



## TAL MANUFACTURING SOLUTIONS LIMITED

### 17<sup>TH</sup> ANNUAL REPORT 2016-17

**Registered Office & Works:**

PDO Building, TATA Motors Campus,  
Chinchwad, Pune - 411 033 (MH).

CIN: U29100PN2000PLC130290

Tel: 020 – 6613 5509

Fax: 020 – 6613 5578

Website: [www.tal.co.in](http://www.tal.co.in)

**Factory/ Works:**

Aerospace Division,  
Sector -3, MIHAN SEZ,  
Village Kalkuhi, Nagpur – 441 108

Tel: 07126 – 662802



## TAL MANUFACTURING SOLUTIONS LIMITED

SEVENTEENTH ANNUAL REPORT 2016-17

### INDEX

Sr. No.	Particulars	Page No.
1	Board's Report (Along with Secretarial Auditor's Report, Extract of Annual return and Particulars of Contracts with Related Parties).	1-36
2	Statutory Auditor's Report	37-44
3	Balance Sheet	45
4	Profit & Loss Account	46
5	Cash Flow Statement	47
6	Statement of Changes in Equity	48
7	Notes to Accounts	49-106

#### **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, DIN: 02396765;
6. Mr. Niranjana S. Kulkarni, Non Executive Director, DIN: 02667029  
(Retired w.e.f 01/07/2016)
7. Mr. Satish B. Borwankar, Non Executive Director, DIN: 01793948;
8. Mr. Rajesh Khatri, Non- Executive Director, DIN: 03620093.  
(Resigned w.e.f. 31/03/2017 as ED & CEO & continued as 'Non Executive Director')

#### **Audit Committee:**

1. Ms. Padmini Khare Kaicker, Chairperson
2. Mr. Ajit Chinubhai Shah, Member
3. Mr. N. S. Kulkarni, Member (Upto 01/07/2016)
4. Mr. Satish B. Borwankar, Member (w.e.f 06/07/2016)

#### **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.

#### **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
5. DBS Bank Ltd, Pune



## BOARD'S REPORT

**To**  
**The Members of**  
**TAL MANUFACTURING SOLUTIONS LIMITED**

The Directors present their Seventeenth Annual Report and the Audited Statement of Accounts for the financial year ended March 31, 2017.

### FINANCIAL RESULTS

*(Figures in Rupees Lacs)*

Particulars	FY 2016-17	FY 2015-16
(i) Total Income	<b>30248.23</b>	<b>21475.71</b>
(ii) Total Expenses	<b>23793.38</b>	<b>17912.87</b>
(iii) Interest / Finance costs	917.21	563.05
(iv) Depreciation and amortization expenses	2962.34	1971.72
(v) Profit / (Loss) from continuing operations	<b>2574.68</b>	<b>1028.07</b>
(vi) Profit / (Loss) from discontinuing operations	(1385.96)	(2016.76)
<b>(vii) Profit / (Loss) for the period</b>	<b>1188.72</b>	<b>(988.69)</b>
(viii) Other comprehensive income / (Loss)	7.49	(49.09)
<b>(ix) Total comprehensive Profit /(Loss) for the period</b>	<b>1196.21</b>	<b>(1037.78)</b>
(x) Provision for Taxation / (Current / Deferred Tax)	0	0

### DIVIDEND

Having considered the accumulated losses in the previous years, your Directors do not recommend any dividend on equity shares for Financial Year 2016-17.

### OPERATION & PERFORMANCE

Your Company has achieved the total revenue of Rs. 30,248 Lacs during the financial year 2016-17 as compared to Rs. 21,475 Lacs for the previous year. The Company has earned profit of Rs. 1,196 Lacs as compared to loss of Rs. 1037 Lacs in the previous year.

Your Company has earned a profit Rs. 2,575 Lacs in FY 2016-17 (from continuing operations) primarily on the back of good performance from the Aerospace Business Unit (ABU). However, the Company is incurring continuous losses in Industrial Business Divisions.

On the back of growing volumes and price correction (ACFB) in the Aerospace business, the contribution margin improved by 8 basis-points 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)

India is classified as a newly industrialised country, and one of the G-20 major economies, with an average growth rate of approximately 7% over the last two decades. India's economy became the world's fastest growing major economy, surpassing the People's Republic of China.

The Indian economy is expected to grow at 7.1 per cent in the year 2017 notwithstanding the demonetisation of high-value banknotes in November and the resultant impact on output and well as consumption and rise up further to 7.5 per cent in 2018, according to the report titled 'The Economic and Social Survey of Asia and the Pacific 2017' by the United Nations. The growth is supported by higher private and public consumption and increased infrastructure spending in the country. The inflation for 2017 and 2018 has been projected to be in the range of 5.3-5.5 per cent. The country's medium-term economic development will gain from recently introduced reforms that are aimed towards easing domestic supply bottlenecks like implementation of the goods and services tax, amendment of a bankruptcy law and opening up of the pharmaceuticals, defense and civil aviation sectors.

The IBU business consists of three units – Machine Tool Division (MTD), Fluid Power Solutions (FPS) and Integrated Manufacturing Solutions (IMS).

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 had approved the closure of the MTD operations– this would enable the management to focus on Aerospace and Robotics and accelerate the growth in these sunrise segments. The MTD operations have been closed and no further orders are being accepted. The current orders will be completed by June, 2017. The Buyer has been identified for sale of MTD fixed assets and the Board has approved the same.

In line with the rationalization of other IBU businesses, it is decided to discontinue the operations of IMS by March'18. Till then, the Management is focusing on booking large orders with better margins in order to improve the profitability. A few large orders are in the closing stages of finalization.

Your Company has been awarded the TML Best Supplier Award, 2016 in the overall performance category.



Your Company is focusing on Aerospace and Robotics business.

### **AEROSPACE BUSINESS UNIT (ABU)**

The Aerospace dedicated facility at MIHAN–SEZ, Nagpur continues to grow at an accelerated pace - Sales of Rs. 20281 Lacs during FY 17 and a PBT of Rs. 4064 Lacs (against a PBT of Rs 1200 Lacs in the PY). With zero defects and 100% on-time delivery of the Advanced Composite Floor Beams (ACFB), your company was appreciated and nominated for the Best Supplier Award globally 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 8500 ACFBs. Your Company has received green status for PRA, quality rating as Bronze (99.74%) and Delivery rating - Gold (100%) from Boeing. During the year under review, Company received Boeing order for additional 10 shipsets (730 Nos) for 787-10. Boeing is also considering TAL for 80% SOB for ACFB and contract under negotiations for volume upto 650 beams per month from current volume of 400 beams. The new SBP and GTA contracts are under negotiation with Boeing.

During the year under review, Boeing has debited \$ 1Mn AOP claim (out of \$ 1.9Mn) despite Company's request to submit evidences to justify the claim. Company has escalated the matter to the higher authorities within Boeing as per current SBP.

With an objective to grow in Aerospace Sector, the GENERIC facility (for RUAG) was inaugurated on 20<sup>th</sup> August, 2016 at ABU Plant, Nagpur in the presence of Chief Minister of Maharashtra, Central Minister of Road & Transport, MD of Tata Motors, Directors of the Company and Boeing Senior Officials. Also, the dispatch of 5000<sup>th</sup> ACFB to Boeing was made on the same day by the hands of Guest of Honor.

**Celebration of dispatch of 5000<sup>th</sup> Beam on 20<sup>th</sup> August, 2016**



**Inauguration of RUAG (Generic) Facility at ABU, Nagpur**



After a very successful execution and supply of phase-1 and phase-2 parts to RUAG, The Company faced delivery issues / back-log since September, 2016 due to delayed FAIs, capacity constraints, lack of effective project management and raw material shortage. After a detailed analysis, CAPA has been implemented and the supplies are being brought on track.

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”, Airbus qualifications for special processes, 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.

## 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, including the life-cycle validation. 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 for the 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.

During the year under review, the Company has successfully launched 10Kg and 2 kg Robot with deployment of almost 50 robots in industries on trial basis.

### Robotics launch event 1<sup>st</sup> April, 2017 – Robotics Team



We are happy to inform that the initial deployed robots have received a very positive response from the customers which augurs well for the future of the Robotics business going forward.

Company has developed new applications – De-flashing, Pick & Place and Palletizing with vision inspection. To enhance its reach and ensure speedy execution, your Company has also tied up with 20 System Integrators in 15 major cities in India.

Your Company participated in exhibitions of PMEC, Mumbai, Rajkot 2016 and Technology Day at TML, Jamshedpur. The Company is focusing on developing pan India Sales & Application team, System Integrators and specific applications with target industry segments.

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.

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



## OUTLOOK

Having considered the global economic environment and in line with Company's Strategic Plan 2020, Aerospace and Robotics & Automation continue to be the growth engines for your Company.

Your company has taken proactive steps and is well placed 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 provide automation solutions. The current density of Robots in India is around 1 per 10,000 industrial employees as against 435 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. Material Handling, is losing its strategic relevance for TAL – and has been a big drain on its profitability. Opportunities / options for transitioning to sunrise segments are being constantly reviewed by your Board of Directors.

## HUMAN RESOURCES

At TAL, Human Resources strategy is linked to business strategy and objectives. It facilitates the organization to build strategic skills, strong people processes to support performance culture. HR strategy focuses on driving leadership with trust, collaboration and transparency.

In line with increased volume, we have strengthened employee numbers at Aerospace Business Unit by 161 as compared to last financial year and our current employee strength is 573. Similarly, for Robotics, to build capability in Application Design and Development and penetrate market, a young and talented Sales & Marketing team has been inducted and our employee strength has moved from 31 to 77.

The Company continues to have cordial relations with its Unionized Operatives. During the year, there was focus on effective utilization, engagement and improved communication between the management and the union. Productivity and Quality continues to be vital for sustainability of business. Wage settlement is under discussion and is under conclusion.

## 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 31<sup>st</sup> March, 2017 is Rs. 115 Crores. As on 31<sup>st</sup> March, 2017, 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; (2016-17: 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 have given their Audit Report for the Financial Year 2016-17 and the observations made by the Auditors together with relevant notes thereon are self-explanatory and do not call for any comments.

There are no adverse remarks/qualifications of Statutory Auditors on financial statements for the year ended 31 March 2017.

M/s Deloitte Haskins & Sells is not being reappointed, since they have completed number of years including extended period as allowed under Companies Act, 2013, they are not eligible to be reappointed as the Statutory Auditors as per the provisions of section 139 of the Companies Act, 2013.

M/s. Deloitte Haskins & Sells ('DHS') can hold the office until the conclusion of the Seventeenth Annual General Meeting ('AGM') to be held in the year 2017 and due for rotation in terms of new provisions of the Companies Act, 2013.

It is, therefore, proposed to appoint M/s B S R & Co. LLP, Chartered Accountants, Pune (Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company for the term of 5 (five) consecutive years to hold office from conclusion of this Annual General Meeting till the conclusion of Annual General Meeting to be held in the year 2022, subject to ratification at every Annual General Meeting.



The members are requested to consider their appointment and authorize the Board of Directors to fix their remuneration. The Company has received requisite certificate pursuant to Section 139 of the Companies Act, 2013.

### **INDIAN ACCOUNTING STANDARDS**

The Ministry of Corporate Affairs (MCA), vide its notification in the Official Gazette dated February 16, 2015, notified the Indian Accounting Standards (IND AS) applicable to certain classes of companies. IND AS has replaced the existing Indian GAAP prescribed under Section 133 of Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

Pursuant to Rule 4 Clause (c) of Companies (Indian Accounting Standards) Rules, 2015, IND AS is applicable effectively from 01-04-2016 to your Company being a Subsidiary of Tata Motors Limited entity.

Your Company has prepared the opening balance sheet as per IND AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by IND AS, not recognizing items of assets and liabilities which are not permitted by IND AS, by reclassifying items from previous GAAP to IND AS and applied IND AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as mentioned in note 28 of notes to accounts in the financial statement.

The reconciliation and description of the effect of the transition from IGAAP to IND AS have been provided at note 30 of notes to accounts in the financial statement.

### **SECRETARIAL AUDIT REPORT**

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 2016-17 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 31<sup>st</sup> 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 2016-17.

The Company has appointed M/s Mani & Co. as Cost Auditors of the Company for the Financial Year 2016-17 under section 148 of the Companies Act, 2013 and rules thereof. For FY 2017-18, the Board has re-appointed him as Cost Auditors of the Company.

As mandated by the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditors 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 2016-17, the Cost Audit Report for



FY 2016-17 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 31<sup>st</sup> 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 2017, 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 2016-17, Mr. Niranjan S. Kulkarni, vide his letter, intimated the Company that on account of his superannuation from Tata Motors Limited, has requested to relieve from the Board/ Board Committees w.e.f. July 01, 2016. The Board vide its meeting dated 6<sup>th</sup> July, 2016 has relieved Mr. Kulkarni effective from 1<sup>st</sup> July, 2016. The Board members recalled the valuable contributions made by him as a Director and member of the Audit Committee of the Company and extended their warm and sincere appreciation of the services rendered by him during his tenure.

During the FY 2016-17, Mr. Rajesh Khatri resigned from the post of Executive Director & CEO of the Company effective from close of business hours on 31.03.2017 upon his moving to Tata Motors Ltd. as a Head - Operations PVBV effective from 01.04.2017. The Board has appointed / continued him as Non-Executive Director of the Company vide meeting held on 2<sup>nd</sup> March, 2017. The Board places on record its appreciation for the efforts put in by Mr. Khatri transformation of the business during his tenure. The Board expressed its best wishes to Mr. Khatri on his new assignment at Tata Motors Ltd.

In terms of provisions of the Companies Act, 2013, Mr. Rajesh Khatri, who retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Except above, there is no change in composition of Board. The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013

The names of Directors on the Board along with their attendance at the Board Meetings and Committee meetings held during the financial year 2016-17 are as follows:

Sr. No	Name of Director	Attendance at meetings		
		Board	Audit Committee	Nomination & Remuneration Committee
1	Mr. R S Thakur	7	NA	2
2	Dr. Raghunath Anant Mashelkar	7	NA	1
3	Mr. Satish Bhaskar Pradhan	4	NA	1
4	Ms. Padmini Khare Kaicker	3	2	1
5	Mr. Ajit Chinubhai Shah	7	4	NA
6	Mr. Niranjan S. Kulkarni	1	1	NA
7	Mr. Satish B. Borwankar	2	2	NA
8	Mr. Rajesh Khatri	7	NA	NA



## KEY MANAGERIAL PERSONNEL (KMP)

During the year 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). Mr. Rajesh Khatri has resigned from the position from ED & CEO of the Company effective from 31<sup>st</sup> March, 2017 due to his transfer to parent Company.

## BOARD EVALUATION

In continuation of the process laid down in the previous year, members of the Board carried out a formal review for evaluating the performance and effectiveness of the Board, Committees of the Board and of the individual directors including the Chairman of the Board.

The performance of the Board was evaluated on the basis of criteria such as the board composition and structure, effectiveness of Board processes, participation in assessment of annual operating plan, risks etc. Using appropriate criteria the performance of the various Committees was separately evaluated by the Board.

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman were evaluated, taking into account the views of executive directors and non-executive directors.

## MEETINGS OF BOARD & ITS COMMITTEES

A yearly calendar of the Meetings is prepared & circulated in advance to the Directors. During the Financial year 2016-17, **Seven (7)** Board Meetings on 18 May 2016, 06 July 2016, 03 Aug 2016, 03 Oct 2016, 04 Nov 2016, 01 Feb 2017 & 02 Mar 2017; **Four (4)** Audit Committee Meetings on 18 May 2016, 03 Aug, 2016, 04 Nov 2016 & 01 Feb 2017 and **Two (2)** meetings of Nomination & Remuneration Committee on 11<sup>th</sup> May, 2016 & 18<sup>th</sup> May, 2016 were convened & held. The intervening gap between the Board Meetings was within the period prescribed under the Companies Act, 2013. A separate meeting of Independent Directors was held on 18th May, 2016.

## AUDIT COMMITTEE

The Audit Committee of Directors comprised of three Non-executive Directors, viz. Ms. Padmini Khare Kaicker (Chairperson), Mr. Ajit Shah and Mr. Satish Borwankar. Mr. Niranjan S. Kulkarni, vide his letter, intimated the Company that on account of his superannuation from Tata Motors Limited. Mr. N.S. Kulkarni, being a nominee Director on TAL's Board, requested to be relieved from the Board/ Board Committees w.e.f. July 01, 2016, thereafter, the Audit Committee has been reconstituted in the Board Meeting held on July 06, 2016 in accordance with the provisions of Section 177 of Companies Act, 2013, wherein Mr. Satish Borwankar has been appointed as a member of the Audit Committee.

The Audit Committee had 4 (Four) meetings during the year. These meetings were attended by the Executive Director & CEO, Chief Financial Officer, Chief Operating Officer (Robotics), Chief Operating Officer (Aerospace), Internal Auditor and Statutory Auditors of the Company. The Secretary of the Company acted as a Secretary to the Audit Committee.

## **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 Two (2) meetings during the financial year 2016-17. The Secretary of the Company acted as a Secretary to the Committee.

## **EXECUTIVE COMMITTEE**

The Board has formed Executive Committee of the Board, at its meeting held on 2<sup>nd</sup> March, 2017, effective from 1<sup>st</sup> April, 2017 comprised of Mr. R S Thakur, Mr. Satish Pradhan, Mr. Satish Borwankar and Mr. Ajit Shah. The Committee shall work as per charter approved by the Board till the appointment of successor of Mr. Khatri. The Secretary of the Company shall act 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-imburements 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 comprises of four non-executive Directors viz. Mr. Satish Pradhan (Chairman), Mr. R. S. Thakur, Dr. Raghunath A. Mashelkar and Ms. Padmini Khare Kaicker. The NRC in its meeting held on May 18, 2016, had considered, approved and recommended the remuneration payable to the Executive Director & CEO of the Company. During the year, two meetings of the Committee were held viz. May 11, 2016 & May 18, 2016.

