

TATA CAPITAL FOREX LIMITED
(Formerly 'T T HOLDINGS & SERVICES LIMITED')
Annual Report 2015-16

DIRECTORS' REPORT

TO THE MEMBERS OF TATA CAPITAL FOREX LIMITED (FORMERLY 'T T HOLDINGS & SERVICES LIMITED')

The Directors have pleasure in presenting their Tenth Annual Report and the Audited Financial Statements of the Company for the Financial Year ("FY") ended March 31, 2016.

1. BACKGROUND AND OPERATIONS

Tata Capital Forex Limited ("TCFL" or "Company") is a wholly owned subsidiary of Tata Capital Limited ("TCL") and has a network of 25 licensed locations spread across 16 cities in the country. The Company holds a 'Full Fledged Money Changer' ("FFMC") licence from the Reserve Bank of India ("RBI") for engaging in the money changing business of sale and purchase of foreign currency notes, travel cards and traveller's cheques, which is renewed from time to time and the last renewal is valid till October 31, 2016.

A large share of the Company's revenue is from corporate customers. The Company continues to have to contend with aggressive pricing from its competitors, including banks that have started moving into the corporate sphere for offering forex services through their direct channels. However, even in this aggressive market, the Company succeeded in increasing its customer base by acquiring 300 new customers, including some large clients during the year. The Company continues to work closely with the retail finance team of its fellow subsidiary, Tata Capital Financial Services Limited ("TCFSL"), to generate leads for the retail business. The Company is also looking at alternate revenue streams in fee based income to boost its revenues and to offer such referral support for other similar arrangements.

As part of its strategy to increase travel card sales, the Company sold over USD 115 million of travel cards in FY 2015-16 crossing the level of USD 100 million for the first time, representing a growth of 80% in this product and continued to be amongst the top sellers of travel cards. This enabled the Company to increase its revenue during the year.

The Company was able to achieve a growth of 15% in its total revenue and recorded revenue of ₹ 18.06 crore for the year (Previous Year: ₹ 15.60 crore). The Company incurred certain one-off costs during the year which resulted in its profitability being affected. Consequently, for the year under review, the Company had a loss of ₹ 1.24 crore (Previous Year: Loss of ₹ 3.04 crore).

2. FINANCIAL RESULTS

The performance of the Company for the FY ended March 31, 2016 is summarized below:

(₹ in lakh)

Particulars	FY 2015-16	FY 2014-15
Total Income	1805.56	1560.79
Total Expenditure	1837.48	1864.95
Net Profit/(Loss) before exceptional item and tax	(31.92)	(304.15)
Exceptional Item	(92.53)	-
Net Profit/(Loss) before tax	(124.45)	(304.15)
Provision for Tax (including deferred tax)	-	-
Net Profit/(Loss) after tax	(124.45)	(304.15)
Balance brought forward from the Previous Year	(845.14)	(540.99)
Amount available for appropriation	(969.59)	(845.14)
Appropriations	-	-
Surplus/(Loss) carried to Balance Sheet	(969.59)	(845.14)

3. SHARE CAPITAL

The Authorised Share Capital of the Company is ₹ 20,00,00,000 consisting of 2,00,00,000 Equity Shares of ₹ 10/- each and the Subscribed and Paid-up Share Capital of the Company as on March 31, 2016 was ₹ 10,43,39,690 consisting of 1,04,33,969 Equity Shares of ₹ 10/- each, fully paid.

During the year, the Authorized Share Capital of the Company was increased from ₹ 11,00,00,000 to ₹ 20,00,00,000 by the addition of 90,00,000 Equity Shares of ₹ 10 each taking into consideration the expansion plans of the Company.

4. DIVIDEND

In view of the loss incurred by the Company in FY 2015-16, the absence of distributable profits and the future business plans of the Company, the Board of Directors do not recommend any dividend for the year on the Equity Share Capital of the Company.

5. FINANCE

The Company has met its long term fund requirements through equity infusion and its working capital requirements through Inter Corporate Deposits from TCL, the holding company.

6. RISK MANAGEMENT POLICY

A Risk Management Policy for the Company has been adopted by the Board. The Company's Risk management strategy includes analysis of identified risks and devising methodologies and policies for managing, monitoring and reporting of risks. The Policy defines, inter alia, the prudential limits and exception approval metrics. The Policy also encompasses the process of risk assessment of new product offerings. Various reports are used to monitor the triggers in cases of breaches in the pre-accepted levels of identified risks that are handled in accordance with the Policy. Risk Management Reports are reviewed by the Senior Management, the Audit Committee of the Board and the Board of Directors.

7. INTERNAL CONTROL SYSTEMS

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board which also reviews the adequacy and effectiveness of the internal controls in the Company.

The Company also has a concurrent audit mechanism to quickly spot errors and enable prompt corrective action and to provide the Management with continuous feedback on the operations at its branches vis-à-vis the regulatory framework and the Standard Operating Procedures set up by the Company to undertake its business.

The Company's internal control system is commensurate with the size, nature and operations of the Company.

8. INTERNAL FINANCIAL CONTROLS

The Management had appointed an external consultant and formed a Cross Functional Team ("CFT") comprising Operating Managers, Internal Audit, Risk and Statutory Auditors to document and evaluate the design, adequacy and operating effectiveness of the internal financial controls of the Company, broadly in accordance with the criteria established under the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Entity Level Control framework document based on COSO 2013 framework has been documented. The documentation of process maps, key controls, standard operating procedures and risk registers has been completed for all businesses and functions under the supervision of the CFT. Further, during FY 2015-16, Management testing has been conducted on a sample basis for all key processes and remedial action has been taken or agreed upon with a finite closure date where control weaknesses were identified. The Internal Audit team has also conducted a review of the Internal Financial Controls and remedial action has been taken or agreed upon with a finite closure date where control weaknesses were identified. There are no material financial controls related observations outstanding as at March 31, 2016.

Based on the aforementioned, the Management believes adequate internal financial controls exist in relation to its Financial Statements.

9. HUMAN RESOURCES

The employee strength of the Company as on March 31, 2016 was 166. The Company recognizes the value of its human capital and is continuously upgrading the skill levels of its workforce in key areas such as foreign exchange management and regulatory compliances. Towards this end, the Company exposed its front end sales teams to experiential sales training and also conducted for its Branch Managers a comprehensive program to provide them with an all round perspective of business.

10. CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

The provisions of Section 135 of the Companies Act, 2013 (“Act”) relating to CSR are not applicable to the Company.

11. COMPLIANCE

The Company has complied with all the applicable statutory / regulatory provisions of the Act, the Foreign Exchange Management Act and other applicable rules / regulations / circulars / guidelines / notifications issued from time to time, and has taken relevant steps to remedy any non-compliances reported in the concurrent audit.

The Company has deployed “ComplianceCheck” (“Application”), an online platform to report and monitor compliances. The Application has features such as generation of compliance task alerts to Performer, escalation mechanism to Reviewer and Business/Functional Heads and Compliance Officer, generation of compliance reports and updating the compliance tasks based on regulatory developments. The compliance status reports are submitted, on a regular basis, to the Chief Executive Officer and are placed before the Board on a half yearly basis.

12. REGULATORY ACTION

There are no significant and material orders passed by the regulators or courts or tribunals which would impact the going concern status and operations of the Company in future.

13. REPORTING OF FRAUD

During the year, there were no frauds by the Company. During the FY, one of the employees of the Company located at the Chennai Branch misappropriated foreign currencies viz. USD, GBP and EURO amounting to ₹ 16,31,317/- (approximately equivalent to USD 25,175).On the misappropriation being discovered in October 2015, an enquiry was conducted by the Company and the concerned employee was terminated from the services of the Company. Further, a First Information Report was lodged with the local police station informing them about the incident. Police investigation is currently under progress. The Company has lodged a claim with the Insurance Company for recovery of the loss and has also made an appropriate provision in its books of account.

The Company has analysed the incident in detail and has strengthened its Concurrent Audit mechanism so as to ensure that such incidents do not recur.

14. DEPOSITS

The Company did not hold any public deposits at the beginning of the year nor has it accepted any public deposits during the year under review.

15. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During FY 2015-16, the Company has not made any investments, granted any loans to any person or body corporate, given guarantees or provided security in connection with loans to any other body corporate or persons in terms of Section 186 of the Act.

16. DIRECTORS

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Govind Sankaranarayanan is liable to retire by rotation at the ensuing Annual General Meeting (“AGM”) and is eligible for re-appointment.

The Company has received declarations from the Independent Directors viz. Mr. Dalal and Mr. Nadkarni, stating that they meet the criteria of independence as provided in Section 149(6) of the Act. In the opinion of the Board, Mr. Dalal and Mr. Nadkarni continue to fulfill the conditions specified in the Act and the applicable Rules framed thereunder and qualify for continuing as Independent Directors and that they are independent of the Management of the Company. Mr. Dalal and Mr. Nadkarni, being Independent Directors of the Company, are not liable to retire by rotation.

17. EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the individual Directors (including the Chairman) as well as an evaluation of the working of all Board Committees. The Board of Directors was assisted by the Nomination and Remuneration Committee (“NRC”). The performance evaluation was carried out by seeking inputs from all the Directors / Members of the Committees, as the case may be, and discussions with the Directors by the Chairman of the NRC.

The criteria for evaluating the performance of the Board as a whole covered various aspects of the Board's functioning such as fulfillment of key responsibilities, structure of the Board and its composition, establishment and delineation of responsibilities of the Board Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics, etc. The criteria for evaluation of individual Directors covered parameters such as attendance and contribution at meetings, guidance to Management, etc. The criteria for evaluation of the Board Committees covered areas related to degree of fulfillment of key responsibilities, adequacy of Board Committee composition, effectiveness of meetings, Committee dynamics, quality of the relationship of the Committee with the Board and the Management, etc.

Pursuant to the provisions of Schedule IV to the Act, the Independent Directors had held their separate meeting on March 22, 2016. The feedback of the Independent Directors on their review of the performance of Non-Independent Directors and of the Board as a whole, the performance of the Chairman of the Company and the assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board, was taken into consideration by the Board in carrying out the performance evaluation.

18. POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY OF THE COMPANY

In accordance with the provisions of Section 178 of the Act, the Board of Directors have adopted a Policy on Board Diversity and Director Attributes and a Remuneration Policy. The Policy on Board Diversity and Director Attributes has been framed to encourage diversity of thought, experience, knowledge, perspective, age and gender in the Board. The Remuneration Policy for Directors, Key Managerial Personnel and all other employees is aligned to the commitment of fostering a culture of leadership with trust. The Remuneration Policy aims to ensure that the level and composition of the remuneration of the Directors, Key Managerial Personnel and all other employees is reasonable and sufficient to attract, retain and motivate them to successfully run the Company. The Policy on Board Diversity and Director Attributes as also the Remuneration Policy of the Company are attached as 'Annexure A' and 'Annexure B', respectively.

19. 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 and Statutory Auditors 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 FY 2015-16.

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

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures therefrom;
- b. they have selected such accounting policies and 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 and of the loss and the cashflows of the Company for the year;
- c. they had taken proper and sufficient care for the 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 fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis; and
- e. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

20. CORPORATE GOVERNANCE

The Company recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. A summary of the Corporate Governance measures adopted by the Company is given below:

i. Board of Directors

The composition of the Board of Directors of the Company is in compliance with the requirements of the Act. During FY 2015-16, seven Meetings of the Board of Directors were held on April 15, 2015, April 22, 2015, July 24, 2015, September 24, 2015, October 21, 2015, January 21, 2016 and March 3, 2016 respectively. Details of the composition of the Board and the attendance of the Directors at Board Meetings are given below:

Name of Director	Director Identification Number	Category	Board Meetings		Whether present at previous AGM held on June 30, 2015
			Held	Attended	
Mr. S H Rajadhyaksha, Chairman	00020465	Non- Executive Director ("NED")	7	7	Yes
Mr. Govind Sankaranarayanan	01951880	NED	7	6	Yes
Mr. Puneet Sharma	06964749	NED	7	5	Yes
Mr. Prabhakar Dalal	00544948	Independent Director("ID")	7	7	No
Mr. Sudhir Nadkarni	07105458	ID	7	7	No

During FY 2015-16, the Company paid sitting fees for attending meetings of the Board and its Committees only to Mr. Prabhakar Dalal and Mr. Sudhir Nadkarni, Independent Directors, aggregating ₹ 1,90,000/- each, which is within the limits prescribed by the Act, for attending Board and its Committee meetings. None of the Directors drew any other remuneration from the Company in the nature of salary, commission, benefits, bonuses or pensions during FY 2015-16.

None of the Directors on the Board hold directorships in more than ten public companies.

ii. Committees of the Board

The Board has constituted Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These are the Audit Committee and the NRC. The Company Secretary is the Secretary of the aforementioned Committees. The minutes of the meetings of all Committees of the Board are placed before the Board for discussion / noting.

(a) Audit Committee

The Audit Committee of the Board comprises Mr. Sudhir Nadkarni, ID, Chairman, Mr. S.H. Rajadhyaksha, NED and Mr. Prabhakar Dalal, ID. The composition of the Audit Committee is in line with the provisions of Section 177 of the Act. All the Members have the ability to read and understand the financial statements and have relevant finance and/or audit experience. Besides the Members of the Audit Committee, meetings of the Audit Committee are attended by the Chief Executive Officer, Statutory Auditors, Internal Auditor and the Company Secretary. The Internal Audit function is outsourced to M/s. Borkar & Muzumdar, Chartered Accountants, and is overseen by the Chief Internal Auditor of TCL, the holding company. The Internal Audit function reports to the Chairman of the Audit Committee to ensure independence of operations. The Board has accepted all the recommendations made by the Audit Committee during the year.

The Board has adopted an Board Audit Committee Charter which lays down the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act.

The scope of the Audit Committee, inter alia, includes the following:

- Recommend the appointment and removal of the Auditors and their remuneration, nature and scope of audit
- Ensure adequacy of internal controls and compliances and recommend remedial measures
- Review adequacy of the Internal Audit function
- Review and monitor the auditors' independence and performance and effectiveness of the audit process
- Oversee financial reporting process and disclosure of financial information
- Examine the financial statements and the auditors' report thereon
- Evaluate internal financial controls and the risk management systems
- Act as a link between the Statutory Auditors, Internal Auditors and the Board of Directors
- Review accounting policies
- Monitor compliance with the Tata Code of Conduct ("TCOC")
- Approve any transactions of the Company with related parties or any subsequent modifications thereof
- Scrutinise inter-corporate loans and investments
- Evaluate the valuation of undertakings or assets of the company, if necessary

- Monitor the end use of funds raised through public offers and related matters
- Review findings of internal investigations / frauds / irregularities, etc.
- Carry out additional functions as contained in regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee

During FY 2015-16, six Audit Committee Meetings were held on April 22, 2015, July 24, 2015, October 21, 2015, November 26, 2015, January 21, 2016 and March 22, 2016 respectively. The attendance of the Members of the Audit Committee at its Meetings held during FY 2015-16, is given below:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. S.H. Rajadhyaksha	NED	6	6
Mr. Prabhakar Dalal	ID	6	6
Mr. Sudhir Nadkarni	ID	6	6

(b) Nomination and Remuneration Committee

The NRC of the Board comprises Mr. Prabhakar Dalal, Independent Director, Chairman, Mr. Govind Sankaranarayanan, Non-Executive Director, Mr. S. H. Rajadhyaksha, Non-Executive Director and Mr. Sudhir Nadkarni, Independent Director. The composition of the NRC is in line with the provisions of Section 178 of the Act.

The NRC considers the competency requirements of the Board based on the industry and the strategy of the Company, conducts a gap analysis and recommends the reconstitution of the Board, as and when required. It also recommends to the Board, the appointment of Directors having good personal and professional reputation and conducts reference checks and due diligence and assesses the 'fit and proper' status of all Directors before recommending them to the Board. Besides the above, the NRC ensures that the new Directors are familiarized with the operations of the Company and endeavours to provide relevant training to the Directors. The role of the Committee is in line with that prescribed under the Act and as required by the Master Circular issued by the Reserve Bank of India for money changing activities.

One meeting of the NRC was held during FY 2015-16 on April 15, 2015 which was attended by all the Members of the Committee.

The Chairman of the NRC had authorized Mr. S H Rajadhyaksha, Member of the NRC, to attend the last AGM, on his behalf.

iii. **Manager**

The appointment of Mr. Dhan Tata as Manager of the Company for a period of five years with effect from February 1, 2013, was approved by the Board of Directors at its Meeting held on January 24, 2013 and by the Members at the Annual General Meeting of the Company held on June 18, 2013.

Based on the recommendation of the NRC, the Directors approved of an Incentive Remuneration of ₹ 9,15,240 payable to Mr. Dhan Tata for FY 2015-16. With this, the total remuneration of Mr. Dhan Tata for FY 2015-16 is ₹ 88,43,096/-

The terms and conditions, inter alia, of the appointment and remuneration of Mr. Dhan Tata, as per the Agreement dated July 29, 2013, executed by the Company and Mr. Dhan Tata are as given below:

Remuneration	Salary - ₹ 2,00,000/- per month upto a maximum of ₹ 3,00,000/- per month. The annual increments which will be effective 1st April each year, will be decided by the Board or any Committee thereof and will be merit based and take into account the Company's performance as well. Commission, if any, or Incentive Remuneration not exceeding ₹ 50,00,000/- to be paid based on certain performance criteria and such other parameters as laid down by the Board or Committee thereof, as may be considered appropriate from time to time. In addition to the benefits, perquisites and other allowances as per the Agreement upto 55% of the Salary, House Rent Allowance are payable.
Minimum Remuneration	Where in any financial year during the currency of the tenure of the Manager, the Company has no profits or its profits are inadequate, the Company will pay remuneration for a period not exceeding 3 years by way of Salary, Benefits, Perquisites and Allowances and Incentive Remuneration as specified above.

Term & Termination	The term of the appointment of Mr. Dhan Tata is five years with effect from February 1, 2013. The Agreement with Mr. Dhan Tata may be terminated by Mr. Dhan Tata giving three months notice of such termination or the Company paying three months remuneration in lieu of such notice.
Other Terms	The said terms and conditions also include clauses pertaining to adherence with the TCOC, including no conflict of interest with the Company, non-compete and maintenance of confidentiality.

The following are the details of the Equity Shares of TCL, the holding company, offered to and exercised by Mr. Dhan Tata under the Tata Capital Limited Employee Stock Purchase / Option Scheme of TCL ("Scheme")

Scheme	Offered	Exercised
2009	1,16,210	1,16,210
2011	46,667	15,556
2013	12,527	-
2016	10,000	-

iv. Key Managerial Personnel

Mr. Dhan Tata is the Chief Executive Officer and Chief Financial Officer and a Key Managerial Person ("KMP") of the Company.

The Board of Directors had, at its Meeting held on September 24, 2015, appointed Ms. Megha Sekharan as Company Secretary and a Key Managerial Person of the Company, with effect October 1, 2015. Ms. Raina Bhansali was the Company Secretary of the Company till April 30, 2015.

v. The Board has adopted the following policies for the Company:

- a) Tata Code of Conduct 2015
 - b) Know Your Customer & Anti Money Laundering & Combating of Financing of Terrorism Policy and Guidelines on Prevention of Money Laundering Activities
 - c) Whistle Blower Policy
 - d) Risk Management Policy
 - e) Policy on Board Diversity and Director Attributes
 - f) Remuneration Policy
 - g) Tata Code of Conduct for Non-Executive Directors
 - h) Governance Guidelines on Board's Effectiveness.
- vi.** TCL, the holding company, has signed the Tata Brand Equity and Business Promotion ("BEBP") Agreement with Tata Sons Limited on behalf of its subsidiaries including TCFL, for subscribing to the BEBP Scheme. The Company abides by the Tata Code of Conduct and the norms for using the Tata Brand identity.
- vii.** The Corporate Identity Number of the Company is U65921MH2006PLC238745 and the website of the Company is www.tatacapital.com.
- viii.** The provisions of Section 204 of the Act regarding Secretarial Audit are not applicable to the Company.

