

DIRECTORS' REPORT

TO THE MEMBERS OF TATA SECURITIES LIMITED

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

1. BACKGROUND

Tata Securities Limited ("Tata Securities" or "Company"), a wholly owned subsidiary of Tata Capital Limited ("TCL"), is engaged in the business of:

- Stock Broking as a member of the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE");
- Investment Banking services;
- Depository Participant services as a Depository Participant of the Central Depository Services (India) Limited ("CDSL") and the National Securities Depository Limited ("NSDL");
- Portfolio Management services; and
- Distribution of Mutual Fund units and third party financial products.

2. OUTLOOK

The Indian economy started the fiscal year 2015-16 on a positive note. On the back of optimism drawn from the strong rebound in growth, the Central Statistics Office has forecasted GDP growth of 7 – 7.5% during FY 2016-17. Though there is widespread hope and optimism that the business environment will improve, actual changes are still to be seen. The Company is working on the various operational plans to take advantage of the improved climate and changing dynamics of the financial sector:

3. FINANCIAL RESULTS

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

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15
Total Income	21.94	36.50
Expenditure	(33.54)	(35.19)
Exceptional items	-	3.36
Profit / (Loss) before Depreciation, Tax, Provisions	(11.60)	4.67
Depreciation and amortization	(0.23)	(0.20)
Profit/(Loss) before Tax	(11.83)	4.47
Provision for tax	-	NIL
Profit / (Loss) after Tax	(11.83)	4.47
Balance brought forward from previous year	(7.43)	(11.90)
Amount available for appropriation	-	-
Appropriation	-	-
Dividend (including Dividend Distribution Tax)	-	-
Balance Carried forward to Balance Sheet	(19.26)	(7.43)

During the year under review, total income of the Company stood at ₹ 21.94 crore as compared to ₹ 36.50 crore in the previous financial year, down by 39.89%. The loss for the same period stands at ₹ 11.83 crore as compared to the Profit after tax of ₹ 4.47 crore in the previous financial year.

Since there is no amount available for appropriation, there is no amount transferred to Reserves and the loss for the year of ₹ 11.83 crore is carried forward to the Balance Sheet.

4. REVIEW OF OPERATIONS OF THE COMPANY

4.1. Retail Brokerage Business

The retail broking business offered both offline and online trading facilities and also started focusing on non-equity business, including marketing and distribution of listed debt instruments, preference shares, mutual fund products during the year. The total registered client base stood at around 25,000. The trading turnover from this segment was ₹10,852 crore in FY 2015-16 as against ₹ 12,869 crore in FY 2014-15. The Company has registered a total of 207 Sub-Brokers and Authorized Persons after obtaining the necessary approvals from the Securities and Exchange Board of India and the concerned Stock Exchanges. During the year under review, the Company initiated a “Yuva Campaign” to establish and target younger audience.

4.2. Institutional Equity Business

The Institutional Equity Broking team focused on a smaller number of key clients to whom it now provides a differentiated service including better research. During the year under review, the Company was also successful in obtaining empanelment with 19 new institutional investors. The client base of the Company comprises Asset Management Companies, Insurance Companies, Banks, Foreign Institutional Investors, Corporate and Tata companies. Constant interaction between the selected institutional investors and mid-sized to large companies has resulted in their increased participation in equity broking business. The trading turnover from this segment was ₹ 3,307 crore in FY 2015-16 as against ₹ 6,025 crore in FY 2014-15.

The Research Team of the Company studies market conditions to examine potential sales of a product or service. Research Analysts help clients to understand and develop a know-how on the securities based on the market analysis. The research reports are sent to all the existing broking clients of the Company and published on the website of the Company.

4.3. Institutional Distribution Business

Tata Securities distributes liquid and money market Mutual Fund units to a few select companies. A separate plan for direct investments in Mutual Fund (“MF”) units came into effect from January 1, 2013 and had an adverse impact on the Average Assets Under Management (“AUM”) as well as the assets mobilized. The Company is reviewing how best to operate in this new scenario. As on March 31, 2016, the institutional and corporate client base was about 990, comprising major institutions/companies, including companies from the Tata eco-system.

The average AUM of the Company were about ₹ 5,449 crore during FY 2015-16 as against ₹ 8,359 crore during FY 2014-15. During the year under review, the Company mobilized a sum of ₹ 1,56,670 crore as against ₹ 2,32,281 crore in the previous year.