- 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 <sup>st</sup> 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 criteria.														
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 style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">i. Cash Allowances</td> <td style="text-align: right;">33.34% ii.</td> </tr> <tr> <td>Leave Travel Concession/Allowance</td> <td style="text-align: right;">8.33% iii.</td> </tr> <tr> <td>Medical allowance</td> <td style="text-align: right;">8.33%</td> </tr> <tr> <td></td> <td style="text-align: right;">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 style="text-align: right;"><u>5.00%</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><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	<u>5.00%</u>		<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	<u>5.00%</u>														
	<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 2016-17 are furnished below:

Name of the Director	Sitting fees paid				Total sitting fees paid during 2016 – 17 (In Rs)
	Board Meeting	Audit Committee	NRC Committee	Any Other Committee	
Mr. R. S. Thakur	350000	-	1,00,000	-	<b>4,50,000</b>
Mr. Satish Pradhan	200000	-	50,000	-	<b>2,50,000</b>
Dr. Raghunath A Mashelkar	350000	-	50,000	-	<b>4,00,000</b>
Ms. Padmini Khare Kaicker	150000	1,00,000	50,000	-	<b>3,00,000</b>
Mr. Ajit C. Shah	350000	2,00,000	-	-	<b>5,50,000</b>
Mr. N. S. Kulkarni <sup>§</sup>	20000	20,000	-	-	<b>40,000</b>
Mr. Satish Borwankar*	Nil	Nil	Nil	-	<b>Nil</b>
Mr. Rajesh Khatri – Executive Director & C.E.O*	Nil	Nil	Nil	-	<b>Nil</b>

# Except Executive Director of the Holding Company.

§ Retired w.e.f July 01, 2016.

\* Resigned as ED & CEO effective from 31<sup>st</sup> March, 2017.

## 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 2016-17.

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:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) 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 2016-17 and of the profit & loss of the Company for Financial Year 2016-17.

- (iii) 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.
- (iv) have prepared the annual accounts on a “going concern basis”;
- (v) 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 the Enterprise Risk Management Policy and also identified the Company level risks. The Company has ERM Committee in place 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 maintained by the Company which is being placed and reviewed by the Audit Committee on timely basis.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Having considered the provisions of Rule 3(2) of Companies (Corporate Social Responsibility Policy) Rules, 2014, during financial year 2016-17, 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 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 2016-17.



## **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year 2016-17 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.

## **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 31.03.2017 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 C**.

## **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**

**Date: May 11, 2017**

**Place: Pune**

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

**Chairman**



## **Annexure A**

(Attached with the Board's Report for the financial year ended March 31, 2017)

### **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.

<b>Particulars</b>	<b>FY 2016-2017</b>	<b>FY 2015-16</b>
Electrical Energy (KWH in lacs)	1003	75

#### **(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, now there is only general shift during the year due slow down / discontinuation of operations in MTD.

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 equipment 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.

Optimization of Heat loads on Furnaces (Autocalve & Solutionizing Furnace) by batching process is being done to reduce the Specific Power consumption. This year Initiative has been taken to replace old Cooling Tower pumps in Boeing Plant so that the power consumption is reduced.



**(i) 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.

**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. Company has commenced production of Robots.

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.

<b>Particulars</b>	<b>FY 2016-17</b>	<b>FY 2015-16</b>
Foreign Exchange Earnings and Outgo	<i>(Equivalent in Rs. lakhs)</i>	<i>(Equivalent in Rs. lakhs)</i>
i) Foreign Exchange Earnings	15353	11,062
ii) Foreign Exchange Outgo	16193	12,926



## **Annexure B**

(Attached with the Board's Report for the financial year ended March 31, 2017)

Form No. MR-3

### **SECRETARIAL AUDIT REPORT**

**FOR THE PERIOD 01.04.2016 TO 31.03.2017**

[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** (CIN: U29100PN2000PLC130290)(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 31.03.2017 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 Water (Prevention and Control of Pollution) Act, 1974
  - 2. The Air (Prevention And Control Of Pollution) Act, 1981
  - 3. The Environment (Protection) Act, 1986
  - 4. Such Labour Laws, as are applicable to the Company.



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.

**I further report that** the Company has closed its Machine Tool Division situated at Tata Motors Campus, Chinchwad (Pune) and is in process to sell off its fixed assets and the Company has obtained legal opinion stating that Section 180(1)(c) is not applicable for the same.

Place : Pune  
Date : 26/04/2017

Signature:  
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, 2017)

### **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**

<b>Date of Contract</b>	<b>Name of the Related Party</b>	<b>Name of the Director's Interested</b>	<b>Nature of Relation with the Company</b>	<b>Nature of Contracts/ arrangements/transactions</b>	<b>Duration of the Contracts/ arrangements/ transactions</b>	<b>Salient terms of the contracts or arrangements or transactions including the value, if any:</b>	<b>Dates of Approval by the Board, if any</b>	<b>Value of Total Transaction During F.Y. 2016-17 (In Rs.)</b>	<b>Amount paid as advances, if any During F.Y. 2016-17 (In Rs.)</b>
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	11-May-17	31,47,63,057	NIL
				Purchase of goods		As per PO Terms		NIL	NIL
				leasing of property of any kind		As per PO Terms		2,75,80,000	NIL
				availing of services of any kind		As per PO Terms		4,87,84,882	NIL
				rendering of services of any kind		As per PO Terms		1,25,14,108	NIL
				appointment of any agent for purchase or sale of goods, materials, services or property		As per PO Terms		NA	NIL
On Going Contracts	Tata Marcopolo Motors Ltd	Mr. Satish Borwankar	Common Director/ Fellow Subsidiary	rendering of services of any kind	Continuing	As per PO Terms	11-May-17	19,98,700	NIL
				Sale of goods		As per PO Terms		2,62,14,203	NIL
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	11-May-17	2,53,52,901	NIL
				rendering of services of any kind		As per PO Terms		3,42,353	NIL
On Going Contracts	Tata Technologies Ltd (TTL)	-	Fellow Subsidiary	Sale of goods	Continuing	As per PO Terms	11-May-17	NIL	NIL
				availing or rendering of services of any kind		As per PO Terms		1,12,16,716	NIL
				appointment of any agent for purchase or sale of goods, materials, services or property		As per PO Terms		NA	NIL
On Going Contracts	Tata Cummins Pvt. Ltd	Mr. Satish Borwankar	JV of Holding Company / Common Director	Sale of goods	Continuing	As per PO Terms	11-May-17	NIL	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 2016 - 17. Further these transactions are in the ordinary course of business and are at Arm's Length Basis. Therefore as per Companies (Amendment) Act, 2015 (w.e.f. 29.05.2015) the provisions of the Section 188 is not applicable to the Company.

Mr. Santanu Sil  
CFO

Mr. R.S Thakur  
Chairman.



## **Annexure D**

(Attached with the Board's Report for the financial year ended March 31, 2017)

**Form No. MGT-9**

### **EXTRACT OF ANNUAL RETURN As on the Financial Year ended on March 31, 2017**

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

#### **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:-

<b>Sl. No.</b>	<b>Name and Description of main products / Services</b>	<b>NIC Code of the Product/ service</b>	<b>% to total turnover of the Company</b>
1.	Other parts of Aeroplanes	3030	72
2.	Sale of CNC Machining Center	2822	8
3.	Fluid Power Solutions	2812	7
4.	Material Handling Equipment	2816	11



### 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	8920MH1945PLC004520	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	
<b>A. Promoter</b>									
<b>(1) Indian</b>									
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	11,50,00,000	11,50,00,000	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
<b>Sub-Total</b>									
<b>(A)(1) :-</b>	NIL	11,50,00,000	11,50,00,000	100	NIL	11,50,00,000	11,50,00,000	100	NIL
<b>(2) Foreign</b>									
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
<b>Sub – Total</b>									
<b>(A)(2)</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Total Shareholding of promoter (A) = (A)(1) + (A)(2)</b>	NIL	11,50,00,000	11,50,00,000	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>B. Public Shareholding</b>									
<b>1. Institutional</b>									
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
<b>2. Non Institutions</b>									
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	11,50,00,000	11,50,00,000	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')	11,49,99,930	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
	<b>Total</b>	<b>11,50,00,000</b>	<b>100</b>		<b>11,50,00,000</b>	<b>100</b>		



**(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	11,50,00,000	100	-	-
2.	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g.	Nil		Nil	
3.	At the End of the year	11,50,00,000	100	11,50,00,000	100

**(ii) 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
	<b>For Each of the Top 10 Shareholders</b>				
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



**(iii) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	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
<b>Indebtedness at the beginning of the financial year</b>				
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
<b>Total (i + ii + iii)</b>	<b>74,51,77,028</b>	<b>5,00,00,000</b>	<b>NIL</b>	<b>79,51,77,028</b>
<b>Change in Indebtedness during the financial year</b>				
◆ Addition	50,79,87,000	NIL	NIL	50,79,87,000
◆ Reduction	NIL	5,00,00,000	NIL	5,00,00,000
<b>Net Change</b>	<b>50,79,87,000</b>	<b>(500,00,000)</b>	<b>NIL</b>	<b>45,79,87,000</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	124,86,18,267	NIL	NIL	124,86,18,267
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	55,00,307	NIL	NIL	55,00,307
<b>Total (i + ii + iii)</b>	<b>125,41,18,574</b>	<b>NIL</b>	<b>NIL</b>	<b>125,41,18,574</b>



## 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 <sup>1</sup> as per provisions contained in section 17(1) of the Income-tax Act, 1961	89,37,856*					89,37,856*
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	67,23,287	-	-	-	-	67,23,287
	(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...	NI	-	-	-	-	NIL
5.	Others, Retiral Benefits	15,70,732#	-	-	-	-	15,70,732#
	Total (A)	1,72,31,875	-	-	-	-	1,72,31,875
	Ceiling as per the Act	As per MCA Circular**	-	-	-	-	-

# Other retiral benefits includes gratuity (Provided For) of Rs. 2, 37,511/-.

\* Salary includes the performance linked pay approved by the Nomination & Remuneration Committee vide its meeting dated 10<sup>th</sup> May, 2017 amounting to Rs. 40 Lacs for FY 2016-17 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	--	
	<ul style="list-style-type: none"> <li>• Fee for attending board committee meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	4,00,000	3,00,000	5,50,000		12,50,000
		NIL NA	NIL NA	NIL NA	--	
	Total(1)	4,00,000	3,00,000	5,50,000	NIL	12,50,000
	2. Other Non-Executive Directors	Mr. Thakur	Mr. Pradhan	Mr. Kulkarni	Mr. Borwankar	
	<ul style="list-style-type: none"> <li>• Fee for attending board committee meetings</li> <li>• Commission</li> <li>• Others, please Specify</li> </ul>	4,50,000	2,50,000	40,000	NIL	7,40,000
		NIL NA	NIL NA	NIL NA	NIL NA	NIL NA
	Total (2)	4,50,000	2,50,000	40,000	NIL	7,40,000
	Total (B) = (1+2)				NIL	19,90,000
	Total Managerial Remuneration	--	NA	NA	NA	--
	Overall Ceiling as per the Act*	--	NA	NA	NA	--



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

Sl. no.	Particulars of Remuneration	CEO <sup>§</sup>	Key Managerial Personnel		
			Company Secretary	CFO	Total
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	<b>Already covered in VI (A) for WTD</b>	5,93,232	14,82,988	
			11,49,297	24,20,208	
			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	1,11,709	3,21,837		
6.	Others, Gratuity @ 4.81% of Consolidated Salary plus Personal Pay	22,907	57,335		
	Total		<b>18,77,144</b>	<b>42,82,368</b>	

<sup>§</sup> Due to transfer of Mr. Khatri to Parent Company, he has resigned as Executive Director & CEO of the Company effective from 31<sup>st</sup> March, 2017. However, the Board has continued him as a Non-Executive Director. During the FY 2016-17, Mr. Khatri was Executive Director & CEO of the Company.

<sup>α</sup> Salary includes the performance linked pay Rs. 3 Lacs for Mr. Jagdish Shirke and Rs. 5 Lacs for Mr. Santanu Sil for FY 2016-17 which will be paid in FY 2017-18 apart from the salary stated above. The same is approved by the Nomination & Remuneration Committee in its meeting held on May 10, 2017.

**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)
<b>A.COMPANY:</b>					
Penalty	NIL	NA	NA	NA	NA
Punishment	NIL	NA	NA	NA	NA
Compounding	NIL	NA	NA	NA	NA
<b>B.DIRECTORS:</b>					
Penalty	NIL	NA	NA	NA	NA
Punishment	NIL	NA	NA	NA	NA
Compounding	NIL	NA	NA	NA	NA
<b>C. OTHER OFFICERS IN DEFAULT:</b>					
Penalty	NIL	NA	NA	NA	NA
Punishment	NIL	NA	NA	NA	NA
Compounding	NIL	NA	NA	NA	NA

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAL MANUFACTURING SOLUTIONS LIMITED**

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **TAL MANUFACTURING SOLUTIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Ind AS Financial Statements**

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

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

### **Auditor's Responsibility**

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

DHK

(M)

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 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 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.

DHS

(M)

- 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 32 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 Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the management.
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 Registration No. 117365W)



Amol A. Apte

(Partner)

(Membership No. 76289)

Pune, 30<sup>th</sup> June, 2017

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT  
(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section 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 31<sup>st</sup> March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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 Act.

**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 Act, 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.

*buc*

(M)

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 31<sup>st</sup> March, 2017, 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, 30<sup>th</sup> June, 2017

**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 other non-current assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement. In respect of immovable property of building, the said building disclosed as 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.

③ DHC

- (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, 2017 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, 2017 on account of disputes are given below:

<b>Name of statute</b>	<b>Nature of dues</b>	<b>Forum where dispute is pending</b>	<b>Period to which the amount relates</b>	<b>Amount involved (Rs.)</b>	<b>Amount unpaid (Rs.)</b>
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
Income Tax Act, 1961	Income Tax	Income-Tax Appellate Tribunal	A.Y. 2013-14	5,572,930	5,572,930

- (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 material fraud on the Company by its officers or employees has been noticed or reported during the year.

DHS

- (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 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, 30<sup>th</sup> June, 2017

(M)

TAL Manufacturing Solutions Limited  
Balance Sheet as at March 31, 2017

		Rs. In Lakhs		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Note No.			
<b>I. ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	5	30,153.55	26,968.26	19,145.15
(b) Capital Work-in-Progress		653.72	3,391.63	7,361.70
(c) Intangible assets	6	218.55	35.88	84.33
(d) Financial Assets				
(i) Trade Receivables	10	-	35.00	35.00
(ii) Loans	7	63.03	74.38	79.13
(e) Deferred Tax Assets (net)	19(a)	-	24.24	-
(f) Other Non-Current Assets	8	2,527.39	3,064.46	2,870.75
<b>Total Non-Current Assets</b>		<b>33,616.24</b>	<b>33,593.85</b>	<b>29,576.06</b>
<b>(2) Current assets</b>				
(a) Inventories	9	8,251.50	7,516.64	7,557.78
(b) Financial Assets:				
(i) Trade Receivables	10	9,060.04	6,939.28	3,835.80
(ii) Cash and Cash Equivalents	11	28.87	48.22	34.11
(iii) Loans	7	24.70	26.20	25.17
(iv) Other Financial Assets	12	-	43.95	-
(c) Other Current Assets	13	1,390.23	1,491.22	2,459.61
		<b>18,755.34</b>	<b>16,065.51</b>	<b>13,912.47</b>
<b>Assets Classified as held for Sale</b>		<b>564.10</b>	<b>-</b>	<b>-</b>
<b>Total Current Assets</b>		<b>19,319.44</b>	<b>16,065.51</b>	<b>13,912.47</b>
<b>TOTAL ASSETS</b>		<b>52,935.68</b>	<b>49,659.36</b>	<b>43,488.53</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share Capital	14	11,500.00	11,500.00	10,000.00
(b) Other Equity	15	(2,520.48)	(3,692.45)	(2,654.67)
<b>Total Equity</b>		<b>8,979.52</b>	<b>7,807.55</b>	<b>7,345.33</b>
<b>Liabilities</b>				
<b>(2) Non-current liabilities</b>				
(a) Financial Liabilities:				
(i) Borrowings	16	4,468.40	1,965.40	-
(ii) Other Financial Liabilities	17	51.14	68.47	92.15
(b) Provisions	18	1,161.11	994.96	747.52
(c) Deferred Tax Liabilities (Net)	19(a)	3.96	-	-
(d) Other Non Current Liabilities	20	19,708.61	20,505.56	19,811.48
<b>Total Non-Current Liabilities</b>		<b>25,393.22</b>	<b>23,534.39</b>	<b>20,651.15</b>
<b>(3) Current liabilities</b>				
(a) Financial Liabilities:				
(i) Borrowings	21	8,305.88	6,042.91	4,838.69
(ii) Trade Payables	22	4,988.83	6,475.09	6,000.15
(iii) Other Financial Liabilities	17	1,332.48	1,015.24	431.05
(b) Provisions	18	735.41	821.73	653.35
(c) Current Tax Liabilities (Net)	19(c)	29.00	29.00	29.00
(d) Other Current Liabilities	20	3,171.34	3,933.45	3,539.81
<b>Total Current Liabilities</b>		<b>18,562.94</b>	<b>18,317.42</b>	<b>15,492.05</b>
<b>Total Liabilities</b>		<b>43,956.16</b>	<b>41,851.81</b>	<b>36,143.20</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>52,935.68</b>	<b>49,659.36</b>	<b>43,488.53</b>

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

Amol A. Apte  
Partner

SANTANU SIL, Chief Financial Officer  
PAN - AEIPS9449F

JAGDISH SHIRKE, Company Secretary  
PAN - AZNPS1380H

R.S. THAKUR, Chairman  
DIN - 00020126

RAGHUNATH MASHELKAR, Director  
DIN - 00074119

PADMINI KHARE KAICKER, Director  
DIN - 00296388

SATISH PRADHAN, Director  
DIN - 00175969

SATISH BORWANKAR, Director  
DIN - 01793948

AJIT SHAH, Director  
DIN - 02396765

RAJESH KHATRI, Director  
DIN - 03620093

Place: Pune

Date: 30<sup>th</sup> June, 2017

Place: Pune

Date: 11<sup>th</sup> May, 2017

TAL Manufacturing Solutions Limited  
Statement of Profit and Loss for the year ended March 31, 2017