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

The Company is committed to providing and promoting a safe and healthy work environment for all its employees.

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a 'Prevention of Sexual Harassment' ("POSH") policy that is in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder for prevention and redressal of complaints of sexual harassment at the workplace, along with a structured reporting and redressal mechanism. An Internal Complaints Committee, known as the POSH Committee, has been constituted to inquire into complaints of sexual harassment and recommend appropriate action. The POSH Policy is displayed on the Company's Intranet and is also communicated to employees through e-mails and communication campaigns. Posters on the POSH Policy, giving contact details of POSH Committee Members are displayed in offices of the Company.

The Company has not received any complaint on sexual harassment during FY 2015-16.

22. STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad ("DHS") (ICAI Firm Registration Number 117365W) who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing AGM and are eligible for re-appointment.

DHS were appointed as the Statutory Auditors of the Company at the Extraordinary General Meeting of the Company held on June 28, 2011, for FY 2011-12 and have been re-appointed thereafter, at every AGM of the Company. At the conclusion of the ensuing AGM of the Company, DHS would have completed a period of five years as Auditors of the Company. As per the provisions of the Act read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to re-appoint DHS as the Auditors of the Company to hold office from the conclusion of the ensuing AGM until the conclusion of the next AGM of the Company.

The Company has received a certificate from DHS to the effect that their appointment, if made, would be in accordance with Section 139 of the Act and that, they are not disqualified for such appointment within the meaning of Section 141 of the Act.

23. EXPLANATIONS ON STATUTORY AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by DHS, Chartered Accountants, in their Report dated April 27, 2016 on the Financial Statements of the Company for FY 2015-16, which requires explanations or comments by the Board in this Report.

24. ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act.

25. INFORMATION ON MATERIAL CHANGES AND COMMITMENTS

There are no material changes or commitments affecting the financial position of the Company which have occurred between March 31, 2016 and April 27, 2016, being the date of this Report.

26. RELATED PARTY TRANSACTIONS

The Company has adopted a Framework on Related Party Transactions for the purpose of identification and monitoring of such transactions.

A statement containing details of material contracts or arrangements or transactions with Related Parties on an arm's length basis with respect to transactions as required under Section 188(1) of the Act and the applicable Rules framed thereunder in the prescribed Form No. AOC-2, are given in 'Annexure C' attached. Further, details of Related Party Transactions as required to be disclosed by Accounting Standard – 18 on "Related Party Disclosures" specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, are given in Note No. 23 to the Financial Statements.

During the year, the Company has not entered into any transactions with Related Parties which are not in its ordinary course of business or not on an arm's length basis and which require disclosure in this Report in terms of the provisions of Section 188(1) of the Act and the applicable Rules framed thereunder.

27. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Conservation of energy:

- i. Steps taken / impact on conservation of energy;
- ii. Steps taken by the Company for utilising alternate sources of energy;
- iii. Capital investment on energy conservation equipments.

The operations of the Company, being foreign exchange services related, require normal consumption of electricity. The Company is taking necessary steps to reduce the consumption of energy.

In view of the nature of the activities carried on by the Company, there is no capital investment made on energy conservation equipment.

(B) Technology absorption:

- i. The efforts made towards technology absorption;
- ii. The benefits derived like product improvement, cost reduction, product development or import substitution;
- iii. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):
 - (a) The details of technology imported;
 - (b) The year of import;
 - (c) Whether the technology been fully absorbed;
 - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof;
and
- iv. The expenditure incurred on Research and Development.

Given the nature of the activities of the Company, the matters at (i) to (iv) above are not applicable to the Company.

(C) Foreign Exchange Earnings and Outgo:

The Company is in the business of dealing in foreign currency.

Subject to due cognizance to the aforementioned, the Foreign Exchange earned in terms of actual inflows and the Foreign Exchange Outgo in terms of actual outflows during the year under review was Nil.

28. EXTRACT OF ANNUAL RETURN

An extract of the Annual Return as prescribed under Section 92(3) of the Act and the Companies (Management and Administration) Rules, 2014, in the prescribed Form MGT-9, is attached as 'Annexure D'.

29. ACKNOWLEDGEMENTS

The Directors would like to place on record their gratitude for the valuable guidance and support received from the Reserve Bank of India and other government and regulatory agencies and to convey their appreciation to the holding company TCL, the Company's bankers, customers, vendors, channel partners and other business associates for the continuous support and encouragement given by them to the Company. The Directors also wish to place on record their deep sense of appreciation for the unstinted commitment, commendable efforts, team work and professionalism displayed by all the employees.

For and on behalf of the Board of Directors
TATA CAPITAL FOREX LIMITED

S.H. Rajadhyaksha
Chairman

Mumbai,
April 27, 2016

Annexure A

POLICY ON BOARD DIVERSITY AND DIRECTOR ATTRIBUTES

1. PURPOSE

In terms of Section 178 of the Companies Act, 2013 ("Act") and the Governance Guidelines on Board Effectiveness issued by Tata Sons Limited and adopted by the Board of Directors, the Nomination and Remuneration Committee ("NRC") of the Board is, inter alia, required to formulate a Policy on Board Diversity and lay down the criteria for determining qualifications, positive attributes and independence of a director.

Diversity in the composition of the Board of Directors has become essential in view of the expansion of business, greater social responsibility, increasing emphasis on Corporate Governance, need for addressing concerns of diverse stakeholders and the necessity for managing risks in the business effectively. A Board composed of appropriately qualified and skilled people, with a broad range of experience relevant to the business, is important for effective corporate governance and sustained commercial success of a company.

In view of the above, Tata Capital Forex Limited ("TCFL" or "Company") has framed this Policy on Board Diversity and Director Attributes ("Policy") that encourages diversity of thought, experience, knowledge, perspective, age and gender in the Board. The Policy sets out the approach to diversity in the Board of Directors of the Company so as to ensure that the Board has an appropriate blend of functional and industry expertise.

This Policy has been adopted by the Board of Directors of the Company, based on the recommendations of the NRC.

2. OBJECTIVES OF THE POLICY

The Objectives of the Policy include:

- i. Board to drive diversity and have an appropriate blend of functional and industry expertise;
- ii. While recommending the appointment of a director to, inter alia, consider the manner in which the function and domain expertise of the individual contributes to the overall skill domain mix of the Board;
- iii. To help the Company build a better Board that can draw upon a wide range of perspectives, expertise, knowledge and experience;
- iv. To achieve an optimum and balanced Board, with a wide range of attributes;
- v. To encourage healthy and open discussion and promote independence of judgement in Board and Committee deliberations; and
- vi. To have an optimum mix of Executive, Non-Executive and Independent Directors, including Women Directors.

3. POLICY STATEMENT

To meet the above Objectives:

- i. The Board of TCFL will ensure that a transparent Board nomination process is in place that encourages diversity of thought, experience, skills, knowledge, perspective, age, nationality, gender, cultural and educational background;
- ii. It will be ensured that the Board has an appropriate blend of functional and industry expertise and skills;
- iii. The consideration and selection of candidates for appointment to the Board will be based on merit which shall include a review of any candidate's integrity, experience, educational background, industry or related experience and more general experience;
- iv. Candidates that bring a diversity of background and opinion from amongst those candidates with the appropriate background and industry or related expertise and experience and having the ability to devote sufficient time to the affairs of the Company, should be considered for appointment to the Board; and
- v. While recommending the appointment of a Director, the NRC will consider the criteria as laid down under the Act and applicable Regulations/Guidelines issued by Statutory and Regulatory authorities, as also those issued by Tata Sons Limited, from time to time, and the manner in which the function and domain expertise of the individual will contribute to the overall skill-domain mix of the Board.

4. MEASURABLE OBJECTIVES

The NRC will largely rely on the regulatory provisions of the Act and the Master Circular on Memorandum of Instructions governing money changing activities (as amended from time to time) as also the Guidelines circulated by Tata Sons Limited and review the measurable objectives for achieving diversity against these provisions and recommend the same to the Board for adoption. At any given point of time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

5. MONITORING AND REPORTING

The NRC will review the Policy periodically, which will include an assessment of the effectiveness of the Policy. The NRC will discuss any revision that may be required and recommend the same to the Board for approval.

Annexure B

REMUNERATION POLICY

1. COMPENSATION PHILOSOPHY

Tata Capital Forex Limited ("Company") has adopted a Remuneration Policy based on a defined formal compensation philosophy of Tata Capital Limited, the holding company. In order to build a high performance culture, aligned to the Company's Vision and Goals, the Compensation Philosophy aims at providing a significant differential to superior performers and also segregating increments and performance payouts, based on the actual performance of various business verticals.

The aforementioned Compensation philosophy helps the Company to manage long term fixed cost, keep up with market compensation and attract the right talent to help drive its growth plans.

The performance of the Company and its Business Units / Functions is measured against annual budgets / targets, set as per the Balanced Score Card (BSC). Performance of individuals is measured against Key Result Areas (KRAs) set at beginning of year and after considering any revision of target during the year. The Annual Performance Rating would be considered for calculating the Performance Pay. Rating would be on a 5 point scale.

Consistent with the principle of differential influence that an employee may have on the overall performance of the Company, different weights are assigned for the Company's performance, the performance of Business Units / Functions and the performance of individuals. Thus, employees in entry level / junior management have greater weightage for individual performance while employees in senior leadership roles have maximum weightage for Company and Business Unit Performance.

2. REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The philosophy for remuneration of Directors, Senior Leadership Team, Key Managerial Personnel ("KMP") and all other employees of the Company is based on the commitment to fostering a culture of leadership with trust. The Remuneration Policy is aligned to this philosophy.

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 law shall prevail and the Company shall abide by the applicable law. In case there are any changes in the law, the Company shall comply with the applicable amended provisions. While formulating this Remuneration 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"

The key principles governing this Remuneration Policy are, as follows:

2.1 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 the Board 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 for approval of 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 the 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 at Board and Committee meetings, individual contribution at the meetings and contributions made by directors, other than at Board and Committee 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 (arranged by the Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his / her duties as a director.