4.4. Investment Banking Services

During the year, the Company has collaborated with “Terra Alliance” to promote its cross border business. Terra Alliance consists of ten member firms and two associated firms, with offices in 12 countries and coverage of more than 30 countries / regions worldwide. The team is now focusing on building a boutique advisory business focused on Merger & Acquisition Advisory and Debt Advisory opportunities.

4.5. Reasons for underperformance

The Company has incurred a loss before tax of ₹ 11.83 crore during FY 2015-16 as against a profit before tax of ₹ 4.47 crore during the previous financial year. The reasons for the loss are, as under:

- i) Lack of direction of the secondary market resulted in negative sentiments and discouraged investors to enhance their level of participation. Apart from this, the growing competition in the broking industry led to lower yields in the form of brokerage income, as a consequence of which the income levels from broking verticals were less than the expected amount.
- ii) The activity of raising of capital by the corporate sector continued to lack lustre as the general investment environment was not conducive to mobilization of funds from investors.

4.6. Plans for improvement of performance

The Company has been making concerted efforts and is attempting to increase the revenue stream in the ensuing financial year through initiatives that will help the Company to:

- i) attract more retail client participation and also broaden the customer base,
- ii) enhance advisory services offering to corporate entities investing in mutual fund units and third party financial products; and
- iii) execute mandates received for investment banking.

One of the key initiatives in the coming year will be to leverage cross selling opportunities within the Tata eco system and Tata Capital Clients.

5. RENEWALS / PERMANENT REGISTRATION

The Securities and Exchange Board of India (“SEBI”) has:

- (i) granted permanent registration to the Company as Depository Participant of NSDL, with effect from September 10, 2013;
- (ii) renewed the Company’s Portfolio Management Scheme (“PMS”) license for a period of three years from October 18, 2013 to October 17, 2016;
- (iii) granted permanent registration to the Company for the Merchant Banking activity, with effect from July 2, 2014;
- (iv) granted permanent registration to the Company as a Stock Broker, with effect from August 28, 2015; and
- (v) granted registration to the Company as Research Analyst for a period of 5 years from November 5, 2015 to November 4, 2020.

6. SHARE CAPITAL

The Authorized Share Capital of the Company is ₹ 101,00,00,000, consisting of 8,10,00,000 Equity Shares of ₹ 10/- each and 2,00,00,000 Compulsorily Convertible Cumulative Preference Shares (“CCCPS”) of ₹ 10/- each.

The Paid-up Share Capital of the Company is ₹ 18,82,94,180 consisting of 38,29,418 Equity Shares of ₹ 10/- each and 1,50,00,000 CCCPS of ₹ 10/- each, fully paid, which is entirely held by TCL. There was no change in the Authorised or Subscribed or Paid-Up Share Capital during FY 2015-16.

7. DIVIDEND

In view of the accumulated losses of the Company and in order to conserve the resources of the Company and taking into consideration its business plans, the Board of Directors do not recommend any dividend for FY 2015-16 on the Equity and Preference Share Capital of the Company.

8. FINANCE

During FY 2015-16, the Company met its funding requirements through Inter Corporate Deposits from TCL and to enable further expansion of the business, the Company has arrangements in place with banks for meeting its working capital requirements.

9. RISK MANAGEMENT POLICY

Risk Management is a key function in a Stock Broking Company. Real-time monitoring of overall exposure of the Company is required from the point of view of Risk Control. The Company has adopted a comprehensive Risk Management Policy identifying various elements of risks, risk parameters and risk containment measures. The Company has also constituted an internal Risk Control Committee (“RCC”). The Members of the RCC periodically review the robustness of the Risk Management Policy. The periodical update on the risk management practices and mitigation plan of the Company are presented to the Audit Committee of the Board. The Audit Committee reviews such updates and findings and suggests areas where internal controls and risk management practices can be improved.

10. INTERNAL CONTROL SYSTEMS

In accordance with the guidelines issued by SEBI, the Company has appointed M/s. NMAH & Associates, Chartered Accountants, for conducting the internal audit of stock broking and depository participant operations. The purpose of this internal audit is to examine whether the processes and procedures followed and the operations carried out by the Trading Members/Clearing Members meet with the requirements prescribed by SEBI, the Stock Exchanges and the Depositories. In addition to this, 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's internal control system is commensurate with its size, nature and operations.