Rs. In Lakhs

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I. Revenue From Operations	23	29,138.78	20,200.06
II. Other Income	24	1,109.45	1,275.65
<b>III. Total Income (I+II)</b>		<b>30,248.23</b>	<b>21,475.71</b>
<b>IV. Expenses:</b>			
(a) Cost of materials consumed	25	14,386.00	11,281.43
(b) Changes in inventories of finished goods, Work-in-Progress	26	(708.53)	(749.93)
(c) Excise duty on sale of goods		593.62	628.40
(d) Employee benefits Expense	27	4,224.29	3,337.91
(e) Finance costs	28	917.21	563.05
(f) Depreciation and amortisation Expense	29	2,962.34	1,971.72
(g) Other Expenses	30	5,546.51	3,990.56
(h) Expenditure transferred to Capital and Other Accounts		(247.89)	(575.50)
<b>Total Expenses (IV)</b>		<b>27,673.55</b>	<b>20,447.64</b>
<b>V. Profit before tax (III-IV)</b>		<b>2,574.68</b>	<b>1,028.07</b>
<b>VI. Tax expense:</b>			
(a) Current tax		-	-
(b) Deferred tax		-	-
<b>VII Profit for the year from continuing operations (V-VI)</b>		<b>2,574.68</b>	<b>1,028.07</b>
VIII Loss from discontinued operations before tax		(1,385.96)	(2,016.76)
IX Tax expense of discontinued operations		-	-
<b>X Loss from discontinued operations (after tax)(VIII - IX)</b>		<b>(1,385.96)</b>	<b>(2,016.76)</b>
<b>XI Profit/(Loss) for the year (VII + X)</b>		<b>1,188.72</b>	<b>(988.69)</b>
<b>XII Other comprehensive income/(loss)(OCI) :</b>			
(A) Items that will not be reclassified subsequently to statement of profit and loss:			
(a) Remeasurement of defined benefit plans (net)		11.45	(73.33)
(b) Tax effect of remeasurement of defined benefit plans		(3.96)	24.24
<b>Total Other comprehensive income/(loss) for the year (XII)</b>		<b>7.49</b>	<b>(49.09)</b>
<b>XIII Total comprehensive income/(loss) for the year (XI+XII)</b>		<b>1,196.21</b>	<b>(1,037.78)</b>
<b>Earnings per equity share (for continuing operations) :</b>			
(i) Basic (Nominal Value per share Rs.10)		Rs. 2.24	Rs. 0.92
(ii) Diluted (Nominal Value per share Rs.10)		Rs. 2.24	Rs. 0.92
<b>Earnings per equity share (for discontinuing operations) :</b>			
(i) Basic (Nominal Value per share Rs.10)		Rs. (1.21)	Rs. (1.80)
(ii) Diluted (Nominal Value per share Rs.10)		Rs. (1.21)	Rs. (1.80)
<b>Earnings per equity share (for discontinued and continuing operations) :</b>			
(i) Basic (Nominal Value per share Rs.10)		Rs. 1.03	Rs. (0.88)
(ii) Diluted (Nominal Value per share Rs.10)		Rs. 1.03	Rs. (0.88)

**SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS**

**In terms of our report attached to the Balance Sheet**

**For and on behalf of the Board**

**For Deloitte Haskins & Sells**  
Chartered Accountants

R.S.THAKUR, Chairman  
DIN - 00020126

RAGHUNATH MASHELKAR, Director  
DIN - 00074119

Amol A. Apte  
Partner

PADMINI KHARE KAICKER, Director  
DIN - 00296388

SANTANU SIL, Chief Financial Officer  
PAN - AEIPS9449F

SATISH PRADHAN, Director  
DIN - 00175969

SATISH BORWANKAR, Director  
DIN - 01793948

JAGDISH SHIRKE, Company Secretary  
PAN - AZNPS1380H

AJIT SHAH, Director  
DIN - 02396765

RAJESH KHATRI, Director  
DIN - 03620093

Place: Pune

Date: 30<sup>th</sup> June, 2017

Place: Pune

Date: 11<sup>th</sup> May, 2017

**TAL Manufacturing Solutions Limited**  
Cash Flow Statement for the period April 01, 2016 to March 31, 2017

Rs. in Lakhs

	For the year	For the year
	April 01, 2016 to March 31, 2017	April 01, 2015 to March 31, 2016
<b>A. Cash flows from operating activities:</b>		
Profit / (Loss) before tax	1,188.72	(988.69)
Adjustments for:		
Depreciation and amortization (Continuing and discontinued operation)	3,133.48	2,157.58
Interest expense (net) (Continuing and discontinued operation)	961.52	661.05
(Gain)/Loss on fair valuation of forward contracts	112.84	(43.95)
Re-imbursment of expenditure in excess of expenditure incurred on purchase of property, plant and equipment	(1,124.03)	(1,164.65)
Loss on disposal of property, plant and equipment	9.07	-
Amortisation of Cash received from Customer for acquiring property, plant and equipment	(2,200.47)	(1,923.74)
	<u>892.41</u>	<u>(313.71)</u>
<b>Cash flows from operating activities before working capital changes</b>	<b>2,081.13</b>	<b>(1,302.40)</b>
Inventories	(734.86)	41.14
Trade receivables	(2,085.74)	(3,103.48)
Loans	12.85	3.72
Other current assets	107.35	990.28
Other non-current assets	81.87	(38.85)
Trade payables	(1,486.26)	474.94
Other financial liabilities	(24.05)	(44.43)
Current and Non-Current provisions	91.28	342.49
Other current and non current liabilities	1,785.44	4,176.11
	<u>(2,272.12)</u>	<u>2,841.92</u>
<b>Cash generated from operations</b>	<b>(190.99)</b>	<b>1,539.52</b>
Income tax paid (net)	(6.36)	(21.89)
<b>Net cash from/(used in) operating activities</b>	<b>(197.35)</b>	<b>1,517.63</b>
<b>B. Cash flows from Investing activities:</b>		
Proceeds from disposal of property, plant and equipment	7.51	12.60
Purchase of property, plant and equipment and Intangible Assets	(3,643.50)	(5,552.08)
<b>Net cash from/(used in) Investing activities</b>	<b>(3,635.99)</b>	<b>(5,539.48)</b>
<b>C. Cash flows from financing activities:</b>		
Proceeds of equity share capital	-	1,500.00
Interest paid	(951.98)	(633.66)
Proceeds of Short term borrowings	3,762.97	5,104.22
Repayments of Short term borrowings	(1,000.00)	(3,000.00)
Proceeds of Inter Corporate Deposits	-	500.00
Repayments of Inter Corporate Deposits	(500.00)	(1,400.00)
Proceeds of non-current borrowings from Banks	2,503.00	1,965.40
<b>Net cash from/(used in) financing activities</b>	<b>3,813.99</b>	<b>4,035.96</b>
<b>D. Net increase/(decrease) in cash and cash equivalents</b>	<b>(19.35)</b>	<b>14.11</b>
Cash and cash equivalents at the beginning of the year	48.22	34.11
Cash and cash equivalents at the end of the year	28.87	48.22

**Notes:**

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

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.	As at April 1, 2015 Rs.
Cash on hand	1.07	1.26	1.14
Cheques, drafts on hand and Remittances in transit	-	20.99	-
Balances with Bank	<u>27.80</u>	<u>25.97</u>	<u>32.97</u>
	<u>28.87</u>	<u>48.22</u>	<u>34.11</u>

In terms of our report attached to the Balance Sheet

For and on behalf of the Board

For Deloitte Haskins & Sells  
Chartered Accountants

R.S.THAKUR, Chairman  
DIN - 00020126

Amol A. Apte  
Partner

RAGHUNATH MASHELKAR, Director  
DIN - 00074119

PADMINI KHARE KAICKER, Director  
DIN - 00296388

SATISH PRADHAN, Director  
DIN - 00175969

SANTANU SIL, Chief Financial Officer  
PAN - AEIP59449F

SATISH BORWANKAR, Director  
DIN - 01793948

AJIT SHAH, Director  
DIN - 02396765

JAGDISH SHIRKE, Company Secretary  
PAN - AZNPS1380H

RAJESH KHATRI, Director  
DIN - 03620093

Place: Pune

Date: 30<sup>th</sup> June, 2017

Place: Pune

Date: 11<sup>th</sup> May, 2017

(M)

DHK

TAL Manufacturing Solutions Limited  
Statement of Changes in Equity

a. Equity Share Capital

Particulars	Rs. In Lakhs
As at April 1, 2015	10,000.00
Equity shares issued during the year	1,500.00
<b>As at March 31, 2016</b>	<b>11,500.00</b>
Changes in equity share capital during the year	-
<b>As at March 31, 2017</b>	<b>11,500.00</b>

b. Other Equity

Particulars	Rs. In Lakhs
Loss as at April 1, 2015	(2,654.67)
Loss for the year	(988.69)
<u>Other comprehensive income</u>	
Remeasurement of defined benefit plans, net of tax effect	(49.09)
Total Other comprehensive income for the year, net of income tax	(1,037.78)
<b>As at March 31, 2016</b>	<b>(3,692.45)</b>
Profit for the year	1,188.72
<u>Other comprehensive income</u>	
Remeasurement of defined benefit plans, net of tax effect	7.49
Reversal of tax on defined benefit plans	(24.24)
Total Other comprehensive income for the year, net of income tax	1,171.97
<b>As at March 31, 2017</b>	<b>(2,520.48)</b>

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  
PAN - AEIPS9449F

  
JAGDISH SHIRKE, Company Secretary  
PAN - AZNPS1380H

Place: Pune  
Date: 30<sup>th</sup> June, 2017

For and on behalf of the Board

R.S.THAKUR, Chairman  
DIN - 00020126

RAGHUNATH MASHELKAR, Director  
DIN - 00074119

PADMINI KHARE KAICKER, Director  
DIN - 00296388

SATISH PRADHAN, Director  
DIN - 00175969

SATISH BORWANKAR, Director  
DIN - 01793948

AJIT SHAH, Director  
DIN - 02396765

RAJESH KHATRI, Director  
DIN - 03620093

Place: Pune  
Date: 11<sup>th</sup> May, 2017

(M)

DHC

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.

2. Significant Accounting Policies

A. Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended 31 March 2016, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles in India ("Indian GAAP"), which includes standards notified under the Companies (Accounting Standards) Rules, 2014. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015 (transition date). Refer Note 28 for the details of first time adoption exemptions availed by the Company.

B. Basis of preparation of Financial Statements

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments) that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the considerations given in exchange for goods and services.

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

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The accounting policies are consistently applied by the Company during the year and are consistent with those used in previous year except for the change in accounting policies required to be made on first time adoption of Indian Accounting Standards notified under the Companies Act, 2013.

C. Significant Accounting Policies

(a) Revenue recognition

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

Sale of goods

The Company recognizes revenue when the goods (including scrap) are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Income from services is recognized as and when services are rendered and the related costs are incurred.

Income from Commission

Commission is recognized based on terms of arrangement with parties.

Income from Interest

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

Amortisation of cash received from customer

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

Export benefits

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



(b) Revenue from Construction Contracts

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

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

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

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

(c) Leasing

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

Assets taken on finance lease

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

Assets taken on operating lease

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

(d) Foreign Currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company.

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

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

(e) Borrowing Costs

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

(f) Government grants

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

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

(g) Employee Benefits

(i) Short-term Employee Benefits:

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



(ii) Post-Employment Benefits:

A. Defined Contribution Plans:

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

*Superannuation:* Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and last salary drawn by employees. 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 recognises such contributions as expense when incurred. Employees do not make any contributions to the fund. 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.

*Provident fund:* The employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12 percent of employees' salary). The contributions as specified under the law are made to the provident fund and pension fund administered by the Trust managed by the Holding Company. The Company recognizes such contributions as an expense when incurred.

B. Defined Benefit plans:

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

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

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

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

Gratuity:

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

(iii) Other Long-term Employee Benefits:

Compensated absences:

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

Post-retirement Medicare Scheme:

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

Bhavishya Kalyan Yojana (BKY):

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

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

(h) Taxation

Income tax expense comprises of current tax and deferred tax.

Current Tax

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



Deferred Tax

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

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

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

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

Current tax and deferred tax for the year

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

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

Property, plant and equipment held for use in production or supply of goods or services or for administrative purposes are stated at cost less accumulated depreciation/amortization less accumulated impairment, if any. The cost of Property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Capital work-in-progress for production, supply of administrative purposes is carried at cost less accumulated impairment loss, if any, until construction and installation are complete and the asset is ready for its intended use comprising direct cost, related incidental expenses and attributable interest.

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

Nature of Assets	Useful Life
Building	30 Years
Plant & Machinery	3 - 20 Years (as applicable)
Office Equipment	5 Years
Furniture & Fixtures	15 Years
Tools and Fixtures	3 Years
Vehicles	5 Years

Improvements to leased premises is amortized over the period of 5 years.

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

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

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

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

For transition to Ind AS, the Company has elected to measure all property, plant and equipment in accordance with Ind AS 16.

(j) **Intangible assets**

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

Nature of Assets	Useful Life
Software	3 Years
Technical Knowhow	5 Years

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

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

For transition to Ind AS, the Company has elected to measure all Intangible assets in accordance with Ind AS 16.



(k) **Impairment of tangible and intangible assets**

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

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

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

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

(l) **Inventories**

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

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

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

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

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

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

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

(n) **Product Warranty Expenses**

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



(o) **Financial Instruments**

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

**Financial assets**

Classification and subsequent measurement

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

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

Impairment

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

Derecognition

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

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

**Financial liabilities**

Classification

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

Equity instruments

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

Subsequent measurement

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

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

Foreign exchange gains and losses

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

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

Derecognition

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

(p) **Derivative financial instruments**

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

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



(q) **Earning per share**

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

(r) **Cash and cash equivalents**

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

(s) **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

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

(t) **Operating Cycle**

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



### 3. Critical accounting judgements and key sources of estimation uncertainty

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

#### 3.1 Critical judgements in applying accounting policies

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

##### Deferred tax on unabsorbed losses

The Company has a history of recent tax losses and has accumulated losses aggregating to Rs.16,370.95 lakhs as at March 31, 2017. While the Company has forecasted profits effective FY2018 based on the approved forecasts/budgets, considering the history of tax losses, the management has concluded that the realisation of an existing deferred tax asset is not probable till such time till such time the Company demonstrates a turnaround to operating profitability.

##### Cash received from customer for acquiring property, plant and equipment

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

#### 3.2 Key sources of estimation uncertainty

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

##### Useful lives of property, plant and equipment

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

##### Discount rate - defined benefit obligation

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

##### Provision for warranty

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

##### Revenue from construction contract

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



4. Notes on Ind AS transition from IGAAP

**First Time Adoption - mandatory exceptions, optional exemptions**

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets and liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the company as detailed below:

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Classification of debt instruments

The Company has determined that classification of debt instruments in terms of whether they meet the amortized cost criteria or the fair value through profit or loss criteria based on facts and circumstances that existed as of the transition date.

Deemed cost for property, plant and equipment and intangible assets

The Company has elected to measure an item of property, plant and equipment at cost in accordance with Ind AS 16 cost. Further under Indian GAAP, the cost of property, plant and equipment also includes indirectly attributable expenses that are incurred before a property, plant and equipment is ready for its intended use.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increase in credit risk since the initial recognition, as permitted by Ind AS 101.

Assessment of embedded derivatives

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed on the later of the date when it first became a party to the contract and the date when there was a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Determining whether an arrangement contain a lease

The Company has applied Appendix C of Ind AS - 17 'Determining whether an Arrangement contains a Lease' to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.



TAL Manufacturing Solutions Limited  
Notes forming part of the Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT

Particulars	Rs. In Lakhs					Total
	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	
<b>Gross Carrying Amount (Cost)</b>						
Balance as at April 1, 2015	5,686.49	17,613.04	156.37	38.46	504.35	23,998.71
Additions during the year	119.80	9,369.45	14.68	-	401.60	9,905.53
Disposal during the year	(1.57)	(42.12)	(12.07)	-	(115.43)	(171.19)
<b>Balance as at March 31, 2016</b>	<b>5,804.72</b>	<b>26,940.37</b>	<b>158.98</b>	<b>38.46</b>	<b>790.52</b>	<b>33,733.05</b>
<b>Accumulated depreciation</b>						
Balance as at April 1, 2015	903.35	3,426.77	91.22	20.49	411.73	4,853.56
Depreciation for the year	192.41	1,786.66	7.31	5.71	77.73	2,069.82
Elimination on disposal for the year	-	(36.40)	(10.88)	-	(111.31)	(158.59)
<b>Balance as at March 31, 2016</b>	<b>1,095.76</b>	<b>5,177.03</b>	<b>87.65</b>	<b>26.20</b>	<b>378.15</b>	<b>6,764.79</b>
<b>Net carrying amount as at March 31, 2016</b>	<b>4,708.96</b>	<b>21,763.34</b>	<b>71.33</b>	<b>12.26</b>	<b>412.37</b>	<b>26,968.26</b>
<b>Gross Carrying Amount (Cost)</b>						
Balance as at April 1, 2016	5,804.72	26,940.37	158.98	38.46	790.52	33,733.05
Additions during the year	284.49	6,371.08	49.59	8.55	112.76	6,826.47
Reclassified as held for sale	-	(3,131.79)	(16.25)	-	(110.03)	(3,258.07)
Disposal during the year	-	(43.15)	-	(4.58)	(1.09)	(48.82)
<b>Balance as at March 31, 2017</b>	<b>6,089.21</b>	<b>30,136.51</b>	<b>192.32</b>	<b>42.43</b>	<b>792.16</b>	<b>37,252.63</b>
<b>Accumulated depreciation</b>						
Balance as at April 1, 2016	1,095.76	5,177.03	87.65	26.20	378.15	6,764.79
Depreciation for the year	198.92	2,709.33	18.53	7.22	126.50	3,060.50
Elimination on reclassification as held for sale	-	(2,572.40)	(15.68)	-	(105.89)	(2,693.97)
Elimination on disposal for the year	-	(27.56)	-	(4.58)	(0.10)	(32.24)
<b>Balance as at March 31, 2017</b>	<b>1,294.68</b>	<b>5,286.40</b>	<b>90.50</b>	<b>28.84</b>	<b>398.66</b>	<b>7,099.08</b>
<b>Net carrying amount as at March 31, 2017</b>	<b>4,794.53</b>	<b>24,850.11</b>	<b>101.82</b>	<b>13.59</b>	<b>393.50</b>	<b>30,153.55</b>

Note: The Company has not given any assets on operating lease.



## 6. INTANGIBLE ASSETS (Finite useful life)

Intangible assets	Rs. In Lakhs			Total
	Computer Software	Technical Know how	Product Development	
<b>Gross Carrying Amount (Cost)</b>				
Balance as at April 1, 2015	482.30	342.55	-	824.85
Additions during the year	6.46	-	32.85	39.31
Disposal during the year	-	-	-	-
<b>Balance as at March 31, 2016</b>	<b>488.76</b>	<b>342.55</b>	<b>32.85</b>	<b>864.16</b>
<b>Accumulated amortisation</b>				
Balance as at April 1, 2015	455.94	284.58	-	740.52
Amortization for the year	26.32	57.97	3.47	87.76
Elimination on disposal for the year	-	-	-	-
<b>Balance as at March 31, 2016</b>	<b>482.26</b>	<b>342.55</b>	<b>3.47</b>	<b>828.28</b>
<b>Net carrying amount as at March 31, 2016</b>	<b>6.50</b>	<b>0.00</b>	<b>29.38</b>	<b>35.88</b>
<b>Gross Carrying Amount (Cost)</b>				
Balance as at April 1, 2016	488.76	342.55	32.85	864.16
Additions during the year	122.62	-	133.03	255.65
Reclassified as held for sale	(117.04)	(331.55)	-	(448.59)
Disposal during the year	-	-	-	-
<b>Balance as at March 31, 2017</b>	<b>494.34</b>	<b>11.00</b>	<b>165.88</b>	<b>671.22</b>
<b>Accumulated amortisation</b>				
Balance as at April 1, 2016	482.26	342.55	3.47	828.28
Amortization for the year	33.55	-	39.43	72.98
Elimination on reclassification as held for sale	(117.04)	(331.55)	-	(448.59)
Elimination on disposal for the year	-	-	-	-
<b>Balance as at March 31, 2017</b>	<b>398.77</b>	<b>11.00</b>	<b>42.90</b>	<b>452.67</b>
<b>Net carrying amount as at March 31, 2017</b>	<b>95.57</b>	<b>0.00</b>	<b>122.98</b>	<b>218.55</b>
<b>Remaining amortisation period (months)</b>	<b>18-32</b>	<b>-</b>	<b>24-48</b>	



TAL Manufacturing Solutions Limited  
Notes forming part of the Financial Statements

	<u>As at March 31,</u> 2017	<u>As at March 31,</u> 2016	<u>Rs. In Lakhs</u> <u>As at April 1,</u> 2015
<b>7. LOANS</b>			
<b>Non-current</b>			
<b>Loans other than to related parties</b>			
<b>Unsecured, considered good:</b>			
(a) Loans to employees	63.03	74.38	79.13
<b>Total Non-Current</b>	<u>63.03</u>	<u>74.38</u>	<u>79.13</u>
<b>Current</b>			
<b>Loans other than to related parties</b>			
<b>Unsecured, considered good:</b>			
(a) Loans to employees	24.70	26.20	25.17
<b>Total Current</b>	<u>24.70</u>	<u>26.20</u>	<u>25.17</u>



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

8. OTHER NON-CURRENT ASSETS

(Unsecured and considered good unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016	Rs. In lakhs As at April 1, 2015
(a) Capital Advances	32.38	487.58	355.82
Less: Provision for doubtful Capital Advances	-	-	(23.10)
	<u>32.38</u>	<u>487.58</u>	<u>332.72</u>
(b) VAT, other taxes recoverable and dues from Government			
Considered good	566.26	644.71	567.96
Considered doubtful	114.57	88.69	56.39
	<u>680.83</u>	<u>733.40</u>	<u>624.35</u>
Less: Provision for doubtful VAT, other taxes recoverable and dues from Government	(114.57)	(88.69)	(56.39)
	<u>566.26</u>	<u>644.71</u>	<u>567.96</u>
(c) Advance income tax (Net of provisions of Rs. 896.76 lakhs (March 31, 2016 and April 1, 2015 - Rs. 896.76 lakhs))	279.98	273.62	251.73
(d) Advance paid under protest to Government Authorities	12.33	10.81	19.10
(e) Prepaid expenses	9.94	2.51	32.41
(f) Prepaid Rental on Operating Lease of land	1,449.99	1,466.36	1,482.86
(g) Security Deposits			
Considered good	34.42	36.78	41.88
Considered doubtful	-	1.96	6.10
	<u>34.42</u>	<u>38.74</u>	<u>47.98</u>
Less: Provision for doubtful Security Deposits	-	(1.96)	(6.10)
	<u>34.42</u>	<u>36.78</u>	<u>41.88</u>
(i) Claims Receivable	142.09	151.14	145.82
Less: Provision for Doubtful Claims Receivable	-	(9.05)	(3.73)
	<u>142.09</u>	<u>142.09</u>	<u>142.09</u>
<b>Total</b>	<b><u>2,527.39</u></b>	<b><u>3,064.46</u></b>	<b><u>2,870.75</u></b>



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

9. INVENTORIES (Lower of Cost or Net Realisable Value)	As at March 31,	As at March 31,	Rs. In lakhs
	2017	2016	As at April 1, 2015
(a) Raw materials and components	4,626.50	4,547.98	4,069.98
(b) Work-in-progress	1,206.19	1,547.28	1,327.54
(c) Finished goods	1,356.54	680.65	643.04
(d) Pre - Operative inventory - Finished Goods	-	-	856.75
(e) Stores and Spares	1,062.27	740.73	660.47
<b>Total</b>	<b>8,251.50</b>	<b>7,516.64</b>	<b>7,557.78</b>

Notes:

1. Above includes Goods-in-transit :

(i) Raw materials and components	1,065.43	35.44	284.42
(ii) Stores and spares	95.03	78.37	26.63
(iii) Finished goods	203.01	161.31	101.01
<b>Total</b>	<b>1,363.47</b>	<b>275.12</b>	<b>412.06</b>

2. The cost of inventories recognised as an expense includes Rs. 266.13 lakhs (March 31, 2016 - Rs. 131.61 lakhs) in respect of write down of inventory to net realisable value.



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

	<u>As at March 31,</u> <u>2017</u>	<u>As at March 31,</u> <u>2016</u>	<u>Rs. in lakhs</u> <u>As at April 1,</u> <u>2015</u>
<b>Non-current</b>			
-Considered good	-	35.00	35.00
-Considered doubtful	-	17.35	35.24
Less : Allowances for doubtful debts	-	(17.35)	(35.24)
<b>Total Non-current</b>	<b>-</b>	<b>35.00</b>	<b>35.00</b>
<b>Current</b>			
-Considered good	9,060.04	6,939.28	3,835.80
-Considered doubtful	395.30	411.53	627.04
Less: Allowance for doubtful debts	(395.30)	(411.53)	(627.04)
<b>Total Current</b>	<b>9,060.04</b>	<b>6,939.28</b>	<b>3,835.80</b>

The average credit period on sales of goods and rendering of services generally ranges from 7 days to 120 days. No interest is charged on overdue trade receivables. Before accepting any new customer, the Company uses an internal credit analysis system to assess the potential customers credit quality and defines credit limits by customers. Of the trade receivables balances as at March 31, 2017, Rs. 7,731.98 lakhs (As at March 31, 2016 Rs. 5,259.11 lakhs and April 1, 2015 Rs 2,471.68 lakhs) were due from the top 4 customers of the Company who individually represent more than 5% of the total balance of trade receivables at the respective year end. There are no other customers who individually represent more than 5% of the total balance of trade receivables.

**Transferred Receivables**

During the year, the Company discounted trade receivables with an aggregate carrying amount of Rs. 1,498.70 lakhs. (As at March 31, 2016 - Rs. 1,475.84 lakhs) to a bank. If the trade receivables are not paid at maturity, the bank has the right to request the Company to pay the unsettled balance. As the Company has not transferred the significant risk and rewards relating to these trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured short term borrowing (Refer Note 21).

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

Particulars	Rs. in lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total Transferred receivables	288.12	121.42	49.84
Associated secured borrowing (Refer Note 21)	288.12	121.42	49.84



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

Rs. In lakhs

11. CASH AND CASH EQUIVALENTS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Cash on hand	1.07	1.26	1.14
(b) Cheques on hand	-	20.99	-
(c) Balances with banks			
(i) In Current accounts	22.31	20.00	31.96
(ii) In Cash credit accounts	5.49	5.97	1.01
	<b>28.87</b>	<b>48.22</b>	<b>34.11</b>

Disclosure on Specified Bank Notes (SBNs)

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

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

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

Note :

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



TAL Manufacturing Solutions Limited  
 Notes forming part of the Financial Statements

	<u>As at March 31,</u> 2017	<u>As at March 31,</u> 2016	Rs. In Lakhs <u>As at April 1,</u> 2015
<b>12. OTHER FINANCIAL ASSETS</b>			
<b>Current</b>			
<b>Loans other than to related parties</b>			
(a) Foreign Currency forward contracts not designated in hedge accounting relationship	-	43.95	-
<b>Total Current</b>	<u>-</u>	<u>43.95</u>	<u>-</u>



TAL Manufacturing Solutions Limited  
Notes forming part of the Financial Statements

13. OTHER CURRENT ASSETS

(Unsecured and considered good unless otherwise stated)

	Rs. In Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Advance to Suppliers	170.32	158.75	176.37
Less: Provision for doubtful advances to suppliers	-	(1.61)	(32.90)
	<u>170.32</u>	<u>157.14</u>	<u>143.47</u>
(b) Amount due from Customer in respect of contract work			
Considered Good	466.30	954.98	1,790.77
Considered Doubtful	890.10	865.10	838.40
	<u>1,356.40</u>	<u>1,820.08</u>	<u>2,629.17</u>
Less: Provision for doubtful Construction In Progress	(890.10)	(865.10)	(838.40)
	<u>466.30</u>	<u>954.98</u>	<u>1,790.77</u>
(c) VAT, other taxes recoverable and dues from government	239.27	268.28	147.16
(d) Prepaid Expenses	85.06	83.98	76.75
(e) Prepaid Rental on Operating Lease of land	16.37	16.37	16.37
(f) Prepayment to gratuity fund	94.11	-	-
(g) Advances to related parties	-	-	211.56
(h) Export Incentive Receivable	300.16	-	-
(i) Claims Recoverable	18.64	10.47	78.85
Less: Provision for Doubtful Claims Receivable	-	-	(5.32)
	<u>18.64</u>	<u>10.47</u>	<u>73.53</u>
<b>Total</b>	<u><b>1,390.23</b></u>	<u><b>1,491.22</b></u>	<u><b>2,459.61</b></u>



TAL Manufacturing Solutions Limited  
Notes forming part of the Financial Statements

14. Equity Share Capital

	As at March 31, 2017	As at March 31, 2016	Rs. In Lakhs As at April 1, 2015
(a) <b>Authorised:</b>			
120,000,000 Equity shares of ₹10 each	12,000.00	12,000.00	12,000.00
(as at March 31, 2016: 120,000,000 Equity shares of ₹10 each)			
(as at April 1, 2015: 120,000,000 Equity shares of ₹10 each)			
<b>Total</b>	<b>12,000.00</b>	<b>12,000.00</b>	<b>12,000.00</b>
(b) <b>Issued, Subscribed and fully paid up:</b>			
115,000,000 Equity shares of ₹10 each	11,500.00	11,500.00	10,000.00
(as at March 31, 2016: 115,000,000 Equity shares of ₹10 each)			
(as at April 1, 2015: 100,000,000 Equity shares of ₹10 each)			
<b>Total</b>	<b>11,500.00</b>	<b>11,500.00</b>	<b>10,000.00</b>

(c) Reconciliation of number of shares and amount outstanding

at the beginning and the end of the year :

	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015	As at April 1, 2015
	No. of shares	Rs. In Lakhs	No. of shares	Rs. In Lakhs	No. of shares	Rs. In Lakhs
Equity Shares						
No. of shares outstanding at the beginning of the year	115,000,000	11,500.00	100,000,000	10,000.00	65,000,000	6,500.00
Add: Additional shares issued during the year	-	-	15,000,000	1,500.00	35,000,000	3,500.00
Less: Shares forfeited/ Bought back during the year	-	-	-	-	-	-
No. of equity shares outstanding at the end of the year	115,000,000	11,500.00	115,000,000	11,500.00	100,000,000	10,000.00

(d) Number of shares held by each shareholder holding more than 5 percent of the issued share capital :

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	% Holding of Equity shares	No. of shares	% Holding of Equity shares	No. of shares	% Holding of Equity shares	No. of shares
(i) Equity shares :						
Tata Motors Limited	99.99%	114,999,930	99.99%	114,999,930	99.99%	99,999,930

Notes:

- 115,000,000 (As at March 31, 2016 - 115,000,000) equity shares are held by the holding company and its nominees.
- 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.
- The Company do not have any securities convertible into equity or preference shares as at March 31, 2017, March 31, 2016 and April 1, 2015.



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statement

15. Other Equity

Rs in lakhs

Particulars	As at March 31, 2017	As at April 1, 2016
Balance at the beginning of the year	(3,692.45)	(2,654.67)
Net Profit/(Loss) for the year	1,188.72	(988.69)
Other Comprehensive income arising from measurement of defined benefit obligation net of income tax	(16.75)	(49.09)
<b>Total</b>	<b>(2,520.48)</b>	<b>(3,692.45)</b>



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statement

	Rs in lakhs		
16. FINANCIAL LIABILITIES - BORROWING	<u>As at March 31,</u> 2017	<u>As at March 31,</u> 2016	<u>As at April 1,</u> 2015
Non-current			
Secured - at amortised cost			
Term Loan from Banks	4,468.40	1,965.40	-
<b>Total</b>	<b><u>4,468.40</u></b>	<b><u>1,965.40</u></b>	<b><u>-</u></b>

Notes:

1. Term Loan from bank is secured by hypothecation by way of exclusive charge on all the moveable Plant and Machinery at the "Generic facility" at Nagpur.
2. Term loan carries interest rate of HDFC Bank's base rate plus a spread of 100 bps.
3. Terms of repayment of Term Loan of Rs. 5,500 lakhs is as below for borrowing outstanding as at March 31, 2017 and March 31, 2016 :

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)



TAL Manufacturing Solutions Limited  
Notes forming part of the Financial Statement

	Rs in lakhs		
17. OTHER FINANCIAL LIABILITIES	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
<b>Non-current</b>			
Employee Pension	51.14	68.47	92.15
<b>Total-Non-Current</b>	<b>51.14</b>	<b>68.47</b>	<b>92.15</b>
<b>Current</b>			
(a) Interest accrued but not due on Borrowings	55.00	45.46	18.07
(b) Payable for Purchase of Property, Plant and Equipment	1,158.88	913.35	335.80
(c) Foreign Currency forward contracts not designated in hedged accounting relationship	68.89	-	-
(d) Employee Pension	49.71	56.43	77.18
<b>Total-Current</b>	<b>1,332.48</b>	<b>1,015.24</b>	<b>431.05</b>



## Notes forming part of the Financial Statement

	Rs. In Lakhs		
18. PROVISIONS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non-current</b>			
(a) Provision for Employee benefit obligations			
- Provision for post-employment medical benefits	125.10	114.24	106.19
- Provision for pension	667.04	662.68	535.28
- Provision for other employee benefits	120.55	117.04	74.05
(b) Provision - Others			
- Provision for Warranty (Refer note below)	248.42	101.00	32.00
<b>Total-Non-Current</b>	<b>1,161.11</b>	<b>994.96</b>	<b>747.52</b>
<b>Current</b>			
(a) Provision for Employee benefit obligations			
- Provision for compensated absences	374.14	376.32	342.89
- Provision for post-employment medical benefits	11.42	10.56	8.59
- Provision for other defined benefit plans	1.02	0.90	-
- Provision for gratuity	-	76.68	71.27
- Provision for pension	61.99	63.20	50.40
- Provision for other employee benefits	7.42	11.46	5.08
	455.99	539.12	478.23
(b) Provision - Others			
- Provision for Warranty (Refer note below)	102.43	70.61	71.73
- Provision for Potential Statutory Liabilities (Refer note below)	176.99	185.00	103.39
- Provision for Other Contingencies (Refer note below)	-	27.00	-
	279.42	282.61	175.12
<b>Total-Current</b>	<b>735.41</b>	<b>821.73</b>	<b>653.35</b>

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

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

	Rs in lakhs	
A. Warranty :	As at March 31, 2017	As at March 31, 2016
Particulars		
Carrying Amount as at the beginning of the year	171.61	103.73
Additional Provision made during the year	231.40	139.97
Amounts used during the year	59.69	74.53
Unused amount reversed during the year	-	-
Effect of unwinding of discount of long term warranty	7.53	2.44
Carrying Amount as at the end of the year	350.85	171.61
Current	102.43	70.61
Non Current	248.42	101.00
B. Potential Statutory Liabilities :		
Particulars	As at March 31, 2017	As at March 31, 2016
Carrying Amount as at the beginning of the year	185.00	103.39
Additional Provision made during the year	57.73	81.61
Amounts used during the year	65.74	-
Unused amount reversed during the year	-	-
Carrying Amount as at the end of the year	176.99	185.00
Current	176.99	185.00
Non Current	-	-



**C. Other Contingencies :**

Particulars	As at March 31, 2017	As at March 31, 2016
Carrying Amount as at the beginning of the year	27.00	-
Additional Provision made during the year	-	27.00
Amounts used during the year	10.38	-
Unused amount reversed during the year	16.62	-
Carrying Amount as at the end of the year	-	27.00
Current	-	27.00
Non Current	-	-

**Brief description of the nature of obligation and the expected timing of any resulting outflow of economic benefits:****i Provision for Product Warranty :**

A provision is recognised for expected warranty claims on sale of products based on past experience of the level of repairs and returns. The provision is based on the average claims during the previous 12 to 48 months (as applicable). For products in respect of which claim history is not available, the provision represents management's best estimate to cover expected warranty claims. It is expected that approximately Rs. 102.43 lakhs of these costs will be incurred in the next financial year and have not been discounted for the purpose of measuring the provision.