2.2 Remuneration for Managing Director (“MD”) / Executive Directors (“ED”) / Manager / Chief Executive Officer (“CEO”) / KMP / rest of the employees ^(Note 1)

- (i) The extent of overall remuneration to the MD / ED / KMPs / Manager / CEO / rest of the employees should be sufficient to attract and retain talented and qualified individuals suitable for their roles.

Hence, remuneration should be:

- market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent);
 - driven by the role played by the individual;
 - reflective of the size of the company, complexity of the sector / industry / Company's operations and the Company's capacity to pay;
 - consistent with recognized best practices; and
 - aligned to any regulatory requirements.
- (ii) In terms of remuneration mix or composition,
 - the remuneration mix for the MD / ED / Manager / CEO should be as per the contract approved by the Shareholders. In case of any change which is beyond the remuneration approved by the Shareholders, the same would require the approval of the Shareholders.
 - basic / fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
 - 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-imbursments or insurance cover and accidental death and dismemberment through personal accident insurance.
 - the Company provides retirement benefits, as applicable.
 - in addition to the basic / fixed salary, benefits, perquisites and allowances as provided above, the Company may provide MD / ED / Manager / CEO 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 / Manager / CEO would be based on the performance of the MD / ED / Manager / CEO as evaluated by the Board or the NRC and approved by the Board.

OR

- In addition to the basic / fixed salary, benefits, perquisites and allowances as provided above, the Company may provide to its MD / ED / Manager / CEO, 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:
 - Company's performance on certain defined qualitative and quantitative parameters, as may be decided by the Board from time to time,
 - Industry benchmarks of remuneration,
 - Performance of the individual.
- The Company will provide the rest of the employees, a performance linked incentive pay. The performance linked pay would be driven by the outcome of the performance appraisal process and the performance of the Company.

2.3 Remuneration payable to Director for services rendered in other capacity

No remuneration will be payable to the Directors for services rendered by such Director in any other capacity unless:

- a) The services rendered are of a professional nature;
- b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession; and
- c) Approval of the Central Government has been received, if required, for paying the same.

2.4 Loans to employees

The Company may grant loans to its employees on such terms and conditions as may be determined by the Board or any Committee of the Board, from time to time, in accordance with applicable laws.

2.5 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.

^{Note 1} Excludes employees covered by any long term settlements or specific term contracts. The remuneration for these employees would be driven by the respective long term settlements or contracts.

Annexure C

Form No. AOC- 2

[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 - Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis:

(₹ in lakh)

Sr. No	Name of the Related Party	Nature of Relationship	Nature of contracts/ arrangements/transactions	Amount	Duration of contracts/ arrangements/ transactions	Salient Terms of contracts or arrangements or transactions including the value, if any	Amount Paid as Advances
1	Tata Sons Limited	Ultimate Holding Company	Foreign exchange services rendered	122	-	Interbank Rate + Margin. Services provided at rates that the company would charge to any unrelated party, subject to such discounts as are extended to third parties depending on the volume of business and payment terms.	-
			Funds received for services rendered	122	-		
2	Tata Capital Limited	Holding Company	Inter Corporate Deposit received	5,250	Tenor upto one year	Cost of Funds below bank borrowing rate. Cost of funds of provider for previous month plus 25 bps.	-
			Inter Corporate Deposit repaid	4,050	-	Not Applicable	
			Interest on ICD	302	-	Not Applicable	
3	Tata Capital Financial Services Limited	Fellow Subsidiary	Reimbursement of Rent & Expenses incurred	98	Renewable each year	As per terms and conditions mutually agreed upon	-
4	Tata Consulting Engineers Limited	Fellow Subsidiary	Foreign exchange services rendered	1,194	-	Interbank Rate + Margin. Services provided at rates that the company would charge to any unrelated party, subject to such discounts as are extended to third parties depending on the volume of business and payment terms.	-
			Funds received for services rendered	889	-		
5	Tata Consultancy Services Limited	Fellow Subsidiary	Foreign exchange services rendered	49,563	-	Interbank Rate + Margin. Services provided at rates that the company would charge to any unrelated party, subject to such discounts as are extended to third parties depending on the volume of business and payment terms.	-
			Funds received for services rendered	47,953	-		
6	Tata Advanced System Limited	Fellow Subsidiary	Foreign exchange services rendered	403	-	Interbank Rate + Margin. Services provided at rates that the company would charge to any unrelated party, subject to such discounts as are extended to third parties depending on the volume of business and payment terms.	-
			Funds received for services rendered	409	-		
7	CMC Limited	Fellow Subsidiary	Foreign exchange services rendered	330	-	Interbank Rate + Margin. Services provided at rates that the company would charge to any unrelated party, subject to such discounts as are extended to third parties depending on the volume of business and payment terms.	-
			Funds received for services rendered	347	-		

Note :- Appropriate approvals have been taken for Related Party Transactions.

5% of total revenue is considered as materiality limit for identification of material related party transaction in the ordinary course of business and on an arm's length basis, but total transaction value is considered for the reporting.

For and on behalf of the Board of Directors
Tata Capital Forex Limited

S.H. Rajadhyaksha
Chairman

Mumbai,
April 27, 2016

Annexure D

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2016
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

- i) CIN: U65921MH2006PLC238745
- ii) Registration Date: November 7, 2006
- iii) Name of the Company: Tata Capital Forex Limited
- iv) a) Category: Company limited by shares
b) Sub-Category of the Company: Indian Non-Government Company
- v) Address of the Registered Office and contact details:
One Forbes, Dr. V. B. Gandhi Marg, Fort, Mumbai – 400001, Maharashtra, India.

Contact details:

Direct Number: 022 6745 9000
E-mail id: megha.sekharan@tatacapital.com

- vi) Whether listed company: No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: NA

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:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	Foreign Exchange Services	64990	100%

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 Capital Limited One Forbes, Dr V.B. Gandhi Marg, Fort, Mumbai - 400 001	U65990MH1991PLC060670	Holding	100%	Section 2(46)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
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	1,04,33,969	1,04,33,969	100	NIL	1,04,33,969	1,04,33,969	100	NIL
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (1):-	NIL	1,04,33,969	1,04,33,969	100	NIL	1,04,33,969	1,04,33,969	100	NIL
(2) Foreign									
a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	NIL	1,04,33,969	1,04,33,969	100	NIL	1,04,33,969	1,04,33,969	100	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
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 Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Others (specify)	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 GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	NIL	1,04,33,969	1,04,33,969	100	NIL	1,04,33,969	1,04,33,969	100	NIL

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end			% change in share holding during the year
		No. of Shares	% of total Shares 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 Capital Limited	1,04,33,969	100	NIL	1,04,33,969	100	NIL	NIL
	Total	1,04,33,969	100	NIL	1,04,33,969	100	NIL	NIL

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

There is no change in promoter's shareholding during FY 2015-16.

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

Not Applicable since the entire share capital of the Company is held by the Promoter viz. Tata Capital Limited.

v) Shareholding of Directors and Key Managerial Personnel:

Not Applicable

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	100,000,000	–	230,000,000	330,000,000
ii) Interest due but not paid	–	–	252,740	252,740
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	100,000,000	-	230,252,740	330,252,740
Change in Indebtedness during the financial year				
Addition (Principal)	-	–	525,000,000	525,000,000
Addition (Interest)	4,279,863	–	30,216,614	34,496,477
Reduction (Principal)	100,000,000	–	405,000,000	505,000,000
Reduction (Interest)	4,279,863	–	30,469,354	34,749,217
Net Change	100,000,000	-	119,747,260	19,747,260
Indebtedness at the end of the financial year				
i) Principal Amount	–	–	350,000,000	350,000,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	3,50,000,000	3,50,000,000

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (“MD”), Whole-time Directors (“WTD”) and/or Manager:

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of Manager: Mr. Dhan N Tata	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	74.95	74.95
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5.45	5.45
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission	NIL	NIL
	– as % of profit		
	– others, specify...		
5.	Others, please specify	NIL	NIL
	Total (A)	80.40	80.40
	Ceiling as per the Act	During FY 2015-16, the Company has incurred a loss. Accordingly, ceiling as prescribed under Section 197 of the Act read with Schedule V to the Act is applicable.	

The following are the details of the Equity Shares of Tata Capital Limited, the holding company, offered to and exercised by Mr. Dhan Tata under the Tata Capital Limited Employee Stock Purchase / Option Scheme of TCL (“Scheme”):

Scheme	Offered	Exercised
2009	1,16,210	1,16,210
2011	46,667	15,556
2013	12,527	–
2016	10,000	–

B. Remuneration to other directors:

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	Mr. Prabhakar Dalal	Mr. Sudhir Nadkarni		
	• Fee for attending Board / Committee meetings	1.90	1.90		3.80
	• Commission	NIL	NIL		NIL
	• Others, please specify	NIL	NIL		NIL
	Total (1)	1.90	1.90	–	3.80
2.	Other Non-Executive Directors	Mr. S. H. Rajadhyaksha	Mr. Govind Sankaranarayanan	Mr. Puneet Sharma	
	• Fee for attending Board / Committee meetings	NIL	NIL	NIL	NIL
	• Commission	NIL	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
	Total (B) = (1+2)	-	-	-	-	3.80
	Total Managerial Remuneration	-	-	-	-	84.20
	Overall Ceiling as per the Act	During FY 2015-16, the Company has incurred a loss. Accordingly, ceiling as prescribed under Section 197 of the Act read with Schedule V to the Act is applicable.				

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

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Mr. Dhan Tata, Chief Financial Officer#	Ms. Raina Bhansali, Company Secretary (April 1, 2015 to April 30, 2015)	Megha Sekharan (October 1, 2015 to March 31, 2016)	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	NIL	0.55	6.62	7.17
	(b) Value of perquisites u/s 17(2) of Income-Tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission – as % of profit – others, specify...	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	NIL	0.55	6.62	7.17

Mr. Dhan Tata is the Manager and also the Chief Financial Officer of the Company. His remuneration details are given in VI A above.