11. INTERNAL FINANCIAL CONTROLS

During the course of FY 2014-15, 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(SOPs) and risk registers has been completed for all businesses and functions under the supervision of the CFT. Further, during FY 2015-16, the 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. Internal Audit team has also conducted the review of the Internal Financial Controls and remedial action has been taken or agreed upon with a finite closure date wherein control weakness were identified. There are no material financial controls related observations outstanding at March 31, 2016. Based on the aforementioned, the Management believes adequate internal financial controls exist in relation to its Financial Statements.

12. INFRASTRUCTURE

The Company continued the implementation of improvement and enhancement of its infrastructure arrangements, including premises, connectivity and recruitment of manpower.

13. INFORMATION TECHNOLOGY ("IT") SUPPORT

The business of stock broking and distribution services is technology oriented for ensuring the speed of conducting transactions and also for creating a facility for providing a reliable, user friendly and convenient system for the clients. In this connection, the Company has arrangements with Tata Consultancy Services Limited and the IT department of TCL and has upgraded its IT infrastructure by implementing necessary measures during the year. Transactional applications for all the businesses have been put in place.

14. HUMAN RESOURCES

The Company had 135 employees on its payroll as at March 31, 2016. The Company recognizes the value of its human capital and is continuously upgrading skill levels of its workforce through regular internal and external training and management development workshops.

15. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

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

16. COMPLIANCE

The Company complied with and continues to comply with all the applicable provisions of the Act, Securities and Exchange Board of India Act, 1992, SEBI (Stock Brokers & Sub-Brokers) Regulations, 1992, SEBI (Portfolio Managers) Regulations, 1993, The Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996, SEBI (Merchant Bankers) Regulations, 1992 and SEBI (KYC (Know Your Customer) Registration Agency)) Regulations, 2011, SEBI (Foreign Portfolio Investors) Regulations, 2014, SEBI (Research Analysts) Regulations, 2014 and other applicable rules/regulations/guidelines issued from time to time.

The Company has also been in continuous compliance with all the applicable regulations, circulars and guidelines issued by SEBI, Stock Exchanges, Depositories and other regulatory authorities relating to disclosures and submission of periodic reports.

The Company has deployed “ComplianceCheck” (“Application”), an online platform to report and monitor compliances. The Application has features such as generation of compliance alerts, generation of compliance reports and updating the compliance tasks based on regulatory developments. Detailed compliance reports are received from units/establishments across the Company. These reports are duly examined and submitted on a regular basis to the Chief Financial Officer and are placed before the Board by the Company Secretary.

17. REGULATORY ACTION

There are no orders passed by the regulators or courts or tribunals impacting the going concern status and operations of the Company in future.

18. 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.

19. DETAILS OF LOANS, GUARANTEES OR INVESTMENTS

During FY 2015-16, the Company has not made any investments in securities, granted 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 the provisions of Section 186 of the Act.

20. DIRECTORS

At the Meeting of the Board of Directors of the Company held on May 12, 2015, the Directors appointed Mr. Kaikhushru V Taraporevala, Non-Executive Director, as the Managing Director of the Company, for a period of five years with effect from July 1, 2015, consequent upon separation of Mr. A R Shankar, Manager, with effect from June 30, 2015. The said appointment was also approved by the Members of the Company at the Annual General Meeting (“AGM”) held on June 30, 2015.

During the year under review, Mr. Taraporevala stepped down as Managing Director of the Company with effect from October 31, 2015 and the necessary regulatory approvals were obtained for the same. The Board places on record its appreciation of the services rendered by him, during his tenure as Managing Director of the Company.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Francisco J Da Cunha, is liable to retire by rotation at the ensuing AGM and is eligible for re-appointment. The Members of the Company may wish to refer to the accompanying Notice of the AGM of the Company, for brief Resume of Mr. Da Cunha.

Pursuant to Section 149(7) of the Act, the Company has received declarations from the Independent Directors viz. Mr. Prabhakar Dalal and Ms. Sangeeta Singh, stating that they continue to meet the criteria of independence as provided in Section 149(6) of the Act. Mr. Dalal and Ms. Singh, being Independent Directors of the Company, are not liable to retire by rotation.

21. 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 Chairperson of the NRC and the Chairman of the Board. 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, quality of relationship between the Board and the Management 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 relationship of the Committee with the Board and the Management etc.

The feedback of the Independent Directors on their review of the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairman of the Company and assessment of the quality, quantity and timelines of flow of information between the Company Management and the Board, was taken into consideration by the Board in carrying out the performance evaluation.

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

The NRC of the Board comprises Ms. Sangeeta Singh, Independent Director ("ID") as Chairperson, Mr. Praveen P Kadle, