,568,000
3 Expected return on plan assets	-	-	-	-
4 Curtailment cost/(credit)	-	-	-	-
5 Settlement cost/(credit)	-	-	-	-
6 Past Service cost	-	-	-	-
7 Actuarial Losses/(Gains)	4,304,000	(969,000)	360,000	1,302,000
8 Total expense recognised in the Statement of Profit & Loss under Staff Welfare Expenses	5,689,000	544,000	2,153,000	3,058,000
VI Principal Actuarial Assumptions :				
1 Discount Rate (%)	8.00	8.00	8.00	8.00
2 Expected Return on plan assets (%)	N/A	N/A	N/A	N/A
3 Salary escalation (EG & TM / S & OP) (%)	8.00 / 5.00	2.00 / 5.00	8.00 / 5.00	2.00 / 5.00
4 Medical cost inflation	N/A	N/A	N/A	N/A
VII Effect of one percentage point change in assumed Medical Inflation rate				
	One percentage point increase in Medical Inflation rate		One percentage point decrease in Medical Inflation rate	
	2016	2015	2016	2015
Revised Defined Benefit Obligation at the year end	1,660,000	1,624,000	1,458,000	1,424,000
Revised service cost & Interest Cost for the year	NA	NA	NA	NA

a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.

b) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.



Notes forming part of the Financial Statements

C (iii) Other disclosure

A Funded Schemes	Gratuity					DBS Superannuation				
	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
1 Experience Gain / (loss) adjustments on plan liabilities	4,168,000	(5,935,000)	(4,366,000)	(11,427,000)	3,396,000	4,000	1,000	1,055,000	(156,000)	(441,000)
2 Experience Gain / (loss) adjustments on plan assets	(4,118,000)	(2,756,000)	3,745,000	1,977,000	59,000	-	-	(740,000)	(441,000)	2,358,000
3 Defined Benefit Obligation at the end of the period	(99,527,000)	(91,745,000)	(93,575,000)	(106,194,000)	(96,746,000)	(90,000)	(81,000)	(75,000)	(3,414,000)	(9,816,000)
4 Plan Assets at the end of the period	91,859,000	84,618,000	89,169,000	(106,886,000)	95,546,000	-	-	-	10,621,000	16,675,000
5 Funded Status	(7,668,000)	(7,127,000)	(4,406,000)	692,000	(1,200,000)	(90,000)	(81,000)	(75,000)	7,207,000	6,859,000

B Unfunded Schemes	Bhavishya Kalyan Yojana					Post Employment Medical Benefits				
	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
1 Experience Gain / (loss) adjustments on plan liabilities	4,041,000	(1,448,000)	(1,866,000)	936,000	1,192,000	(2,439,000)	(339,000)	(3,305,000)	1,845,000	1,956,000
2 Experience Gain / (loss) adjustments on plan assets	-	-	-	-	-	-	-	-	-	-
3 Defined Benefit Obligation at the end of the period	11,770,000	6,822,000	6,919,000	8,066,000	7,944,000	21,133,000	19,747,000	17,393,000	19,598,000	15,290,000
4 Plan Assets at the end of the period	-	-	-	-	-	-	-	-	-	-
5 Funded Status	(11,770,000)	(6,822,000)	(6,919,000)	(8,066,000)	(7,944,000)	(21,133,000)	(19,747,000)	(17,393,000)	(19,598,000)	(15,290,000)

C (iv)

Actual Return on plan assets		Gratuity		DBS Superannuation	
Particulars	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	
1 Expected return on plan assets	6,629,000	6,578,000	-	-	
2 Acturial Gains and (Losses)	4,118,000	2,756,000	-	-	
3 Actual return on plan assets	10,747,000	9,334,000	-	-	



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

38. (a) Boeing has compensated the Company for the cost of fixed assets used in the project. Accordingly the cost of fixed assets and capital work-in-progress is net off compensation received from Boeing Rs.2,561,187,022 [March 31, 2015: Rs.2,079,535,302]. Individual fixed assets are being carried at a nominal value of Rs.1 each. Consequent to a reconciliation with Boeing, excess compensation of Rs. 116,464,867 has been recognized as Income during the year and compensation of Rs. 137,222,611 is being carried forward pending incurrence and included in Note 9 (b) - Other Current Liabilities.
- (b) In accordance with the amended Special Business Provisions dated March 25, 2015, Boeing has agreed to pay US \$5,890,000 (equivalent to Rs. 390,197,775) as an equitable adjustment for any and all pre-operative expenses that the Company has incurred till the date of commercial production. Boeing has released an initial payment of US\$ 2,000,000 (Rs. 131,355,000) and the balance US\$3,890,000 (equivalent to Rs. 257,702,775) is subject to execution of a guarantee agreement by Tata Motors Limited in favour of Boeing. Pending the execution of the said guarantee by Tata Motors Limited, the proposed payment of US\$ 3,890,000 has not been recognized in the financial statements for the period ended March 31, 2016.
39. Previous year's/period's figures have been regrouped/ restated wherever necessary to conform with this period's classification.

Date: MAY 18, 2016
Place: PUNE


Executive Director


Director



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAL MANUFACTURING SOLUTIONS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **TAL MANUFACTURING SOLUTIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 22(b) 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.
2. 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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



Amol A. Apte
(Partner)
(Membership No. 76289)

Pune, 23 May, 2016

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ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of **TAL MANUFACTURING SOLUTIONS LIMITED** ("the Company") as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

Auditor's Responsibility

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

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

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

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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



Amol A. Apte
(Partner)
(Membership No. 76289)

Pune, 23 May, 2016

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (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 verification of fixed assets in accordance with which all fixed assets are physically verified once every two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, physical verification has been carried out by the Management for certain fixed assets during the 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 fixed asset 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 fixed asset in the financial statement has been constructed on land in respect of which the Company has lease rights."
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) 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 Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the CARO 2016 Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for Machine Tool Division. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax/Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.)	Amount unpaid (Rs.)
Income Tax Act, 1961	Income Tax	Income-Tax Appellate Tribunal	A.Y. 2010-11	11,868,800	11,868,800
Income Tax Act, 1961	Income Tax	Income-Tax Appellate Tribunal	A.Y. 2011-12	17,426,970	17,426,970
Income Tax Act, 1961	Income Tax	Income-Tax Appellate Tribunal	A.Y. 2012-13	8,411,000	8,411,000

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not borrowed any funds from financial institutions or debenture holders during the year under audit.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

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- (xi) 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.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) 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 etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



Amol A. Apte
(Partner)
(Membership No. 76289)

Pune, 23 May, 2016