The following are the details of the Equity Shares of Tata Capital Limited ("TCL"), the holding company, offered to and exercised by Ms. Sekharan under the Tata Capital Limited Employee Stock Purchase / Option Scheme of TCL ("Scheme"):

Scheme	Offered	Exercised
2009	17,452	17,452
2013	1,881	1,881
2016	5,000	-

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: -

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TATA CAPITAL FOREX LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

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

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e. On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts as at year end for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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)

G.K. Subramaniam
Partner
(Membership No.109839)

Mumbai, April 27, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 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.

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 March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

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

G.K. Subramaniam
Partner
(Membership No.109839)

Mumbai, April 27, 2016

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) According to the information and explanations given to us, the Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (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 Act.
- (iv) The Company has not granted any loans, made investments or provide guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under clause 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act.
- (vi) To the best our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been generally regular in depositing undisputed statutory dues, including Income-tax, Service Tax, Provident Fund, Employees' State Insurance, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Service Tax, Provident Fund, Employees' State Insurance, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax and Service Tax as on March 31, 2016 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loan from government and financial institution neither issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer/ 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, except as disclosed below:

Type of Fraud	Amount in ₹
Embezzlement of Foreign Currency	1,631,317/-

- (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 the erstwhile Companies Act, 1956 and of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the 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 Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order 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 Act 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)

G.K. Subramaniam
Partner
(Membership No.109839)

Mumbai, April 27, 2016

BALANCE SHEET AS AT MARCH 31, 2016

Amount (in ₹)

PARTICULARS	Note No.	As at March 31, 2016	As at March 31, 2015
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	104,339,690	104,339,690
(b) Reserves and surplus	4	(96,959,681)	(84,514,477)
2. Non-current liabilities			
(a) Long-term provisions	5	392,275	-
3. Current liabilities			
(a) Short-term borrowings	6	382,222,232	355,124,334
(b) Trade payables	7		
(i) Total outstanding dues of micro enterprises and small enterprises and	7 (a)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		351,512,311	232,671,277
(c) Other current liabilities	8	21,097,290	18,183,367
(d) Short-term provisions	9	2,361,020	1,907,843
TOTAL		764,965,137	627,712,034
II. ASSETS			
1. Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		9,552,523	8,781,652
(ii) Intangible assets		3,098	484,403
(b) Long-term loans and advances	11	27,484,358	22,590,334
(c) Other non-current assets	12	-	804,760
2. Current assets			
(a) Trade receivables	13	402,674,116	379,752,679
(b) Cash & bank balances	14	287,886,514	179,149,458
(c) Short term-loans and advances	15	37,364,528	36,148,748
TOTAL		764,965,137	627,712,034
See accompanying notes forming part of the financial statements	1-29		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered AccountantsS.H. Rajadhyaksha
(Chairman)G. Sankaranarayanan
(Director)Sudhir Nadkarni
(Director)G.K Subramaniam
PartnerPrabhakar Dalal
(Director)Puneet Sharma
(Director)Dhan Tata
(CEO & CFO)Mumbai
Date : April 27, 2016Megha Sekharan
(Company Secretary)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Amount (in ₹)

PARTICULARS	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
I Income from forex services	16	132,100,370	114,169,969
II Other income	17	48,455,704	41,909,715
III Total revenue (I + II)		180,556,074	156,079,684
IV Expenses			
Employee benefits expense	18	76,306,910	72,481,675
Finance cost	19	36,371,461	30,914,234
Other operating expenses	20	67,433,900	78,443,103
Depreciation and amortisation expenses	10	3,635,876	4,656,547
Total expenses		183,748,147	186,495,559
V Loss before exceptional items and Tax (III - IV)		(3,192,073)	(30,415,875)
VI Exceptional items			
Service tax input credit disallowance (Refer note 27)		9,253,131	-
VII Loss before tax (V-VI)		(12,445,204)	(30,415,875)
VIII Tax expense		-	-
IX Loss after tax (VII-VIII)		(12,445,204)	(30,415,875)
X Earnings per share (of ₹ 10/- each):			
Basic and diluted (in ₹)		(1.19)	(2.92)
Weighted average number of equity shares		10,433,969	10,433,969
Face Value Per Share (in ₹)		10	10
See accompanying notes forming part of the financial statements	1-29		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

S.H. Rajadhyaksha
(Chairman)

G. Sankaranarayanan
(Director)

Sudhir Nadkarni
(Director)

G.K Subramaniam
Partner

Prabhakar Dalal
(Director)

Puneet Sharma
(Director)

Dhan Tata
(CEO & CFO)

Mumbai
Date : April 27, 2016

Megha Sekharan
(Company Secretary)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Amount (in ₹)

PARTICULARS		For the year ended March 31, 2016	For the year ended March 31, 2015
A.	Cash flow from operating activities		
	Loss before taxes	(12,445,204)	(30,415,875)
	Adjustments for :		
	Bad debts	2,224,764	4,605,888
	Write back of provision for doubtful debts/advances	(2,614,367)	(6,154,947)
	Provision for doubtful debts/advances	3,768,683	353,914
	Depreciation and amortisation	3,635,876	4,656,547
	Finance cost	36,371,461	30,914,234
	Interest on fixed deposit	(126,466)	-
	Loss on sale of fixed assets	38,973	260,097
	Provision for leave encashment	973,946	832,740
	Net unrealised exchange loss	(369,134)	(212,892)
	Operating profit before working capital changes	31,458,532	4,839,706
	Adjustments for :		
	Increase in trade receivables	(26,900,926)	(52,412,213)
	(Increase) / Decrease in loans and advances	(429,588)	17,723,617
	Increase in current liabilities and provisions	122,461,067	114,507,610
	Cash from operations	126,589,085	84,658,720
	Taxes Paid	(4,894,024)	(1,875,888)
A.	Cash flow from operating activities	121,695,061	82,782,832
B.	Cash flow used in investing activities		
	Purchase of fixed assets	(3,870,203)	(3,740,204)
	Proceed from sale of fixed assets	87,380	323,639
	Interest on fixed deposit	126,466	-
B.	Cash flow used in investing activities	(3,656,357)	(3,416,565)
C.	Cash flow used in financing activities		
	Interest on short-term borrowings	(36,624,201)	(30,914,234)
	Short-term borrowings repaid	(505,000,000)	(337,231,101)
	Short-term borrowings received	532,097,898	350,609,404
C.	Cash flow used in financing activities	(9,526,303)	(17,535,931)
	Net increase/(decrease) in cash and cash equivalents	108,512,401	61,830,337
	Cash and cash equivalents as at the beginning of the year	179,315,209	117,484,872
	Cash and cash equivalents as at the end of the year (Refer Note below)	287,827,608	179,315,209

Note 1 :

Amount (in ₹)

Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
	Cash on hand	34,386,078	32,608,720
	Balances with banks in current accounts	253,500,436	146,540,738
	Cash and cash equivalents (Refer Note 14)	287,886,514	179,149,458
	Effect of exchange rate changes	(58,906)	165,751
	Cash and cash equivalents as restated	287,827,608	179,315,209

See accompanying notes forming part of the financial statements 1-29

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

S.H. Rajadhyaksha
(Chairman)

G. Sankaranarayanan
(Director)

Sudhir Nadkarni
(Director)

G.K Subramaniam
Partner

Prabhakar Dalal
(Director)

Puneet Sharma
(Director)

Dhan Tata
(CEO & CFO)

Mumbai
Date : April 27, 2016

Megha Sekharan
(Company Secretary)

Notes to the Financial Statement for the Year Ended March 31, 2016**BACKGROUND**

1. The Company was incorporated as Private Limited Company on November 07, 2006. The Company was converted into a Public Company pursuant to becoming a wholly owned Subsidiary of Tata Capital Limited w.e.f. August 25, 2010. The Company received the fresh Certificate of Incorporation consequent upon change of name on conversion to Public Limited Company from the Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands on November 03, 2010. The Company is in the business of providing money changing related services. The name of the Company has been changed from T T Holdings & Services Limited to Tata Capital Forex Limited w.e.f August 29, 2013.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**2. SIGNIFICANT ACCOUNTING POLICIES:****(i) Basis for preparation of accounts**

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

(ii) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(iii) Revenue Recognition

Revenue on foreign exchange services is recognised at the time of purchase and sale. Revenue reflects margin made on business volume. Profit or loss on purchase and sale of foreign exchange by the Company in its capacity as Full Fledged Money Changer (FFMC) are accounted as a part of the revenue. Revenue from other income is accounted on accrual basis.

(iv) Fixed Assets**(a) Tangible:**

Fixed assets are stated at cost, which comprises purchase consideration and other directly attributable cost of bringing the assets to its working condition for the intended use, less accumulated depreciation/ amortisation.

(b) Intangible:

Intangible assets other than goodwill are stated at cost less amortisation.

Expenses on software support and maintenance are charged to Statement of Profit and Loss during the period in which such costs are incurred.

(c) Capital work in progress and Capital advances:

Costs of assets not ready for use at the balance sheet date are disclosed under Capital work in progress. Capital advances given towards acquisition of fixed assets are grouped under long term loans and advances.

(v) Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets of the Company has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act.

All capital assets with individual value less than ₹ 5,000 are depreciated fully in the month in which they are purchased.

Depreciation over useful life of the assets are:

Asset	Useful life of Assets
Office equipment	5 years
Plant & machinery	4 years
Furniture & fixtures	Higher of 10 years or rate determined based on period of lease
Leasehold improvements	Lease period
Computer Equipment & Software	3 years

(vi) Foreign Currency Revaluation

Transactions in foreign currency are recorded at exchange rate prevailing at the time of the transactions and exchange differences are dealt with in Statement of Profit and Loss as at every Balance Sheet date.

Profit or Loss on purchase and sale of foreign exchange by the Company in its capacity as full fledged money changer are accounted as part of Income from Forex Services.

(vii) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provision of the Income Tax Act, 1961 and the other applicable tax laws.

Deferred tax corresponds to the net effect of tax on all timing differences, which occur as a result of items being allowed for income tax purposes during a year different from when they were recognised in the financial statements.

Deferred tax is recognised on the timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit & Loss.

(viii) Service Tax Input Credit

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

(ix) Business Segment

The Company has been operating only in one segment viz. money changing services and the operations have been carried out within India. Hence, the disclosures required under Accounting Standard (AS) 17 on Segment Reporting have not been made.