**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.



## 19 (a). DEFERRED TAX LIABILITY (NET)

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Deferred tax (liability)/ asset</b>			
<u>Tax effect of items constituting deferred tax liability</u>			
On difference between book balance and tax balance of Property, Plant and Equipment	781.00	445.00	315.89
	<b>781.00</b>	<b>445.00</b>	<b>315.89</b>
<u>Tax effect of items constituting deferred tax asset</u>			
Provision for compensated absences, gratuity and other employee benefits	125.52	174.02	134.37
Provision for doubtful debts / advances/ Construction contracts	484.50	295.22	181.52
Unabsorbed depreciation carried forward and Brought forward business losses	167.02	-	-
	<b>777.04</b>	<b>469.24</b>	<b>315.89</b>
<b>Net Deferred Tax (Liability)/ Asset</b>	<b>(3.96)</b>	<b>24.24</b>	<b>-</b>
Recognised in Other Comprehensive Income	(3.96)	24.24	-
Recognised in Statement of Profit and Loss	-	-	-

- 19 (b). Deferred tax asset on unabsorbed losses has been recognised to the extent of deferred tax liabilities since it is probable that the asset will be realised. The Company has not recognised deferred tax asset on unused tax losses aggregating to Rs.16,370.95 lakhs (As at March 31, 2016 - Rs.14,603.85 lakhs) the gross amount and expiry dates of losses available for carry forward as follows:

Particulars	Rs. In Lakhs			
	Expiring within 5 Years	Expiring within 6 -10 Years	Unlimited	Total
Losses for which a deferred tax is recognised	-	-	-	-
Business losses for which a deferred tax is not recognised	6,509.58	2,620.30	-	9,129.88
Unabsorbed depreciation for which a deferred tax is not recognised	-	-	7,241.07	7,241.07
<b>As at March 31, 2017</b>	<b>6,509.58</b>	<b>2,620.30</b>	<b>7,241.07</b>	<b>16,370.95</b>
Losses for which a deferred tax is recognised	-	-	-	-
Business losses for which a deferred tax is not recognised	3,578.57	5,551.31	-	9,129.88
Unabsorbed depreciation for which a deferred tax is not recognised	-	-	5,473.97	5,473.97
<b>As at March 31, 2016</b>	<b>3,578.57</b>	<b>5,551.31</b>	<b>5,473.97</b>	<b>14,603.85</b>

## Notes :

- Unabsorbed depreciation is allowed to be carried forward for an unlimited period as per the provisions of the Income Tax Act, the year-wise unutilised amounts of which has been disclosed above as "Unlimited"
- The Company received total demands for Rs. 435.69 lakhs (March 31, 2016 - Rs. 379.98 lakhs) towards assessment years 2009-10 to 2012-13 consequent to disallowance of certain amounts claimed as deduction by the Company for the purpose of Computation of Income Tax. The Company has filed appeals before the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal, which are correctly pending. In the event the matter is decided against the Company, this will not result in future cash outflow and will have consequential impact on unused tax losses carried forward as stated above.



## 19 (c). CURRENT TAX LIABILITIES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Current Tax Liabilities</b>			
Provision for Tax - Current	29.00	29.00	29.00
	<b>29.00</b>	<b>29.00</b>	<b>29.00</b>

**Income taxes relating to continuing operations :  
Income tax recognised in statement of profit or loss**

Rs. in lakhs

Particulars	Rs. in lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>Current tax</b>		
In respect of current year	-	-
In respect of prior years	-	-
<b>Deferred tax</b>		
In respect of current year	-	-
<b>Total income tax expense recognised in the current year relating to continuing operations</b>	-	-

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

Rs. in lakhs

Particulars	Rs. in lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Profit before tax from continuing operations	2,574.68	1,028.07
Income tax calculated at 34.61% (2015-16 : 33.06%)	891.04	339.91
Effect of tax offsets not recognised as deferred tax assets	(891.04)	(339.91)
<b>Income tax expense recognised in profit or loss (relating to continuing operations)</b>	-	-



TAL Manufacturing Solutions Limited  
Notes forming part of the Financial Statement

	As at March 31, 2017	As at March 31, 2016	Rs. In Lakhs As at April 1, 2015
<b>20. OTHER LIABILITIES</b>			
<b>Non Current</b>			
(a) Cash received from Customer for acquiring Property, Plant and Equipment	19,708.61	20,505.56	19,811.48
<b>Total Non Current</b>	<b>19,708.61</b>	<b>20,505.56</b>	<b>19,811.48</b>
<b>Current</b>			
(a) Advances received from Customer	660.66	1,408.28	1,349.64
(b) Statutory dues, withholding tax and other statutory obligation	183.09	244.29	188.94
(c) Cash received from Customer for acquiring Property, Plant and Equipment	2,259.81	2,204.47	1,923.74
(d) Amount Due to Customer in respect of Contract work	16.16	18.94	23.85
(e) Other claims payable	51.62	57.47	53.64
<b>Total Current</b>	<b>3,171.34</b>	<b>3,933.45</b>	<b>3,539.81</b>



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statement

	As at March 31, 2017	As at March 31, 2016	Rs. In Lakhs As at April 1, 2015
<b>21. CURRENT BORROWING</b>			
<b>A. Loans and advances from other than related parties</b>			
<b>(a) Loans repayable on demand from Banks (Secured, at amortised cost)         (Refer note 1 below)</b>			
Cash Credit and Working Capital Demand Loan	6,941.45	4,414.88	3,388.85
<b>(b) Other loans from Banks (Secured, at amortised cost)(Refer note 1 below)</b>			
Buyer's Credit	1,076.31	1,006.61	
<b>(c) Amount due on factoring (Secured, at amortised cost)(Refer note 10)         (Refer note 2 below)</b>	288.12	121.42	49.84
<b>B. Loans and advances from related parties (Unsecured, at amortised cost):</b>			
(a) Inter Corporate Deposits from			
- Sheba Properties Limited (Fellow Subsidiary)	-		400.00
- Tata Motors Limited (Holding Company)	-	500.00	1,000.00
<b>Total</b>	<b>8,305.88</b>	<b>6,042.91</b>	<b>4,838.69</b>

**Note:**

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



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statement

Rs. In Lakhs

22. TRADE PAYABLES

	<u>As at March 31,</u> 2017	<u>As at March 31,</u> 2016	<u>As at April 1,</u> 2015
Trade Payables			
(a) - total outstanding dues of Micro Small and Medium Enterprises	2.29	5.41	14.44
(b) - total outstanding dues of creditors other than Micro Enterprises and Small enterprises	4,986.54	6,469.68	5,985.71
<b>Total</b>	<b><u>4,988.83</u></b>	<b><u>6,475.09</u></b>	<b><u>6,000.15</u></b>

Note:

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



TAL Manufacturing Solutions Limited  
Notes forming part of the Financial Statement

23. Revenue From Operations

	Rs. In Lakhs	
	<u>For the year ended March 31, 2017</u>	<u>For the year ended March 31, 2016</u>
(a) Sale of Products	24,986.72	14,476.61
(b) Revenue from Construction Contracts	856.66	3,291.44
(c) Sale of Services	386.04	254.41
(d) Other operating revenues		
(i) Export Incentive	451.09	35.18
(ii) Amortisation of Cash received from Customer for acquiring Property, Plant and Equipment	2,200.47	1,923.74
(iii) Sale of Scrap	257.80	218.68
<b>Total</b>	<u><u>29,138.78</u></u>	<u><u>20,200.06</u></u>



TAL Manufacturing Solutions Limited  
Notes forming part of the Financial Statement

24. Other income

	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income from customers	28.15	-
Other Non-Operating Income		
(a) Sundry Credit balances, provisions and advances from customers no longer required written back (Net)	4.79	100.29
(b) Net foreign exchange gains/(losses)	(36.09)	7.44
(c) Re-imbursments in excess of cost of property, plant and equipment	1,124.03	1,164.65
(d) Gains/(losses) on disposal of property, plant and equipment	(14.06)	-
(e) Miscellaneous Income	2.63	3.27
<b>Total</b>	<b>1,109.45</b>	<b>1,275.65</b>



**TAL MANUFACTURING SOLUTIONS LIMITED**  
**Notes forming part of the Financial Statement**

**25. Cost of Material Consumed**

	Rs. In Lakhs	
	<u>For the year ended March 31, 2017</u>	<u>For the year ended March 31, 2016</u>
(a) Raw Material consumed	14,386.00	11,281.43
- Including processing charges for the year ended March 31, 2017 Rs. 304.60 lakhs. (For the year ended March 31, 2016 Rs. 604.42 lakhs)		
<b>Total</b>	<u><u>14,386.00</u></u>	<u><u>11,281.43</u></u>



TAL MANUFACTURING SOLUTIONS LIMITED  
Notes forming part of the Financial Statement

26. Changes in Inventories of Finished Goods and Work in Progress

Rs. In Lakhs

	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening Stock :		
Finished Goods	554.14	486.85
Work In Progress	1,127.87	445.24
	<u>1,682.01</u>	<u>932.09</u>
Closing Stock :		
Finished Goods	1,356.54	554.14
Work In Progress	1,034.00	1,127.87
	<u>2,390.54</u>	<u>1,682.01</u>
	<u>(708.53)</u>	<u>(749.93)</u>



**TAL Manufacturing Solutions Limited**

**Notes forming part of the Financial Statement**

**27. Employee cost**

**Rs. In Lakhs**

	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
(a) Salaries & Wages	3,680.22	2,940.81
(b) Contribution to provident fund and other funds	183.40	104.19
(c) Staff Welfare Expenses	360.67	292.91
<b>Total</b>	<b>4,224.29</b>	<b>3,337.91</b>



TAL Manufacturing Solutions Limited  
Notes forming part of the Financial Statement

28. Finance costs

	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year March 31, 2016
(a) Interest expense on:		
- Borrowings	904.23	542.59
- Trade Payables	0.66	6.46
- Interest on advance from customer	4.79	11.56
- Unwinding of discount on warranty provision	7.53	2.44
<b>Total</b>	<b>917.21</b>	<b>563.05</b>



TAL Manufacturing Solutions Limited  
Notes forming part of the Financial Statement

29. Depreciation and Amorisation Expense

	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year March 31, 2016
(a) Depreciation on Property, Plant and Equipment pertaining to continuing operation (Refer Note 5)	2,889.36	1,883.96
(b) Amortisation of Intangible assets (Refer Note 6)	72.98	87.76
<b>Total depreciation and amotisation on continuing operation</b>	<b>2,962.34</b>	<b>1,971.72</b>
Depreciation on Property, Plant and Equipment pertaining to discontinued operation (Refer Note 5 and 39)	171.14	185.86
<b>Total depreciation and amotisation expenses</b>	<b>3,133.48</b>	<b>2,157.58</b>



**TAL Manufacturing Solutions Limited****Notes forming part of the Financial Statement****30. Other expenses**

	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Consumption of stores & spare parts	2,037.74	1,335.53
(b) Power & fuel	428.05	299.93
(e) Rent	147.02	135.29
(c) Insurance	45.96	49.34
(d) Travelling & Conveyance	344.74	296.19
(l) Freight Outward (Net of recoveries Rs. 35.12 lakhs) (March 31, 2016 - Rs. 48.90 lakhs)	254.87	15.95
(e) Payment to Statutory Auditors		
- For Statutory Audit	38.75	22.00
- For Tax Audit	1.50	1.50
- For Other Services	0.50	7.14
- For Reimbursement of Expenses	0.54	0.06
	<u>41.29</u>	<u>30.70</u>
(f) Provision for doubtful debts and advances (net)	(32.04)	(223.37)
(g) Bad debts written off	15.62	223.23
(h) Provision for doubtful Construction in progress	25.00	26.70
(r) Product Warranty	171.71	65.44
(i) Cost of Services Procured	478.43	424.55
(j) Erection and Commissioning charges	391.72	305.46
(k) Miscellaneous Expenses	1,196.40	1,005.62
<b>Total</b>	<u><u>5,546.51</u></u>	<u><u>3,990.56</u></u>

2

**TAL Manufacturing Solutions Limited**

**Notes forming part of the Financial Statement**

**31. Product Liability**

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 Rs. 843.12 lakhs for each event upto maximum cumulative amount of Rs. 2,594.20 lakhs.
- (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 Rs. 16,213.75 lakhs. To cover for such damages, the Company has taken product liability insurance of Rs. 16,213.75 lakhs.

**32. Contingent Liabilities:**

- (a) Income Tax Demand - Rs. 435.69 lakhs (March 31, 2016 - Rs. 379.98 lakhs, April 1, 2015 - Rs. 379.98 lakhs).  
The Company has received demands aggregating to Rs. 435.69 lakhs (March 31, 2016 - Rs. 379.98 lakhs, April 1, 2015 - Rs. 385.99 lakhs) for assessment years 2009-10 to 2012-13 consequent to disallowances of certain amounts claimed as deduction by the Company for the purpose of computation of taxable income. The Company has filed appeals before the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal (as appropriate), which are correctly pending.
- (b) Sales Tax Matters - Rs. 928.55 lakhs (March 31, 2016 - Rs. 1,185.91 lakhs, April 1, 2015 - Rs. 125.66 lakhs)  
Sales tax matters relating to pending 'C' Forms and refunds claims.
- (c) Claims against the Company not acknowledged as debts :
  - Claim by a customer of Rs. 1,260.61 lakhs (March 31, 2016 - Rs. 1,287.67 lakhs, April 1, 2015 - Rs. 1,214.63 lakhs.)
  - Claim by a supplier of Rs. 12.27 lakhs (March 31, 2016 - Rs. 76.43 lakhs, April 1, 2015 - Rs. Nil)
  - A customer has unilaterally deducted Rs. 678.65 lakhs in part settlement of a disputed claim. This is in contravention to the agreement between the Company and the customer and accordingly, as per the provision of the said agreement, the Company has escalated the matter to higher authority for resolution.
- (d) Bonus related to period April 2014 to March 2015 pursuant to the notification dated 01.01.2016 not provided for - Rs. 29.47 lakhs (March 31, 2016 - Rs. 50.61 lakhs, April 1, 2015 - Nil).
- (e) Other Matters - Rs. 87.26 lakhs (March 31, 2016 - Rs. 437.81 lakhs, April 1, 2015 - Rs. 437.81 lakhs)  
Claim made by Maharashtra Airport Development Corporation for labour welfare cess on construction cost of factory building at Nagpur under The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) BOCW Act, 1996 - Rs. 87.26 lakhs. The Company of the view that BOCW Act, 1996 does not apply; instead the Factories Act, 1948 applies.

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.

**33. Capital Commitments**

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

- i) Tangible assets Rs. 1,231.22 lakhs (March 31, 2016 - Rs. 1,720.77 lakhs, April 1, 2015 - Rs. 881.28 lakhs).
- ii) Intangible assets Rs. 0.25 lakhs (March 31, 2016 - Rs. Nil, April 1, 2015 - Rs. Nil).



34. 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.
Key Management Personnel	Mr. R. K. Khatri (Executive Director & CEO) (Upto March 31, 2017)
	Mr. Santanu A. Sil (Chief Finance Officer)
	Mr. Jagdish Shirke (Company Secretary)

b) Related Party Transactions:

Nature of Transactions	Holding Company	Companies under common control with the Company (Fellow Subsidiaries)	Key Management Personnel
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Purchases of Intangible assets	- (-)	63.82 (-)	- (-)
Services received #	488.60 (460.93)	48.35 (79.06)	- (-)
Late Delivery Charges	17.32 (10.45)	12.64 (15.00)	- (-)
Sale of Goods – Gross (Refer footnote ii)	3,147.63 (2726.64)	515.67 (36.49)	- (-)
License fees for premises	275.80 (273.60)	- (-)	- (-)
Services rendered #	125.14 (72.31)	23.41 (13.33)	- (-)
Advance received in respect of contract work/sale of products	2.30 (140.25)	- (78.70)	- (-)
Inter Corporate deposit Taken	- (500.00)	- (-)	- (-)
Inter Corporate deposit Repaid	500.00 (1000.00)	- (400.00)	- (-)
Interest paid	24.33 (145.51)	- (5.52)	- (-)
Remuneration (Refer footnote iv)	- (-)	- (-)	231.35 (243.49)
Amount received towards Equity subscription	- (1500.00)	- (-)	- (-)
Amount outstanding as at the end of the year			
- Receivable	239.85 (592.39)	60.12 (63.98)	- (-)
- Payable	3.39 (12.92)	13.06 (37.81)	- (-)
- Customer Advance	6.21 (76.04)	- (77.85)	- (-)
- Payable (in respect of loans)	- (500.00)	- (-)	- (-)

# Including reimbursement of expenses.



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

Nature of Transactions	Rs. In Lakhs			
	TML Drivelines Ltd	Tata Marcopolo Motors Ltd.	Tata Technologies Ltd.	Sheba Properties Ltd.
Services received	- (-)	- (-)	48.35 (79.06)	- (-)
Sale of Goods – Gross (Refer Footnote ii)	253.53 (36.49)	262.14 (-)	- (-)	- (-)
Services rendered (Refer Footnote ii)	3.42 (13.33)	19.99 (-)	- (-)	- (-)
Advance received in respect of contract work /sale of products	- (10.60)	- (67.25)	- (-)	- (-)
Late delivery charges	12.64 (-)	- (15.00)	- (-)	- (-)
Purchase of Intangible asset	- (-)	- (-)	63.82 (-)	- (-)
Interest Paid	- (-)	- (-)	- (-)	- (5.52)

**Footnotes:**

- i Amounts in bracket are in respect of previous year ended March 31, 2016.
- 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 and Loss on percentage completion method.
- iii Rs. NIL has been provided for doubtful debts in respect of debts due from related parties as at March 31, 2017 (Rs. 25.92 lakhs as at March 31, 2016). No amount has been written off or written back in respect of debts due from or to related parties.
- iv The remuneration includes Rs. 25 lakhs in respect of previous year and post employment benefits of Rs. 2.72 lakhs (March 31, 2016 - Rs. 2.42 lakhs) and short term benefits of Rs. 3.80 lakhs (March 31, 2016 - Rs. 4.92 lakhs) for the key managerial personnel calculated on a proportionate basis. The remuneration excludes pension payable to Ex - Managing Director which was approved after his retirement.

**35. Earnings per Share (EPS):**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Profit attributable to share holders from continuing operations (Rs. In Lakhs)	2,574.68	1,028.07
b) Loss attributable to share holders from discontinued operations (Rs. In Lakhs)	(1,385.96)	(2,016.76)
c) Profit/(Loss) attributable to share holders from continued and discontinued operations (Rs. In Lakhs)	1,196.21	(1,037.78)
d) Weighted average number of Equity Shares		
- Basic	115,000,000	112,172,131
- Diluted	115,000,000	112,172,131
Nominal value of equity share (In Rs.)	10	10
<b>Earnings per share for continuing operations (In Rs.)</b>		
- Basic	2.24	0.92
- Diluted	2.24	0.92
<b>Earnings per share for discontinuing operations (In Rs.)</b>		
- Basic	(1.21)	(1.80)
- Diluted	(1.21)	(1.80)
<b>Earnings per share for discontinued and continuing operations (In Rs.)</b>		
- Basic	1.03	(0.88)
- Diluted	1.03	(0.88)

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



## 36. Disclosure under Ind AS 11 - Construction Contracts

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Aggregate amount of construction costs incurred plus recognised profits (less recognised losses) to date	5,480.81	5,877.76	16,149.15
Retentions held by customers for contract work	240.95	462.48	607.19
Advances received from customers for contract work	364.28	649.09	579.04

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

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

Rs. in Lakhs

SI No	Particulars	As at March 31, 2017	As at March 31, 2016
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	2.29	5.41
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.02	-
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSME Act	0.51	0.01
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	0.53	0.01
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	0.53	-

## Notes:

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



**38. Details of Employee Benefits as required by Ind AS-19 on Employee Benefits are as follows:-****A) Defined Contribution Plans**

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

The total expense recognised in the Statement Profit or Loss of Rs. 212.26 lakhs (for the year ended March 31, 2016 - Rs. 195.68 lakhs) represents contributions payable to these plans by the Company at rates specified in the rules of the plan.

**B) Defined Benefit Plans:**

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

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

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

Sl No	Particulars	A. Gratuity			B. BKY		
		Valuations as at			Valuations as at		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
a.	Discount Rate	7.50%	8.00%	8.00%	7.50%	8.00%	8.00%
b.	Expected rates of salary increase						
	Workers	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	Staff	8.00%	8.00%	2.00%	8.00%	8.00%	2.00%
c.	Rate of return on planned assets	7.50%	7.22%	7.77%	NA	NA	NA

Sl No	Particulars	C. Superannuation			D. Medicare Scheme		
		Valuations as at			Valuations as at		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
a.	Discount Rate	6.75%	6.75%	6.75%	7.30%	8.00%	8.00%
b.	Expected rates of salary increase						
	Workers	NA	NA	NA	NA	NA	NA
	Staff	NA	NA	NA	NA	NA	NA
c.	Rate of return on planned assets	NA	NA	NA	NA	NA	NA

**Quantitative sensitivity analysis for significant assumptions are as follows**

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

	Rs. In lakhs			
	Gratuity	Super-annuation	BKY	Medicare Scheme
	Year ended March 31, 2017	Year ended March 31, 2017	Year ended March 31, 2017	Year ended March 31, 2017
Increase/(Decrease) in present value of defined benefit obligation as at the end of the year				
(i) 1% increase in discount rate	(60.27)	(0.10)	(8.98)	(15.17)
(ii) 1% decrease in discount rate	69.41	0.12	10.29	17.67
(iii) 1% increase in rate of salary escalation	68.92	NA	4.04	NA
(iv) 1% decrease in rate of salary escalation	(61.04)	NA	(3.63)	NA

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

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

Category of Planned Assets	As at March 31, 2017	As at March 31, 2017	As at April 1, 2015
a Securities with quoted market price in an active market	100.00%	100.00%	100.00%
b Other securities	-	-	-

TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

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

Particulars	Rs in lakhs									
	Gratuity		Superannuation		BKY		Post Employment Medical Benefits			
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Service Cost :										
Current Service Cost	61.98	51.98	-	-	10.40	8.69	2.56	2.44	-	-
Past service cost and (gain)/loss from settlements	(3.15)	2.68	0.06	0.50	9.11	5.16	16.54	15.49	-	-
Net interest expense/(income)										
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>58.83</b>	<b>54.66</b>	<b>0.06</b>	<b>0.50</b>	<b>19.51</b>	<b>13.85</b>	<b>19.10</b>	<b>17.93</b>		
Remeasurement on the net defined benefit liability :										
Return on plan assets (excluding amount included in net interest expenses.)	(28.25)	(41.18)	-	-	-	-	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	31.16	25.79	-	-	4.64	2.63	(30.21)	(24.39)		
Actuarial (gains)/losses arising from experience adjustments	(0.37)	41.68	0.06	0.40	(13.36)	40.41	21.90	27.99		
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>2.54</b>	<b>26.29</b>	<b>0.06</b>	<b>0.40</b>	<b>(8.72)</b>	<b>43.04</b>	<b>(8.31)</b>	<b>3.60</b>		
<b>Total</b>	<b>61.37</b>	<b>80.95</b>	<b>0.12</b>	<b>0.90</b>	<b>10.79</b>	<b>56.89</b>	<b>10.79</b>	<b>21.53</b>		

Notes

- The current service cost and the net interest expense for the year are included in the "employee benefits expense" line item in the Statement of profit and loss.
- The remeasurement of the net defined benefit liability is included in Other Comprehensive Income.
- The Company has recognised Rs. 11.72 lakhs (debit) (March 31, 2016 - Rs. 13.02 lakhs (debit)) in the Statement of Profit and Loss and Rs. 5.33 lakhs (credit) (March 31, 2016 - Rs. 2.16 lakhs (debit)) in Other comprehensive income being the estimated net period cost relating to the Company's share of the defined benefit obligation recognised in the balance sheet.



**TAL Manufacturing Solutions Limited**

**Notes forming part of the Financial Statements**

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

Particulars	Gratuity				Superannuation			BKY			Post Employment Medical Benefits		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	
	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	
Present Value of funded defined benefit obligation	1,025.44	995.27	917.45	1.02	0.90	0.81	120.72	117.70	68.22	212.87	211.33	197.47	
Fair value of plan assets	1,119.55	918.59	846.18	-	-	-	-	-	-	-	-	-	
<b>Net Liability/(Asset) arising from defined benefit obligation</b>	<b>(94.11)</b>	<b>76.68</b>	<b>71.27</b>	<b>1.02</b>	<b>0.90</b>	<b>0.81</b>	<b>120.72</b>	<b>117.70</b>	<b>68.22</b>	<b>212.87</b>	<b>211.33</b>	<b>197.47</b>	
Less: Obligation to be borne by the holding company													
<b>Net Liability/(Asset) arising from defined benefit obligation recognised in the balance sheet</b>										<b>76.35</b>	<b>86.53</b>	<b>85.69</b>	
										<b>136.52</b>	<b>124.80</b>	<b>111.78</b>	

The amount recognised in balance sheet and movement in net defined benefit obligations are as follows :

Particulars	Gratuity			Superannuation			BKY			Post Employment Medical Benefits		
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs
Present value of defined benefit obligation at the beginning of the year	995.27	917.45	0.90	0.81	117.70	68.22	211.33	197.47				
Current service cost	61.98	51.98	-	-	10.40	8.69	2.56	2.44				
Interest cost	74.15	68.97	0.06	0.05	9.11	5.16	16.54	15.49				
Remeasurement(gains)/losses	31.16	25.79	-	-	4.64	2.63	21.90	27.99				
Actuarial (gains)/losses arising from changes in financial assumptions	(0.37)	41.68	0.06	0.04	(13.36)	40.41	(30.21)	(24.39)				
Actuarial (gains)/losses arising from experience adjustments	(136.75)	(110.60)	-	-	(7.77)	(7.41)	(9.25)	(7.67)				
Benefits paid	1,025.44	995.27	1.02	0.90	120.72	117.70	212.87	211.33				
<b>Present value of defined benefit obligation as at Balance Sheet date</b>							<b>76.35</b>	<b>86.53</b>				
Less: Obligation to be borne by the holding company												
<b>Present value of defined benefit obligation recognised as at the Balance Sheet date</b>							<b>136.52</b>	<b>124.80</b>				



## Notes forming part of the Financial Statements

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

Particulars	Rs. in lakhs			
	Gratuity		Superannuation	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Fair value of plan assets at the beginning of the year	918.59	846.18	-	-
Interest income	77.30	66.29	-	-
Return on plan assets excluding amounts included in net interest expense	28.25	41.18	-	-
Contributions from the employer	232.16	75.54	-	-
Benefits paid	(136.75)	(110.60)	-	-
<b>Fair value of plan assets as at Balance Sheet date</b>	<b>1,119.55</b>	<b>918.59</b>	-	-

The major categories of plan assets as percentage to total plan

Particulars	Rs. in lakhs			
	Gratuity		Superannuation	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Debt securities	74.38%	99.00%	0.00%	0.00%
Balances with banks	25.62%	1.00%	0.00%	0.00%

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

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

Particulars	Gratuity		Superannuation	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
Central Govt Securities	11.93%	14.00%	0.00%	0.00%
PSU Bonds	19.46%	42.00%	0.00%	0.00%
Private Sector Bonds	18.21%	20.00%	0.00%	0.00%
State Loans (RBI Guaranteed)	0.00%	0.00%	0.00%	0.00%
Mutual Funds (G Sec based)	0.00%	0.00%	0.00%	0.00%
Special Deposit with Banks	0.00%	0.19%	0.00%	0.00%
Balances with Banks & Others	25.62%	1.00%	0.00%	0.00%
SAIL Cent Guaranteed Bonds	0.00%	0.00%	0.00%	0.00%
State Government Bonds	24.78%	23.00%	0.00%	0.00%

Contributions expected to be paid to the plan during the next financial year (Rs. in lakhs)	84.95	94.52	Nil	Nil
---	-------	-------	-----	-----

## Associated Risks for Defined Benefit Plans

- 1) Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
- 2) Salary inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.

## Possible reasons for experience Gains or Losses on Plan Assets:

- 1) If the actual attrition, retirement or mortality experience turns out to be higher or lower than expected based on the assumptions made at the start of the accounting period, it would lead to an Actuarial Gain or Loss on Plan Liabilities.
- 2) If the salary increases are higher or lower than expected based on the assumption made at the start of the accounting period, it would lead to an Actuarial Gain or Loss on Plan Liabilities.
- 3) If the actuarial assumptions of salary increase, attrition rate and discount rate change from one valuation year to another, it may lead to Actuarial Gain or Loss on Plan Liabilities

## Possible reasons for experience Gains or Losses on Plan Assets:

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



## Notes forming part of the Financial Statements

## 39. Disclosures under Ind AS-105 : Non Current Assets held for sale and Discontinued operations.

The Board of Directors in its meeting held on March 2, 2017 have approved the closure of operation of Machine Tool Division (MTD). Accordingly, the Company has classified the MTD assets as held for sale at their carrying value which is lower than the net realizable value (determined by an independent valuer). The Company has identified a prospective buyer with whom negotiations are in process.

Assets classified as held for sale	Rs. In lakhs
	As at March 31, 2017
Plant and Equipment	559.39
Furniture and Fixtures	0.57
Office Equipments	4.14
<b>Total</b>	<b>564.10</b>

The result of the discontinued operation of MTD, the comparative loss and cash flows from discontinued operation have been presented below -

	Rs. In lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Profit for the year from discontinued operations</b>		
Revenue	2,728.51	3,352.96
Other Income	24.94	101.15
	<b>2,753.45</b>	<b>3,454.11</b>
Depreciation	171.14	185.86
Other items debited to profit or loss	3,968.27	5,285.01
<b>Loss before tax</b>	<b>(1,385.96)</b>	<b>(2,016.76)</b>
Attributable income tax expense	-	-
<b>Loss from discontinued operations (after tax)</b>	<b>(1,385.96)</b>	<b>(2,016.76)</b>
<b>Cash flows from discontinuing operations</b>		
Net cash flows from operating activities	(288.70)	(800.39)
Net cash flows from investing activities	-	-
Net cash flows from financing activities	(43.73)	(98.00)
<b>Net Cash inflows/(outflows)</b>	<b>(332.43)</b>	<b>(898.39)</b>

## Note

Current assets and current liabilities pertaining to MTD will not be transferred to a prospective buyer.



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

**40. Financial Instruments**

**40.1 Capital management**

The Company's objective when managing capital are to safeguard their ability to continue as going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce cost of capital. The capital structure of the Company consists of net debt (borrowings as detailed in notes 16, 17 and 21 offset by cash and bank balances) and total equity. The capital structure of the Company consists of net debt (borrowings disclosed in notes 16 and 21 offset by cash and cash equivalents) and total equity of the Company.

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

The Company has a target gearing ratio of 120% -150% determined as the proportion of net debt to total equity. The gearing ratio at March 31, 2017 of 142.55% (see below) was below the target range.

**Gearing Ratio**

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

Particulars	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Debt *	12,829.28	8,053.77	4,856.76
Cash and bank balances	(28.87)	(48.22)	(34.11)
<b>Net Debt</b>	<b>12,800.41</b>	<b>8,005.55</b>	<b>4,822.65</b>
<b>Total equity</b>	<b>8,979.52</b>	<b>7,807.55</b>	<b>7,345.33</b>
Net debt to equity ratio	142.55%	102.54%	65.66%

\* Debt is defined as long-term and short-term borrowings as described in notes 16, 17 and 21.

**40.2 Categories of Financial Instrument**

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

Particulars	Carrying Amount			Fair Value		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
<b>Financial Assets measured at amortised cost:</b>						
<b>Non Current assets:</b>						
Trade Receivables	-	35.00	35.00	-	35.00	35.00
Loans to Employees	63.03	74.38	79.13	63.03	74.38	79.13
<b>Current assets:</b>						
Trade Receivables	9,060.05	6,939.28	3,835.80	9,060.05	6,939.28	3,835.80
Cash and Cash Equivalent	28.87	48.22	34.11	28.87	48.22	34.11
Loans to Employees	24.70	26.20	25.17	24.70	26.20	25.17
<b>Financial Assets measured at fair value through statement of profit and loss</b>						
<b>Current assets:</b>						
Asset on account of outstanding forward contract	-	43.95	-	-	43.95	-
<b>Total Financial Assets</b>	<b>9,176.65</b>	<b>7,167.03</b>	<b>4,009.21</b>	<b>9,176.65</b>	<b>7,167.03</b>	<b>4,009.21</b>

Particulars	Carrying Amount			Fair Value		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
<b>Financial Liabilities measured at amortised cost:</b>						
<b>Non Current Liabilities:</b>						
Borrowings	4,468.40	1,965.40	-	4,468.40	1,965.40	-
Other Financial Liabilities	51.14	68.47	92.15	51.14	68.47	92.15
<b>Current Liabilities:</b>						
Borrowings	8,305.88	6,042.91	4,838.69	8,305.88	6,042.91	4,838.69
Trade Payables	4,988.83	6,475.09	6,000.15	4,988.83	6,475.09	6,000.15
Other Financial Liabilities	1,332.48	1,015.24	431.05	1,332.48	1,015.24	431.05
<b>Financial Liabilities measured at fair value through statement of profit and loss</b>						
<b>Current Liabilities:</b>						
Liabilities on account of outstanding forward contract	-	68.89	-	-	68.89	-
<b>Total Financial Liabilities</b>	<b>19,146.73</b>	<b>15,636.00</b>	<b>11,362.04</b>	<b>19,146.73</b>	<b>15,636.00</b>	<b>11,362.04</b>

**40.3 Financial Risk Management Framework**

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

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

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

**40.4 Market risk**

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

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

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

**40.5 Foreign Currency Risk Management**

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

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

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

Particulars	Figures in lakhs					
	Liabilities as at			Assets as at		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Currency-USD	33.98	50.21	27.88	93.36	63.47	13.56
Currency-Euro	8.02	6.53	2.37	-	-	-
Currency-JPY	0.21	227.21	116.81	-	-	-
Currency-GBP	0.13	0.20	0.20	-	-	-

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

**(a) Foreign currency sensitivity Analysis**

The Company is mainly exposed to US dollar currency.

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

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

Particulars	Currency Impact (USD)		
	2016 -2017	2015 -2016	As at April 1, 2015
Impact on Profit or Loss for the year (Rs. In lakhs)			
Weakening of Rs.	96.27	21.93	(22.37)
Strengthening of Rs.	(57.76)	(13.16)	13.42

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

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



**(b) Interest rate risk Management**

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

**(i) Interest rate sensitivity analysis**

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

Increase/decrease of 25 basis points in interest rates at the balance sheet date would result in an impact of (decrease/ increase in net income) of Rs. 31.94 Lakhs and 20.02 Lakhs on income for the years ended March 31, 2017 and March 31, 2016 respectively.

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

**40.7 Credit Risk Management**

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

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

Trade receivable consists of the large number of customers spread across diverse industries and geographical areas. Ongoing receivable revaluation is performed on regular intervals as a measure of risk mitigation.

In addition, the Company is exposed to credit risk in relation to financial guaranties given to banks provided by the companies.

**Trade receivables**

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

At March 31, 2017, the Company had 4 customers (March 31, 2016: 4 customers, April 1, 2015: 4 customers) that owed the Company more than Rs. 200 lakhs each and accounted for approximately 85 percent (March 31, 2016: 76 percent, April 1, 2015: 64 percent) of all the receivables outstanding. There was no single customer that exceed 20 percent of gross receivables at any time during the year ended March 31, 2017, March 31, 2016 and April 1, 2015 except for one customer from aerospace business having gross receivables approximately 65 percent of gross trade receivable (March 31, 2016: 47 percent, April 1, 2015: 38 percent).

**Cash and cash equivalents and other financial assets**

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

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

**Movement in expected credit loss**

Particulars	Rs. in Lakhs		
	March 31, 2017	March 31, 2016	April 1, 2015
Balance as at beginning of the year	1,395.29	1,628.23	1,411.03
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses			
- on receivables originated during the year	-	-	156.45
- on other receivables	50.88	64.32	65.08
Amounts recovered during the year	(46.19)	(297.26)	(4.33)
Balance at end of the year	1,399.98	1,395.29	1,628.23

**40.8 Commodity Price Risk**

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

The pricing arrangement with Holding Company for long term supply of parts also covers commodity fluctuation risk.

The Company does not enter into any contracts to hedge the fluctuations in lead prices.