(x) Provisions, Contingent liabilities and Contingent assets.

Provisions are recognized when the Company has present obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation.

Such provisions are not discounted to their present values and are determined based on the best estimates required to settle the obligations at the balance sheet date. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

(xi) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

(xii) Employee Benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences and long term service awards.

(a) Defined-contribution plans

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss in the year in which they occur. These contributions to Provident fund are administered by the Regional Provident Fund Commissioner.

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(b) Defined- benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

(c) Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

(d) Long term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

(xiii) Impairment of assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in estimate of recoverable amount.

(xiv) Cash and Cash equivalent

Cash comprises cash on hand and foreign currency adjusted with mark to market as on the balance sheet date.

(xv) 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.

(xvi) Insurance

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(xvii) Investment

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

3. SHARE CAPITAL

Amount (in ₹)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
AUTHORISED		
20,000,000 Equity Shares (Previous year : 11,000,000) of ₹ 10 each	200,000,000	110,000,000
	200,000,000	110,000,000
ISSUED, SUBSCRIBED AND PAID UP		
10,433,969 Equity shares (Previous year : 10,433,969 shares) of ₹ 10 each	104,339,690	104,339,690
Total	104,339,690	104,339,690

3(a) Reconciliation of number of shares outstanding

PARTICULARS	As at March 31, 2016	As at March 31, 2015
Opening share capital		
Equity face value ₹ 10/- fully paid up	10,433,969	10,433,969
Adjustments during the year		
Closing share capital		
Equity face value ₹ 10/- fully paid up	10,433,969	10,433,969

3(b) Investment by Tata Capital Limited (Holding Company) and its nominees

Name of company	Particulars of issue	No. of shares	Amount (in ₹)
Tata Capital Limited (Holding Company)	Opening Balance as on 01.04.14	10,433,969	104,339,690
	Closing Balance as on 31.03.15	10,433,969	104,339,690
	Closing Balance as on 31.03.16	10,433,969	104,339,690

3(c) List of shareholders holding more than 5% shares as at

Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Tata Capital Limited and its nominees	10,433,969	100%	10,433,969	100%

- 3(d) I. The holders of Equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by the shareholder at the annual general meeting except in case of interim dividend. The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held.
- II. In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of preferential amount. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

4. RESERVES AND SURPLUS

Amount (in ₹)

PARTICULARS	As at April 1, 2015	Addition	As at March 31, 2016	As at March 31, 2015
(a) General reserve	1,373,413	-	1,373,413	1,373,413
(b) (Deficit) in the Statement of Profit and Loss	(85,887,890)	(12,445,204)	(98,333,094)	(85,887,890)
Total	(84,514,477)	(12,445,204)	(96,959,681)	(84,514,477)

5. LONG-TERM PROVISIONS

Amount (in ₹)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
Provision for employee benefit	392,275	-
Total	392,275	-

6. SHORT-TERM BORROWINGS

Amount (in ₹)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Loans repayable on demand		
Secured		
Working capital demand loan (Refer note below)	-	100,000,000
Unsecured		
Bank overdraft as per books	32,222,232	25,124,334
(b) Inter corporate deposits from holding company (unsecured)	350,000,000	230,000,000
Total	382,222,232	355,124,334

Note : Loan from Bank was secured against hypothecation of current assets in nature of trade receivables, cash and bank balances.

7. TRADE PAYABLES

Amount (in ₹)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Payable to service providers	342,978,748	221,750,974
(b) Accrued employee benefit expenses	5,749,793	5,286,649
(c) Payable to related parties Tata Capital Financial Services Limited	2,783,770	5,633,654
Total	351,512,311	232,671,277

Note : The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

7 a. TOTAL OUTSTANDING DUES OF MICRO ENTERPRISES AND SMALL ENTERPRISES

Amount (in ₹)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Principal amount and interest thereon remaining unpaid at the end of year	-	-
(b) Interest paid including payment made beyond appointed day during the year	-	-
(c) Interest due and payable for delay during the year	-	-
(d) Amount of interest accrued and unpaid as at year end	-	-
(e) The amount of further interest due and payable even in the succeeding year	-	-
Total	-	-

8. OTHER CURRENT LIABILITIES

Amount (in ₹)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Payable to TT Logistics and Services Limited	12,749,549	12,749,549
(b) Interest accrued and due on borrowings	-	252,740
(c) Others		
(i) Statutory remittances	2,930,406	2,080,790
(ii) Advance from customer	5,039,119	2,903,664
(iii) Payable on purchase of fixed assets	378,216	196,624
Total	21,097,290	18,183,367

9. SHORT TERM PROVISIONS

Amount (in ₹)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Provision for leave encashment	2,072,517	1,619,340
(b) Provision for tax { Net of advance tax ₹ 7,390,997/- } (As at 31 March, 2015 ₹ 7,390,997/-)	288,503	288,503
Total	2,361,020	1,907,843

Amount (in ₹)

10. FIXED ASSETS

PARTICULARS	Gross block			Accumulated depreciation and amortisation					Net block		
	Balance as at April 1, 2015	Additions	Disposals	Balance as at March 31, 2016	Balance as at April 1, 2015	Depreciation/Amortisation for the period	Transition adjustment recorded against balance in Profit and Loss	Disposals	Balance as at March 31, 2016	As at March 31, 2016	As at March 31, 2015
	a	b	c	d = (a+b-c)	e	f	g	h	i = (e+f+g-h)	j = (d-i)	k = (a-e)
Leasehold improvements	7,948,368	2,617,335	357,651	10,208,052	2,478,209	1,563,437	-	357,651	3,683,995	6,524,057	5,470,159
<i>Previous year</i>	6,331,621	3,102,005	1,485,258	7,948,368	1,886,096	1,656,046	-	1,063,933	2,478,209	5,470,159	-
Furniture & fixtures	2,209,219	85,047	396,538	1,897,728	1,657,046	70,414	-	386,398	1,341,062	556,666	552,173
<i>Previous year</i>	4,081,627	238,528	2,110,936	2,209,219	3,557,690	172,747	-	2,073,391	1,657,046	552,173	-
Computer equipment	5,891,014	1,062,736	2,914,902	4,038,848	5,435,582	606,558	-	2,897,732	3,144,408	894,440	455,432
<i>Previous year</i>	7,386,219	40,089	1,535,294	5,891,014	5,887,959	1,054,946	-	1,507,323	5,435,582	455,432	-
Office equipment	5,930,776	286,677	891,185	5,326,268	3,626,888	914,162	-	792,142	3,748,908	1,577,360	2,303,888
<i>Previous year</i>	5,808,123	1,033,242	910,589	5,930,776	2,769,717	1,226,827	(444,038)	813,694	3,626,888	2,303,888	-
TANGIBLE FIXED ASSETS	21,979,377	4,051,795	4,560,277	21,470,896	13,197,725	3,154,571	-	4,433,924	11,918,373	9,552,523	8,781,652
<i>Previous year</i>	23,607,590	4,413,864	6,042,077	21,979,376	14,101,462	4,110,565	(444,038)	5,458,340	13,197,725	8,781,652	-
Software	4,047,482	-	1,582,651	2,464,831	3,563,079	481,305	-	1,582,651	2,461,733	3,098	484,403
<i>Previous year</i>	4,049,573	100,000	102,091	4,047,482	3,119,189	545,981	-	102,091	3,563,079	484,403	-
INTANGIBLE FIXED ASSETS	4,047,482	-	1,582,651	2,464,831	3,563,079	481,305	-	1,582,651	2,461,733	3,098	484,403
<i>Previous year</i>	4,049,573	100,000	102,091	4,047,482	3,119,189	545,981	-	102,091	3,563,079	484,403	-
Total	26,026,859	4,051,795	6,142,928	23,935,727	16,760,804	3,635,876	-	6,016,575	14,380,106	9,555,621	9,266,055
<i>Previous year</i>	27,657,163	4,513,864	6,144,168	26,026,859	17,220,651	4,656,546	(444,038)	5,560,431	16,760,804	9,266,055	-

11. LONG-TERM LOANS AND ADVANCES - OTHERS (UNSECURED CONSIDERED GOOD) Amount (in ₹)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Advance income tax { Net of provisions ₹ 9,494,989/- } (As at 31 March, 2015 ₹ 9,494,989/-)	27,365,201	22,471,177
(b) Loan to TCL Employees Welfare Trust	119,157	119,157
Total	27,484,358	22,590,334

12. OTHER NON CURRENT ASSETS Amount (in ₹)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
Gratuity asset (Net)	-	804,760
Total	-	804,760

13. TRADE RECEIVABLES Amount (in ₹)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Over six months (from the date of invoice)		
(i) Unsecured, considered good	3,481,573	9,496,441
(ii) Doubtful	4,878,881	3,743,134
	8,360,454	13,239,575
Less: Provision for doubtful debts	4,878,881	3,743,134
	3,481,573	9,496,441
(b) Others		
(i) Unsecured, considered good	399,192,543	370,256,238
Total	402,674,116	379,752,679

14. CASH AND BANK BALANCES Amount (in ₹)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Cash on hand	34,386,078	32,608,720
(b) Balances with Banks In Current accounts	253,500,436	146,540,738
Total	287,886,514	179,149,458

Note:

- I. Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 (Cash Flow Statements) is ₹ 287,886,514/- (Previous year ₹ 179,149,458/-)
- II. Cash on hand comprises foreign currency balances and demand deposits with banks. Cash equivalents are short- term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

15. SHORT TERM LOANS AND ADVANCES

Amount (in ₹)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
Unsecured - considered good		
(a) Deposits	19,366,155	18,978,574
(b) Prepaid expenses	4,229,813	4,288,523
(c) Cenvat credit receivable	755,838	83,660
(e) Receivable from related parties TC Travel and Services Limited	907,006	51,567
(e) Others advances		
– Claim from Promoters (Refer Note 25)	11,608,279	11,608,279
– Staff advances	497,437	1,138,145
Unsecured - doubtful		
(a) Deposits	48,569	30,000
Less: Provision for doubtful deposits	48,569	30,000
	–	–
Total	37,364,528	36,148,748

16. INCOME FROM FOREX SERVICES

Amount (in ₹)

PARTICULARS	For the year ended March 31, 2016	For the year ended March 31, 2015
Income from sale of -		
(a) Currency	66,884,869	68,846,985
(b) Travelers cheque	1,712,016	3,602,093
(c) Travel cards	45,285,753	32,704,799
(d) Travelers cheque surrender	468,568	1,451,855
(e) Travel cards encashment	17,749,164	7,564,237
Total	132,100,370	114,169,969

Note: In line with established International practice, the income arising from the buying and selling of foreign currencies is included on the basis of margins achieved, since inclusion on the basis of their gross value would not be meaningful and potentially misleading for use as an indicator of the level of the company's business.

17. OTHER INCOME

Amount (in ₹)

PARTICULARS	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Incentives	43,139,526	33,566,768
(b) Commissions	551,319	973,152
(c) Service charges	1,352,381	1,361,824
(d) Other income	3,412,478	6,007,971
Total	48,455,704	41,909,715

18. EMPLOYEE BENEFITS EXPENSE

Amount (in ₹)

PARTICULARS	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Salaries, wages and bonus	65,782,021	64,437,282
(b) Contribution to Provident fund and other funds (Refer Note no. 22)	4,191,687	4,089,400
(c) Staff welfare expenses	6,333,202	3,954,993
Total	76,306,910	72,481,675

19. FINANCE COST

Amount (in ₹)

PARTICULARS	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Interest expense on:		
(i) Working capital demand loans	6,154,847	23,928,458
(ii) Inter-corporate deposits	30,216,614	6,985,776
Total	36,371,461	30,914,234

20. OTHER OPERATING EXPENSES

Amount (in ₹)

PARTICULARS	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Auditors' remuneration :		
(i) Statutory audit fees	800,000	700,000
(ii) Tax audit fees	100,000	100,000
(iii) Other services	20,000	200,000
(b) Books and periodicals	38,630	37,485
(c) Bank charges	2,955,561	3,875,204
(d) Business promotion	56,751	110,103
(e) Commission & brokerage	1,221,303	1,391,858
(f) Directors' sitting fees	380,000	155,000
(g) Insurance	604,577	498,045
(h) IT expenses	2,568,314	7,114,778
(i) Legal and professional fees	5,169,614	4,333,822
(j) Electricity expenses	1,953,648	1,768,272
(k) Printing and stationery	1,249,536	2,639,752
(l) Rates, taxes & insurance	544,907	505,427
(m) Rent	20,198,257	27,890,067
(n) Bad debts	2,224,764	4,605,888
(o) Provision for doubtful debts/Advances	1,154,316	353,914
(p) Office maintenance	7,174,429	7,363,094
(q) Postage & telephone	2,409,038	2,570,822
(r) Travelling and conveyance	12,124,091	10,908,108
(s) Loss on sale / disposal of assets	38,973	260,097
(t) Service tax input credit disallowance	1,510,401	-
(u) Loss of stock (Refer Note 28)	1,631,317	-
(v) Other expenses	1,305,473	1,061,367
Total	67,433,900	78,443,103

21. Contingent Liabilities and Commitments:

The Company has no contingent liabilities or contracts remaining to be executed on capital accounts and not provided for as at March 31, 2016 (As at March 31, 2015 - Nil).

22. Employee benefits**Defined-Contribution Plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. The Company offers its employees defined contribution plan in the form of provident fund and family pension fund. Provident fund and family pension fund cover all regular employees. While both, the employees and the Company pay predetermined contributions into the provident fund, contributions into the family pension fund are made only by the Company. The contributions are based on a certain proportion of the employee's salary.

The Company recognised charge of ₹ 2,948,837/- (Previous year ended March 31, 2015 ₹ 2,906,100/-) for provident fund and family pension fund contribution in the Statement Profit and Loss.

Defined-Benefits Plans

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount) (Refer Note 17). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers all regular employees. Commitments are actuarially determined at year-end. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. On adoption of the Accounting Standard (AS 15) on "Employee Benefits", actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement Profit and Loss.

The following table sets out the Funded status of the Gratuity benefit scheme and the amount recognised in the Financial Statements

		Amount (in ₹)	
Particulars		2015-16	2014-15
I	Change in Defined benefit obligation (DBO) during the year		
	Opening defined benefit obligation	9,581,070	7,807,370
	Current Service Cost	813,930	633,940
	Interest Cost	727,200	716,250
	Acquisition Cost/(Credit)	-	(239,020)
	Actuarial Losses / (Gain)	564,530	874,140
	Benefits paid	(516,050)	(211,610)
	Closing defined benefit obligation	11,170,680	9,581,070
II	Change in the fair value of assets during the year		
	Opening fair value of plan assets	10,385,830	9,295,430
	Acquisition Adjustment	-	(239,020)
	Expected Return on Plan Assets	862,810	802,370
	Actuarial Gains / (Losses)	-	238,660
	Contributions by Employer	45,815	500,000
	Benefits paid	(516,050)	(211,610)
	Closing Fair value of plan assets	10,778,405	10,385,830
III	Net Assets / (Liability) recognised in Balance Sheet		
	Present value of defined benefit obligation	11,170,680	9,581,070
	Fair value of plan assets	10,778,405	10,385,830
	Funded status [Surplus / (Deficit)]	(392,275)	804,760
	Unrecognised past service costs	-	-
	Net Assets / (Liability) recognised in the Balance Sheet	(392,275)	804,760

Amount (in ₹)

Particulars		2015-16	2014-15
IV	Net Gratuity expense for the year		
	Current service cost	813,930	633,940
	Interest costs	727,200	716,250
	Expected return on plan assets	(862,810)	(802,370)
	Actuarial (Gains) / Losses	564,530	635,480
	Total Gratuity expense recognised in the Statement of Profit and Loss (Refer Note 18)	1,242,850	1,183,300

Particulars		2015-16	2014-15
Assumptions :			
	Discount Rate	8.20%	7.80%
	Expected Rate of Return on Plan Assets	8.50%	8.50%
	Salary Escalation Rate	7.50% p.a for first 5 years and 5% thereafter.	7.50% p.a for first 5 years and 5% thereafter.
	Mortality tables	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate
	Withdrawal rate	0 - 2 years: 10% 3 - 4 years: 5% 5 - 9 years: 2.5% 10 and more: 1%	0 - 2 years: 10% 3 - 4 years: 5% 5 - 9 years: 2.5% 10 and more: 1%

Composition of plan assets is as follows:	2015-16 Percentage	2014-15 Percentage
Government bonds	20.00%	20.00%
PSU bonds	20.00%	20.00%
Equity mutual funds	0.00%	0.00%
Others (including assets under scheme of Insurance)	60.00%	60.00%
Total	100.00%	100.00%

Experience adjustment	2015-16	2014-15	2013-14	2012-13	2011-12
Experience Gain/(Loss) adjustments on Plan Liabilities	(762,470)	205,460	74,670	249,970	(101,890)
Experience Gain/(Loss) adjustments on Plan Assets	-	238,660	4,560	79,640	-
Actuarial Gain/(Loss) due to change on assumption	197,940	(1,079,600)	580,220	(248,780)	57,800
Defined benefit obligation at the end of the period	(11,170,680)	(9,581,070)	(7,807,370)	(2,393,870)	(1,575,890)
Plan Assets at the end of the period	10,778,405	10,385,830	9,295,430	3,721,590	3,173,710
Funded Status	(392,275)	804,760	1,488,060	1,327,720	1,597,820

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimates of future salary increases considered takes into account the inflation, seniority, promotion, increments and other relevant factors. The contributions expected to be made by the Company during the financial year 2016-17 is ₹ 970,000/-.

23. Disclosure as required by Accounting Standard (AS) 18 on “Related Party Disclosures”**A) List of related party and relationships****Ultimate Holding Company**

Tata Sons Limited

Holding Company

Tata Capital Limited

Subsidiaries of Tata Capital Limited

(with whom transactions have been entered into during the current year)

1. Tata Capital Financial Services Limited
2. Tata Securities Limited
3. TC Travel and Services Limited
4. Tata Cleantech Capital Limited

Subsidiaries of Tata Sons Limited

(with whom transactions have been entered into during the current year)

1. Tata AIG General Insurance Company Limited
2. Tata Consulting Engineers Limited (formerly TCE Consulting Engineers Limited)
3. Tata Industries Limited
4. Tata Petrodyne Limited
5. Tata Consultancy Services Limited
6. Tata Business Support Services Limited
7. Tata International Limited
8. Tata Advanced System Limited
9. Tata Autocomp System Limited
10. Tata Sky Limited
11. Infiniti Retail Limited
12. Ardent Properties Private Limited
13. Automotive Stampings & Assemblies Limited.
14. CMC Limited
15. Indian Rotorcraft Limited
16. Nova Integrated Systems Limited
17. Taj Air Limited (w.e.f. September 22, 2014)
18. Tata Sikorsky Aerospace Limited (Formerly Tata Aerospace Systems Limited)
19. Tata Advanced Materials Limited
20. Tata Industrial Services Limited
21. Tata Housing Development Company Limited
22. Tata Lockheed Martin Aerostructure Limited
23. Tata Sia Airlines Limited
24. Viom Networks Limited
25. Tata Toyo Radiator Limited

26. Avana Integrated Systems Limited
 27. Tata Value Homes Limited
 28. Taj Air Metrojet Aviation Limited (w.e.f. September 22, 2014)

Key Management Personnel

Mr. Dhan Tata

B) Transactions with related parties:

Amount (in ₹)