**40.9 Liquidity Risk Management**

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

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



**Financing facilities**

Rs. in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Unsecured Non fund based facilities</b>			
Amount Used	1,010.26	1,206.00	Nil
Amount Not used	3,489.74	794.00	Nil
	<b>4,500.00</b>	<b>2,000.00</b>	<b>Nil</b>
<b>Secured Non fund based facilities</b>			
Amount Used	1,399.79	3,776.00	2,882.00
Amount Not used	5,750.21	3,374.00	2,818.00
	<b>7,150.00</b>	<b>7,150.00</b>	<b>5,700.00</b>
<b>Unsecured fund based facilities</b>			
Amount Used	2,319.90	1,307.00	Nil
Amount Not used	180.10	1,193.00	Nil
	<b>2,500.00</b>	<b>2,500.00</b>	<b>Nil</b>
<b>Secured short term borrowing</b>			
Amount Used	4,621.56	3,107.86	3,388.85
Amount Not used	2,878.44	2,392.14	1,011.15
	<b>7,500.00</b>	<b>5,500.00</b>	<b>4,400.00</b>
<b>Secured long term borrowing with various maturity dates upto FY 2023</b>			
Amount Used	4,468.40	1,965.40	-
Amount Not used	1,031.60	3,534.60	5,500.00
	<b>5,500.00</b>	<b>5,500.00</b>	<b>5,500.00</b>

**Maturities of Financial Liabilities**

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

Rs. in lakhs

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

Contractual maturities of Financial Liabilities	Due in 1 <sup>st</sup> year	Due in 2 <sup>nd</sup> year	Due in 3 <sup>rd</sup> to 5 <sup>th</sup> year	Due after 5 <sup>th</sup> year	Total
<b>March 31 2016</b>					
<b>Non Derivative Liabilities</b>					
Borrowings	6,042.91	-	1,965.40	-	8,008.31
Trade Payables	6,475.09	-	-	-	6,475.09
Other Financial Liabilities	1,015.24	28.17	32.45	7.85	1,083.71
<b>Total</b>	<b>13,533.24</b>	<b>28.17</b>	<b>1,997.85</b>	<b>7.85</b>	<b>15,567.11</b>

Contractual maturities of Financial Liabilities	Due in 1 <sup>st</sup> year	Due in 2 <sup>nd</sup> year	Due in 3 <sup>rd</sup> to 5 <sup>th</sup> year	Due after 5 <sup>th</sup> year	Total
<b>April 1 2015</b>					
<b>Non Derivative Liabilities</b>					
Borrowings	4,838.69	-	-	-	4,838.69
Trade Payables	6,000.15	-	-	-	6,000.15
Other Financial Liabilities	431.05	33.70	51.31	7.14	523.20
<b>Total</b>	<b>11,269.89</b>	<b>33.70</b>	<b>51.31</b>	<b>7.14</b>	<b>11,362.04</b>



Maturities of Financial Assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. in lakhs					
Contractual maturities of Financial Assets	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
<b>March 31, 2017</b>					
<b>Non Derivative Assets</b>					
Loans to Employees	24.70	11.85	23.54	27.64	87.73
Trade Receivables	9,060.04	-	-	-	9,060.04
Cash and Cash Equivalent	28.87	-	-	-	28.87
<b>Total</b>	<b>9,113.61</b>	<b>11.85</b>	<b>23.54</b>	<b>27.64</b>	<b>9,176.64</b>
<b>March 31, 2016</b>					
<b>Non Derivative Assets</b>					
Loans to Employees	26.20	16.07	28.24	30.07	100.58
Trade Receivables	6,939.28	35.00	-	-	6,974.28
Cash and Cash Equivalent	48.22	-	-	-	48.22
<b>Total</b>	<b>7,013.70</b>	<b>51.07</b>	<b>28.24</b>	<b>30.07</b>	<b>7,123.08</b>
<b>April 1, 2015</b>					
<b>Non Derivative Assets</b>					
Loans to Employees	24.70	17.79	29.07	32.29	103.85
Trade Receivables	3,835.80	35.00	-	-	3,870.80
Cash and Cash Equivalent	28.87	-	-	-	28.87
<b>Total</b>	<b>3,889.37</b>	<b>52.79</b>	<b>29.07</b>	<b>32.29</b>	<b>4,003.52</b>

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

Rs. in lakhs					
Contractual maturities of Financial Assets & Liabilities	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
<b>Derivative Liabilities</b>					
March 31, 2017	68.89	-	-	-	68.89
March 31, 2016	-	-	-	-	-
April 1, 2015	-	-	-	-	-
<b>Derivative Assets</b>					
March 31, 2017	-	-	-	-	-
March 31, 2016	43.95	-	-	-	43.95
April 1, 2015	-	-	-	-	-

**40.10 Fair Value Measurements :**

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

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

Level 2 – The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017, March 31, 2016 and April 1, 2015:

Particulars	Total	Fair value measurement at the end of		
		Level 1	Level 2	Level 3
		Rs. in Lakhs		
<b>Liability on account of outstanding forward contracts</b>				
March 31, 2017	68.89	-	68.89	-
March 31, 2016	-	-	-	-
April 1, 2015	-	-	-	-
<b>Asset on account of outstanding forward contracts</b>				
March 31, 2017	-	-	-	-
March 31, 2016	43.95	-	43.95	-
April 1, 2015	-	-	-	-

**Valuation Technique**

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

**Valuation processes**

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



41. Segment information

41.1 Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments.

The Company's reportable segments under Ind AS 108 are as follows -

- Intergrated Manufacturing Solutions (IMS) engaged in the execution of turnkey projects
- Fluid Power Solutions (FPS) engaged the manufacture and sale of automotive parts
- Robotics (RAA) engaged in manufacturing and sale of Industrial robots
- Aerospace business unit (ABU) engaged in manufacture and sale of aerospace components

Machine Tools Division of the Company was discontinued in the current year. The Segment information reported below does not include any amounts for discontinued operation which are described in more details in Nore 39.

41.2 Segment revenues and results

The following is an analysis of the Revenue and results from continuing operations by reportable segments.

Rs. In Lakhs

Particulars	For the year ended March 31, 2017						
	Business segments				Total	Inter Segment Eliminations	Total
	IMS	FPS	RAA	ABU			
<b>Revenue</b>							
External Revenue	<b>3,705.20</b> <i>5,842.03</i>	<b>2,447.62</b> <i>2,270.85</i>	<b>102.62</b> <i>-</i>	<b>22,883.34</b> <i>12,087.18</i>	<b>29,138.78</b> <i>20,200.06</i>	- -	<b>29,138.78</b> <i>20,200.06</i>
Inter-segment revenue	<b>90.58</b> <i>704.71</i>	- -	- -	- -	<b>90.58</b> <i>704.71</i>	<b>(90.58)</b> <i>(704.71)</i>	- -
Other Income	<b>(21.88)</b> <i>3.85</i>	<b>(14.52)</b> <i>1.94</i>	<b>1.29</b> <i>(0.06)</i>	<b>1,218.42</b> <i>1,264.83</i>	<b>1,183.31</b> <i>1,270.56</i>	- -	<b>1,183.31</b> <i>1,270.56</i>
Total Revenue from Continuing operations	<b>3,773.90</b> <i>6,550.59</i>	<b>2,433.10</b> <i>2,272.79</i>	<b>103.91</b> <i>(0.06)</i>	<b>24,101.76</b> <i>13,352.01</i>	<b>30,412.67</b> <i>22,175.33</i>	<b>(90.58)</b> <i>(704.71)</i>	<b>30,322.09</b> <i>21,470.62</i>
Segment results before finance cost and tax	<b>(355.94)</b> <i>(69.22)</i>	<b>(53.98)</b> <i>63.40</i>	<b>(871.64)</b> <i>(273.13)</i>	<b>4,847.31</b> <i>1,864.98</i>	<b>3,565.75</b> <i>1,586.03</i>	- -	<b>3,565.75</b> <i>1,586.03</i>
Other Income (unallocated)							<b>(73.86)</b> <i>5.09</i>
Finance Costs							<b>917.21</b> <i>563.05</i>
Profit before tax from Continuing operations							<b>2,574.68</b> <i>1,028.07</i>
Tax expense							<b>-</b> <i>-</i>
Profit after tax (continuing operations)							<b>2,574.68</b> <i>1,028.07</i>

The accounting policies of the reportable segments are the same as the accounting policies described in note 2. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Figures in italics are in respect of the previous year ended March 31, 2016.



41.3 Segment assets and liabilities

Particulars	Rs. In Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Segment assets</b>			
IMS	1,845.30	5,623.38	
FPS	766.47	759.69	
RAA	938.28	316.32	
ABU	45,929.61	39,273.45	
<b>Total Segment assets</b>	<b>49,479.66</b>	<b>45,972.84</b>	
Asset related to Machine Tool Division (now discontinued)	1,648.18	2,304.98	
Unallocated assets	1,807.84	1,381.54	
<b>Total assets</b>	<b>52,935.68</b>	<b>49,659.36</b>	
Unallocable Liabilities	43,956.16	41,851.81	

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than loans, taxes recoverable from government, other financial assets and deferred tax.

The Company procures certain raw materials and services for aerospace and other businesses from common vendors and accordingly, the segregation of liabilities between different business segments is not possible. In view of this, the liabilities have been classified as "unallocated". The CODM does not review segment-wise liabilities.

41.4 Other segment information

Particulars	Rs. In Lakhs			
	Depreciation and amortisation		Additions to non-current assets	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
IMS	69.98	82.25	26.19	5.57
FPS	10.14	10.06	0.31	0.66
RAA	134.92	11.38	301.91	282.63
ABU	2,706.00	1,853.92	6,704.37	9,602.36
	<b>2,921.04</b>	<b>1,957.61</b>	<b>7,032.78</b>	<b>9,891.22</b>
Depreciation related to Machine Tool Division (now discontinued)	171.14	185.86		
Additions to non-current assets (unallocated)			49.34	24.45
Depreciation and amortisation (unallocated)	41.30	14.11		
	<b>3,133.48</b>	<b>2,157.58</b>	<b>7,082.12</b>	<b>9,915.67</b>

41.4 Geographical Information on Revenue and Non Current Assets

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

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

Particulars	Rs. In lakhs				
	Revenue from external customers		Non-current assets		
	Year ended March 31, 2017	Year ended March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
India	10,419.82	8,234.63	31,025.83	30,395.77	26,591.19
USA	15,194.03	11,112.60	-	-	-
Others	4,634.38	2,128.48	-	-	-

Non-current assets exclude those relating to MTD (as at the end of each reporting period) and includes Property, plant and equipments, Capital work in progress and Intangible assets.

41.7 Information on Revenues from Major Customers

Name of Customer	Rs. In lakhs	
	Revenue for the period ended March 31, 2017	Revenue for the period ended March 31, 2016
	The Boeing Company, USA	14,878.51
Redawa Motors Industry Pvt. Ltd.	522.47	2,071.93
RUAG Aerospace Structures GmbH	3,961.50	708.88
TATA Motors Limited (Holding Company)	3,272.77	2,798.95

Note - No other single customers contributed to 10% or more revenue for the year ended March 31, 2017 and March 31, 2016 other than disclosed above.

## 42. First-time Ind AS adoption reconciliations

## A. Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015

Particulars	Notes	Balance Sheet as at March 31, 2016			Opening Balance Sheet as at April 1, 2015		
		Regrouped previous GAAP (Refer note i)	Effects of Transition to Ind AS	Ind AS	Regrouped previous GAAP (Refer note i)	Effects of Transition to Ind AS	Ind AS
<b>I. ASSETS</b>							
(1) <b>Non-current assets</b>							
(a) Property, Plant and Equipment	a	8,449.07	18,519.19	26,968.26	4,855.62	14,289.53	19,145.15
(b) Capital Work-in-Progress	a	1,618.35	1,773.28	3,391.63	3,474.44	3,887.26	7,361.70
(c) Intangible assets		35.88	-	35.88	84.33	-	84.33
(d) Financial Assets		-	-	-	-	-	-
(i) Trade Receivables		35.00	-	35.00	35.00	-	35.00
(ii) Loans		74.38	-	74.38	79.13	-	79.13
(e) Deferred Tax Assets (net)	b	-	24.24	24.24	-	-	-
(e) Other Non-Current Assets	c	1,598.10	1,466.36	3,064.46	1,387.89	1,482.86	2,870.75
<b>Total Non-Current Assets</b>		<b>11,810.78</b>	<b>21,783.07</b>	<b>33,593.85</b>	<b>9,916.41</b>	<b>19,659.65</b>	<b>29,576.06</b>
(2) <b>Current assets</b>							
(a) Inventories		7,516.64	-	7,516.64	7,557.78	-	7,557.78
(b) Financial Assets:							
(i) Trade Receivables	d	6,817.86	121.42	6,939.28	3,785.96	49.84	3,835.80
(ii) Cash and Cash Equivalents		48.22	-	48.22	34.11	-	34.11
(iii) Loans		26.20	-	26.20	25.17	-	25.17
(iv) Other Financial Assets	e	-	43.95	43.95	-	-	-
(c) Other Current Assets	c,e,f	1,485.07	6.15	1,491.22	2,443.25	16.36	2,459.61
<b>Total Current Assets</b>		<b>15,893.99</b>	<b>171.52</b>	<b>16,065.51</b>	<b>13,846.27</b>	<b>66.20</b>	<b>13,912.47</b>
<b>TOTAL ASSETS</b>		<b>27,704.77</b>	<b>21,954.59</b>	<b>49,659.36</b>	<b>23,762.68</b>	<b>19,725.85</b>	<b>43,488.53</b>
<b>II. EQUITY AND LIABILITIES</b>							
(1) <b>Equity</b>							
(a) Equity Share Capital		11,500.00	-	11,500.00	10,000.00	-	10,000.00
(b) Other Equity		(4,503.22)	810.77	(3,692.45)	(3,012.28)	357.61	(2,654.67)
<b>Total Equity</b>		<b>6,996.78</b>	<b>810.77</b>	<b>7,807.55</b>	<b>6,987.72</b>	<b>357.61</b>	<b>7,345.33</b>
<b>Liabilities</b>							
(2) <b>Non-current liabilities</b>							
(a) Financial Liabilities:							
(i) Borrowings		1,965.40	-	1,965.40	-	-	-
(ii) Other Financial Liabilities		68.47	-	68.47	92.15	-	92.15
(b) Provisions	g	1,027.46	(32.50)	994.96	759.48	(11.96)	747.52
(c) Deferred Tax Liabilities (Net)		-	-	-	-	-	-
(d) Other Non Current Liabilities	a	1,655.13	18,850.43	20,505.56	2,404.86	17,406.62	19,811.48
<b>Total Non-Current Liabilities</b>		<b>4,716.46</b>	<b>18,817.93</b>	<b>23,534.39</b>	<b>3,256.49</b>	<b>17,394.66</b>	<b>20,651.15</b>
(3) <b>Current liabilities</b>							
(a) Financial Liabilities:							
(i) Borrowings	d	5,921.49	121.42	6,042.91	4,788.85	49.84	4,838.69
(ii) Trade Payables		6,475.09	-	6,475.09	6,000.15	-	6,000.15
(iii) Other Financial Liabilities		1,015.24	-	1,015.24	431.05	-	431.05
(b) Provisions		821.73	-	821.73	653.35	-	653.35
(c) Current Tax Liabilities (Net)		29.00	-	29.00	29.00	-	29.00
(d) Other Current Liabilities	a	1,728.98	2,204.47	3,933.45	1,616.07	1,923.74	3,539.81
<b>Total Current Liabilities</b>		<b>15,991.53</b>	<b>2,325.89</b>	<b>18,317.42</b>	<b>13,518.47</b>	<b>1,973.58</b>	<b>15,492.05</b>
<b>Total Liabilities</b>		<b>20,707.99</b>	<b>21,143.82</b>	<b>41,851.81</b>	<b>16,774.96</b>	<b>19,368.24</b>	<b>36,143.20</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,704.77</b>	<b>21,954.59</b>	<b>49,659.36</b>	<b>23,762.68</b>	<b>19,725.85</b>	<b>43,488.53</b>

## Note :

i. The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statement

B. Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Rs in lakhs

Particulars	Notes	As at March 31, 2016	As at April 1, 2015
Total equity (shareholder's funds) as per previous GAAP		6,996.78	6,895.11
Excess accrual of expenses (Refer Note below)		-	92.61
<b>Re-instated Total Equity</b>		<b>6,996.78</b>	<b>6,987.72</b>
<b>Adjustments:</b>			
Discounting of long term warranty provision	g	32.50	11.96
Amortisation of Cash received from Customer for acquiring Property, Plant and Equipment	a	3,733.74	1,810.00
Depreciation on property, plant and equipment	a	(2,925.31)	(1,392.58)
Amortisation of premium paid on leasehold land	c	(88.14)	(71.77)
Fair valuation of financial assets including derivatives	e,f	33.74	-
Tax effect on re-measurement of defined benefit obligation	b	24.24	-
<b>Total adjustment to equity</b>		<b>810.77</b>	<b>357.61</b>
<b>Total equity under Ind AS</b>		<b>7,807.55</b>	<b>7,345.33</b>

Note: During earlier years the Company had erroneously accrued excess liability for expenses which has been adjusted in the opening balance sheet. Accordingly, "Other Income" under "Regrouped previous GAAP" in Note 42C has been restated.



Rs in lakhs

Particulars	Notes	Year ended March 31, 2016		
		Regrouped previous GAAP (Refer note below)	Effects of Transition to Ind AS	Ind AS
I. Revenue From Operations	a,h	17,647.92	2,552.14	20,200.06
II. Other Income	e,f	1,241.91	33.74	1,275.65
III. Total Income (I+II)		<b>18,889.83</b>	<b>2,585.88</b>	<b>21,475.71</b>
IV. Expenses:				
(a) Cost of materials consumed		11,281.43	-	11,281.43
(b) Changes in inventories of finished goods, Work-in-Progress		(749.93)	-	(749.93)
(c) Excise duty on sale of goods	h	-	628.40	628.40
(d) Employee benefits Expense	b	3,411.24	(73.33)	3,337.91
(e) Finance costs	g	560.61	2.44	563.05
(f) Depreciation and amortisation Expense	a,c	438.99	1,532.73	1,971.72
(g) Other Expenses	c,g	3,997.17	(6.61)	3,990.56
(h) Expenditure transferred to Capital and Other Accounts		(575.50)	-	(575.50)
Total Expenses (IV)		<b>18,364.01</b>	<b>2,083.63</b>	<b>20,447.64</b>
V. Profit before tax (III-IV)		<b>525.82</b>	<b>502.25</b>	<b>1,028.07</b>
VI. Tax expense:				
(a) Current tax		-	-	-
(b) Deferred tax		-	-	-
VII. Profit from continuing operations for the year (V-VI)		<b>525.82</b>	<b>502.25</b>	<b>1,028.07</b>
VIII. Loss from discontinued operations before tax		(2,016.76)	-	(2,016.76)
IX Tax expense of discontinued operations		-	-	-
X Loss from discontinued operations (after tax)(VIII - IX)		<b>(2,016.76)</b>	<b>-</b>	<b>(2,016.76)</b>
XI Profit/(Loss) for the year (VII + X)		<b>(1,490.94)</b>	<b>502.25</b>	<b>(988.69)</b>
XII Other comprehensive income:				
(A) Items that will not be reclassified to profit and loss:				
(a) Remeasurement of defined benefit obligations (net)	b	-	(73.33)	(73.33)
(b) Tax effect of remeasurement of defined benefit liabilities / (Assets)	b	-	24.24	24.24
Total Other comprehensive income for the period (XII)		-	<b>(49.09)</b>	<b>(49.09)</b>
XIII Total comprehensive income for the year (XI+XIII)		<b>(1,490.94)</b>	<b>453.16</b>	<b>(1,037.78)</b>

Note: The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.



TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statement

D. Reconciliation of total comprehensive loss for the year ended March 31, 2016

Particulars	Notes	Rs in lakhs	
		As at March 31, 2016	
Restated loss as per previous GAAP for the year ended March 31, 2016		1,490.94	
<b>Adjustments:</b>			
Discounting of long term warranty provision	g	(20.53)	
Amortisation of Cash received from Customer for acquiring Property, Plant and Equipment	a	(1,923.74)	
Depreciation on property, plant and equipment	a	1,532.73	
Amortisation of premium paid on leasehold land	c	16.36	
Fair valuation of financial assets including derivatives	e,f	(33.74)	
Remeasurement of defined benefit obligation in other comprehensive income under Ind AS	b	(73.33)	
<b>Total adjustments</b>		<b>(502.25)</b>	
<b>Loss for the year ended March 31, 2016 as per Ind AS</b>		<b>988.69</b>	
Other comprehensive loss for the year (net of tax)		49.09	
<b>Total Comprehensive loss under Ind AS</b>		<b>1,037.78</b>	

E. Reconciliation of cash flows for the year ended March 31, 2016

Particulars	Notes	Rs in lakhs		
		Year ended March 31, 2016		
		Regrouped previous GAAP	Effects of Transition to Ind AS	Ind AS
Net Cash Flow from operating activities	a,c,g	(1,491.96)	3,009.59	1,517.63
Net Cash Flow from investing activities	a,c,g	(2,460.76)	(3,078.72)	(5,539.48)
Net Cash Flow from financing activities	d,g	3,966.83	69.13	4,035.96
<b>Net increase/(decrease) in cash and cash equivalent</b>		<b>14.11</b>	<b>-</b>	<b>14.11</b>
<b>Cash and cash equivalents as at April 1,2015</b>		<b>34.11</b>	<b>-</b>	<b>34.11</b>
<b>Cash and cash equivalents as at March 31,2016</b>		<b>48.22</b>	<b>-</b>	<b>48.22</b>



## F. Explanatory Notes on reconciliation of Balance Sheet and Profit and Loss Account between IGAAP and Ind AS as reported as at March 31, 2017

- a Certain customers have compensated the Company for its cost of fixed assets which are used to supply goods to the customers. Under previous GAAP, these assets were valued at Re.1 (net of compensation received). Under Ind AS 16, Property, Plant and Equipments acquired / capitalised are measured at their fair values. As per Appendix C: Transfer of Assets from Customers to Ind AS 18: Revenue, the amount received have been recognised as "cash received from customer for acquiring property, plant and equipment" under other current liabilities for recognising the same over the useful life of the corresponding assets. Consequently, Rs. 23,031.85 lakhs are capitalised in fixed assets (Plant and Machinery) as at March 31, 2016 (As at April 1, 2015 - Rs. 17,253.10 lakhs) by recognising as 'cash received from customer for acquiring property, plant and equipment'".

Depreciation of Rs. 1,532.73 lakhs (April 1, 2015 - Rs. 1,392.58 lakhs) has been charged on these assets based on useful life of Property, Plant and Equipments. The compensation received from customer towards capital expenditure is amortised on straight line basis over the useful life of Property, Plant and Equipments and included in other operating revenue under revenue from operations under Ind AS. Total amount of compensation recognised in the Statement of Profit and Loss for the year ended March 31, 2016 is Rs. 1,923.74 lakhs (April 1, 2015 - Rs. 1,810 lakhs).

Under IGAAP, the cost incurred for assets procured and lying in capital work in progress (being expenditure incurred but pending capitalisation) was reduced by an equivalent amount of compensation received and capital work in progress was disclosed at Re.1 under previous GAAP. Under Ind AS, the capital work in progress have been measured at their fair values as at March 31, 2016 and April 1, 2015. Consequently, Rs. 1,773.28 lakhs and Rs. 3,887.26 lakhs have been recorded in capital work in progress as fair value of assets disclosed at Re.1 as at March 31, 2016 and April 1, 2015 recognising as "cash received from customer for acquiring property, plant and equipment".

- b Under previous GAAP, all actuarial gains and losses on valuation of net defined benefit liabilities were recognised in the Statement of profit and loss. Under Ind AS 19, certain actuarial gains and losses on remeasurement of net defined benefit liability are which is recognised in the statement of other comprehensive income with its associated tax effect.
- c Under previous GAAP, the premium paid for Leasehold Land at Nagpur was capitalised as property, plant and equipments (PPE) which was depreciated over the lease period of 99 years. Under Ind AS, based on criteria mentioned in Ind AS 17, leasehold land is classified as an operating lease and accordingly the net book value of Leasehold land of Rs. 1499.22 lakhs is reclassified from PPE into Other Non-current (Non Financial) assets - Rs.1482.86 lakhs and to Other Current (Non Financial) assets - Rs. 16.36 lakhs as at April 1, 2015. The amortisation as at April 1, 2015 of Rs. 71.77 lakhs is recognised in total equity resulted into increase in total equity as at 31 March 2015 and no impact as at 31 March 2016. Corresponding depreciation for the year ended 31 March 2016 of Rs. 16.36 lakhs is re-classification from depreciation to other expenses.
- d As per Ind AS, the Company has recognised secured short term borrowing equal to the amount trade receivable discounted with banks and has continued to recognise the trade receivables since the Company retains substantially all the risk and reward of ownership of the related trade receivables. Under the previous GAAP, the trade receivable were derecognised at the time they were discounted with banks and a contingent liability was disclosed equal to the amount received from banks. The Company has availed exemption granted under Ind AS 101 in respect of financial assets derecognised prior to April 1, 2015. Consequently, trade receivables discounted with banks is recognised as short term borrowings Rs. 121.42 lakhs as at March 31, 2016 and Rs. 49.84 lakhs as at April 1, 2015. This change does not affect total equity as at March 31, 2016 and April 1, 2015.
- e Under previous IGAAP, the Company has provided for losses in respect of all outstanding derivative contracts as at the balance sheet date by marking them to market and any unrealised gains on such mark to market were not recognised. Under Ind AS, all derivative financial instruments are fair valued which changes in fair value are recognized in the statement of profit and loss. Consequently, Rs. 43.95 lakhs has been recognised as forward contract receivable resulted into increase in the total equity as at March 31, 2016 and decrease in total loss for the year ended March 31, 2016.
- f Under previous GAAP, premium or discount on forward contracts was amortised over the life of a contract. Under Ind AS, the premium or discount at the inception of a forward contract is recognised in the statement of Profit and Loss. Consequently, unamortised premium for Rs. 10.21 lakhs is recognised in total equity as at March 31, 2016 resulted into decrease in the total equity as at March 31, 2016 and increase in total loss for the year ended March 31, 2016.
- g Under the previous GAAP, discounting of provisions, including long term provisions, was not permitted and provisions were measured at best estimate of the expenditure required to settle the obligation as at the balance sheet date without considering the effect of discounting. Under Ind AS, provisions are measured at discounted amounts, if the effect of time value of money is material and the unwinding of the discount is recognised as a finance cost. Consequently, warranty provision is discounted by Rs. 20.54 lakhs for the year ended March 31, 2016 resulted into increase in total equity as at March 31, 2016 and decrease in total loss for the year ended March 31, 2016 and Rs. 11.96 lakhs is recognised as at April 1, 2015 in total equity. Further, unwinding of discount for the year ended March 31, 2016 is Rs. 2.44 lakhs is recognised as finance cost.
- h Under previous GAAP, revenue from sale of products was presented net of excise duty under revenue from operations. Under Ind AS, revenue from operations includes excise duty. The corresponding excise duty expense is presented separately on the face of Statement of Profit and Loss. The change does not affect total equity as at March 31, 2016 and April 1, 2015 and total loss for the year ended March 31, 2016. Consequently, revenue from operations for the year ended March 31, 2016 includes excise duty of Rs. 628.40 lakhs.



**TAL Manufacturing Solutions Limited**

**Notes forming part of the Financial Statements**

43. The Company has received Rs. 27,903.42 lakhs from customers which must only be used only to construct or acquire items of property, plant and equipment to provide the customers with ongoing access to supply of goods. In accordance with Appendix C: *Transfer of Assets from Customers* to Ind AS 18: *Revenue*, the Company is recognising revenue over the average useful life of the constructed/acquired items of property, plant and equipment used for the purpose of providing ongoing service. The unamortised balance is carried forward as "Cash received from customer for acquiring property, plant and equipment" under "Note 20". The items of property, plant and equipment are in accordance with Note 2(C)(i) and (j).
44. Previous year's/period's figures have been regrouped/ restated wherever necessary to conform with this period's classification.

  
Director

Director

Place: Pune

Date: 11<sup>th</sup> May, 2017





By Email.....

Annual General Meeting (Sr No)

17<sup>th</sup>

TAL/AGM/17/2017-18  
July 14<sup>th</sup>, 2017

To,  
The Member(s)/ Directors/ Auditors of  
M/s TAL Manufacturing Solutions Ltd

## NOTICE

**Sub: 17<sup>th</sup> Annual General Meeting – 05<sup>th</sup> August 2017 Time: 04:00 PM**

**NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF TAL MANUFACTURING SOLUTIONS LIMITED ('Company')** will be held on **Saturday, 05<sup>th</sup> August, 2017** at 04:00 PM at the Company's Registered Office at PDO Building, TATA Motors Campus, Chinchwad, Pune 411 033 to transact the following business:-

### **Ordinary Business:**

1. To receive, consider and adopt the Audited Standalone Financial Statements for the year ended March 31, 2017 inter-alia includes Audited Profit & Loss Accounts, Balance Sheet and Cash Flow as at that date, together with the Boards' Report and the Report of the Auditors' thereon.
2. To appoint a Director in place of Mr. Rajesh Khatri (DIN: 03620093) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors), Rules 2013 & recommendations made by the Audit Committee, the appointment of M/s. B S R & Co, LLP, Chartered Accountants with ICAI Registration Number:101248W/W-100022, as Statutory Auditors of the Company to examine & conduct the statutory audit of Books of Accounts of the Company be and is hereby approved & recommended to the Members of the Company for appointment at the ensuing 17<sup>th</sup> Annual General Meeting for a period upto conclusion of twenty second Annual General Meeting of the Company to be held in the year 2022 effective from Q2 of FY 2017-18 on such remuneration as may be mutually agreed.

**RESOLVED FURTHER THAT** Mr. Santanu Sil, Chief Financial Officer and Mr. Jagdish Shirke, Company Secretary of the Company be and are hereby, severally, authorised to take all such actions and give all such directions, or do all such acts, deeds, matters and things as may be necessary for the aforesaid purpose."



**Special Business:**

**4. Remuneration to the Cost Auditor for the Financial Year ending March 31, 2018:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148(3) and such other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules 2014, as amended from time to time, the remuneration of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousands) plus service tax, out-of-pocket, travelling and living expenses incurred in connection with the audit, as recommended by the Audit Committee and approved by the Board payable to M/s Mani & Co., Cost Accountants (Firm Registration No. 000004) as Cost Auditors to conduct the Audit of the relevant cost records of the Company as prescribed under the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, for the financial year ending March 31, 2018 be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

**NOTES:**

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013, in respect of the Special Business under item 4 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing Proxy as per the format included in the Annual Report should be returned to the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or a Member.

By Order of the Board of Directors

**For TAL Manufacturing Solutions Limited**

**Sd/-**  
**Jagdish Shirke**  
Company Secretary  
Membership No - FCS 6691  
Pune, July 14, 2017



## EXPLANATORY STATEMENT

### Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013

#### Item No.4 of the Notice

The Board of Directors on the recommendation of Audit Committee has approved the appointment of M/s Mani & Co., Cost Accountants to conduct the audit of the cost records of the Company for Financial Year ended 31 March 2018, at the remuneration upto Rs. 1,50,000/- plus service tax as applicable and out of pocket expenses on actual basis.

Pursuant to provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to the Cost Auditor has to be ratified by the members of the Company. The Board recommends resolution set out in Item no. 4 of the notice for approval and ratification by the members of the Company.

None of the directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in this resolution.

**For TAL Manufacturing Solutions Limited**

**Sd/-**  
**Jagdish Shirke**  
Company Secretary  
Membership No - FCS 6691

Pune, July 14, 2017

#### **Registered Office:**

TAL Manufacturing Solutions Ltd,  
PDO Building, TATA Motors Campus,  
Chinchwad, Pune 411 033  
CIN: U29100PN2000PLC130290  
Tel: 020 – 6613 5509/Fax: 020- 6613 6318  
[www.tal.co.in](http://www.tal.co.in)



## TAL MANUFACTURING SOLUTIONS LIMITED

(CIN: U29100PN2000PLC130290)

Regd. Office: PDO Building, TATA Motors Campus, Chinchwad Pune 411 033 Tel: 91 20 6613 5509,  
Fax: 91 20 6613 5578, CIN: U29100PN2000PLC130290. [www.tal.co.in](http://www.tal.co.in)

---

### Attendance Slip

I \_\_\_\_\_, Authorised Representative, For & on behalf of \_\_\_\_\_ Folio No \_\_\_\_\_ record my presence at 17<sup>th</sup> Annual General Meeting of the Company held on 05<sup>th</sup> August, 2017 at 04:00 PM at the registered office of the Company at PDO Building, Tata Motors Campus, Chinchwad, Pune – 411033 (Maharashtra).

Signature of the Member/Representative/Proxy



**PROXY FORM**

**FORM NO. MGT – 11**

***[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]***

Name of the Member (s) :  
Registered Address :  
E-mail Id :  
Folio/ DP ID- Client ID No. :

I/We being the member(s) of ..... shares of the above named Company, hereby appoint

1. Name : .....

Address .....

E-mail Id .....

Signature .....

or Failing him

2. Name : .....

Address .....

E-mail Id .....

Signature .....

or Failing him

3. Name : .....

Address .....

E-mail Id .....

Signature .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the \_\_\_<sup>th</sup> Annual General Meeting of the Company, to be held on the ..... day of ..... at ..... (place) and at any adjournment thereof in respect of such resolutions as are indicated below :



Resolution No.	Resolutions		
<b>ORDINARY BUSINESS - ORDINARY RESOLUTION :</b>			
1.	To receive, consider and adopt the Audited Financial Statements for the year ended March 31, 2017 inter-alia includes Audited Profit & Loss Accounts, Balance Sheet and Cash Flow as at that date, together with the Boards' Report and the Report of the Auditors' thereon.		
2.	To appoint a Director in place of Mr. Rajesh Khatri (DIN: 03620093) who retires by rotation and being eligible, offers himself for re-appointment.		
3.	To appoint the Statutory Auditors' for FY 2017-18 and to fix their remuneration.		
<b>SPECIAL BUSINESS – ORDINARY RESOLUTION :</b>			
4.	Remuneration to the Cost Auditor for the Financial Year ending March 31, 2018.		
Affix 1 Re. Revenue Stamp			

Signed this ..... Day of .....2017

Signature of Member .....

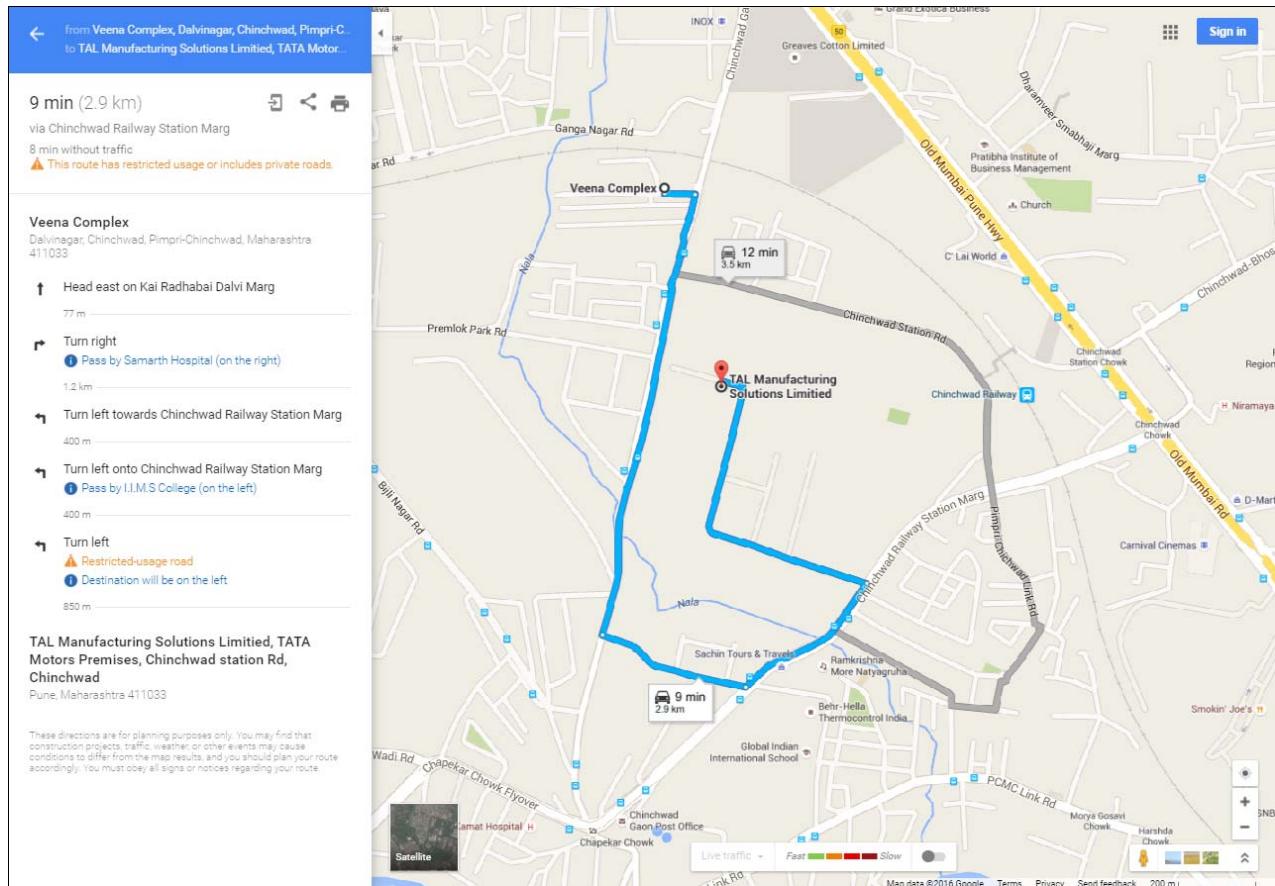
Signature of Proxy holder (s).....

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 17<sup>th</sup> Annual General Meeting.
3. Please complete all details including details of member(s) in above box before submission.



## Route Map of the Venue of the Meeting:



Yours Truly,

**For TAL Manufacturing Solutions Limited**

**Sd/-  
Jagdish Shirke  
Company Secretary**

Membership No: FCS 6691

|Cell- 7722074356 | Email: [jagdish.shirke@tal.co.in](mailto:jagdish.shirke@tal.co.in) |

**Encl: Annual Report**

**Note:**

1. This communication is being issued to the addressee at the email address registered & available with the Company as on date. In case of any change therein, please intimate us.