Sr. No	Party Name	Nature of transactions	2015-16	2014-15
1.	Tata Sons Limited	A) Services rendered #	12,227,771	14,082,558
		B) Funds received for services rendered #	12,237,305	14,283,439
		C) Outstanding receivable for service rendered #	158,120	167,654
		D) Rent Paid	3,758,133	3,360,000
		E) Other expenses	102,576	-
		F) Deposit	2,990,000	2,990,000
2.	Tata Capital Limited	A) Services rendered #	8,882,794	6,447,171
		B) Funds received for services rendered #	7,940,315	7,000,159
		C) Outstanding receivable for services rendered #	998,420	56,108
		D) ICDs received	525,000,000	350,000,000
		E) ICDs repaid	405,000,000	120,000,000
		F) Interest Paid	30,216,614	6,985,775
		G) Reimbursement of Expenses	-	82,249
		H) Amount payable	350,000,000	230,000,000
3.	Tata Capital Financial Services Limited	A) Services rendered #	1,102,607	1,665,406
		B) Funds received for Services rendered #	1,054,586	1,665,406
		C) Outstanding receivable for services rendered #	48,021	-
		D) Reimbursement of other expenses	9,828,203	13,103,369
		E) Amount Payable for other expenses	2,783,770	6,110,726
4.	Tata Securities Limited	A) Services rendered #	927,090	524,815
		B) Funds received for services rendered #	737,564	636,693
		C) Outstanding receivable for services rendered #	-	44,999
5.	TC Travel And Services Limited	A) Commission Expense	884	-
		B) Commission payable	884	123,425
		C) Services Rendered #	853,778	990,298
		D) Funds received for services rendered #	883,328	1,267,836
		E) Outstanding (Payable) for services rendered #	243,087	243,087
		F) Services received	2,174,408	1,238,572
		G) Funds Paid for services received	1,823,930	2,164,646
		H) Outstanding Payable	561,451	183,718
		I) Reimbursement of Expenses	210,973	-
		J) Services rendered - others	1,118,864	-
		k) Outstanding receivable	1,118,864	-
6.	Tata Cleantech Capital Limited	A) Reimbursement of expenses #	16,416	-
		B) Funds paid for services received #	16,416	-
7.	Tata AIG General Insurance Co Limited	A) Services rendered #	1,001,676	1,845,617
		B) Funds received for services rendered #	1,143,326	2,068,760
		C) Outstanding receivable for services rendered #	-	162,711
		D) Services Received	-	162,124
		E) Funds Paid for services received	-	162,124
		F) Amount payable	7,093	-
8.	Tata Consulting Engineers Limited	A) Services rendered #	119,442,612	85,946,191
		B) Funds received for services rendered #	88,932,285	86,739,377
		C) Outstanding receivable for services rendered #	33,446,661	2,936,334

Sr. No	Party Name		Nature of transactions	2015-16	2014-15
9.	Tata Industries Limited	A)	Services rendered #	2,627,637	3,544,593
		B)	Funds received for services rendered #	2,753,739	4,107,708
		C)	Outstanding receivable for services rendered #	63,565	189,667
10.	Tata Petrodyne Limited	A)	Services rendered #	382,830	2,693,207
		B)	Funds received for services rendered #	382,830	2,907,062
11.	Tata Consultancy Services Limited	A)	Services rendered including handling charges #	4,956,321,386	2,205,983,912
		B)	Funds received for services rendered #	4,795,276,394	2,151,209,446
		C)	Outstanding receivable for services rendered #	1,067,124,146	139,210,070
		D)	Services received	1,900,000	7,122,578
		E)	Funds Paid for services received	-	5,669,724
		F)	Amount Payable	1,980,145	2,002,516
12.	Tata Business Support Services Limited	A)	Services rendered #	4,057,055	1,332,220
		B)	Funds received for services rendered #	2,924,925	1,032,566
		C)	Outstanding receivable for services rendered #	1,431,784	299,654
		D)	Services Received	473,081	-
		E)	Funds Paid for services received	416,048	-
		F)	Amount Payable/ (Receivable)	57,033	-
13.	Tata International Limited	A)	Services rendered #	-	148,324
		B)	Funds received for services rendered #	-	148,324
14.	Tata Advanced System Limited	A)	Services rendered #	40,276,956	24,608,371
		B)	Funds received for services rendered #	40,862,125	25,166,311
		C)	Outstanding receivable for services rendered #	246,676	831,845
15.	Tata Autocomp System Limited	A)	Services rendered #	7,542,707	4,542,681
		B)	Funds received for services rendered #	7,842,533	3,182,399
		C)	Outstanding receivable for services rendered #	1,151,128	1,453,397
16.	Tata Sky Limited	A)	Services rendered #	1,662,622	1,727,797
		B)	Funds received for services rendered #	1,486,700	2,057,732
		D)	Amount Payable	124,078	-
17.	Infiniti Retail Limited	A)	Services rendered #	-	108,804
		B)	Funds received for services rendered #	-	108,804
18.	Ardent Properties Private Limited	A)	Services rendered #	179,216	198,128
		B)	Funds received for services rendered #	179,216	198,128
19.	Automotive Stampings & Assemblies Ltd	A)	Services rendered #	982,533	196,167
		B)	Funds received for services rendered #	982,533	196,167
20.	CMC Limited	A)	Services rendered #	33,049,439	15,629,646
		B)	Funds received for services rendered #	34,709,485	13,631,751
		C)	Outstanding receivable for services rendered #	153,777	1,997,895
21.	Indian Rotorcraft Limited	A)	Services rendered #	742,996	866,785
		B)	Funds received for services rendered #	799,496	810,285
		C)	Outstanding receivable for services rendered #	-	56,500
22.	Nova Integrated Systems Limited	A)	Services rendered #	859,347	2,293,251
		B)	Funds received for services rendered #	859,347	2,293,251
23.	Taj Air Limited	A)	Services rendered #	1,649,000	2,805,493
		B)	Funds received for services rendered #	1,557,404	2,805,493
		C)	Outstanding receivable for services rendered #	91,596	-
24.	Tata Sikorsky Aerospace Limited (formerly known as Tara Aerospace Systems Limited)	A)	Services rendered #	391,956	1,770,223
		B)	Funds received for services rendered #	391,956	1,770,223
25.	Tata Advanced Materials Limited	A)	Services rendered #	-	2,737,487
		B)	Funds received for services rendered #	-	2,737,487
		C)	Outstanding receivable for services rendered #	206	206
26.	Tata Industrial Services Limited	A)	Services rendered #	3,553,604	499,325
		B)	Funds received for services rendered #	3,553,604	499,325

Sr. No	Party Name		Nature of transactions	2015-16	2014-15
27.	Tata Housing Development Company Limited	A)	Services rendered #	2,599,574	2,231,342
		B)	Funds received for services rendered #	2,599,574	2,231,279
		C)	Outstanding receivable for services rendered #	-	63
28.	Tata Lockheed Martin Aerostructure Limited	A)	Services rendered #	3,948,353	1,750,775
		B)	Funds received for services rendered #	3,948,353	1,750,775
		C)	Outstanding receivable for services rendered #	-	-
29.	Tata Sia Airlines Limited	A)	Services rendered #	2,829,911	2,703,196
		B)	Funds received for services rendered #	3,124,969	2,332,705
		C)	Outstanding receivable for services rendered #	75,433	370,491
30.	Viom Networks Limited	A)	Services rendered #	2,057,970	1,982,746
		B)	Funds received for services rendered #	2,057,970	2,100,748
		C)	Outstanding receivable for services rendered #	7,270	3,635
31.	Tata Toyo Radiator Limited	A)	Services rendered #	2,437,981	33,221
		B)	Funds received for services rendered #	2,099,970	-
		C)	Outstanding receivable for services rendered #	371,232	33,221
32.	Avana Integrated Systems Limited	A)	Services rendered #	358,854	-
		B)	Funds received for services rendered #	358,854	-
33.	Tata Value Homes Limited	A)	Services rendered #	25,560	-
		B)	Funds received for services rendered #	25,560	-
34.	Taj Air Metrojet Aviation Limited	A)	Services rendered #	412,492	501,125
		B)	Funds received for services rendered #	412,492	501,125
35.	Key Management Personnel	A)	Remuneration paid ##	8,843,096	7,940,359

- Services rendered and reimbursement of costs includes amounts billed to customers on account of amounts payable to service provider.

- In view of inadequacy of profits, the Shareholders of the Company at the Annual General Meeting held on June 18, 2013 approved of the terms of remuneration of Mr. Dhan Tata in accordance with Schedule XIII of the Companies Act, 1956. The Ministry of Corporate Affairs has vide its Circular No.07/2015 dated April 10, 2015 clarified that a Managerial Person may continue to receive remuneration for his remaining term in accordance with the terms and conditions approved by the Company as per relevant provisions of Schedule XIII of Companies Act, 1956, even if the part of his tenure falls after April 1, 2014.

24. Earnings per share:

Amount (in ₹)

Particulars	2015-16	2014-15
Loss after tax	(12,445,204)	(30,415,875)
Weighted average number of equity shares used in computing basic earnings per share	10,433,969	10,433,969
Face value of equity shares	10	10
Basic and Diluted earnings per share	(1.19)	(2.92)

25. Promoters Claim

Claim on erstwhile promoters is recognised on the basis of overstatement of Debtors pertaining to pre-acquisition period. The company is in discussion with the promoters for settlement of claims.

26. Depreciation

In the previous year, pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining

useful life of the asset was determined to be Nil as on April 1, 2014, and has adjusted an amount of ₹444,038/- (net of deferred tax of ₹ Nil) against the opening balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the previous year is higher by ₹ 560,942/- consequent to the change in the useful life of the assets.

27. Service tax input credit disallowance

Pursuant to a Service tax audit conducted by The Commissioner of Service Tax, Audit Commissionerate, Bangalore, for the period October 2010 to March 2015, a demand of ₹9,253,131/- was raised on the Company on account of input credit disallowance along with interest and penalty thereon and the same was fully discharged during the year.

28. Embezzlement of foreign currency

A case of embezzlement of foreign currency amounting to ₹1,631,317/- (equivalent to USD 25,175) was identified in one of the branches of the Company and the same has been charged off in the Statement of Profit & Loss account during the year.

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

For and on behalf of the Board of Directors

S.H. Rajadhyaksha
(Chairman)

G. Sankaranarayanan
(Director)

Sudhir Nadkarni
(Director)

Prabhakar Dalal
(Director)

Puneet Sharma
(Director)

Dhan Tata
(CEO & CFO)

Megha Sekharan
(Company Secretary)

Mumbai
Date : April 27, 2016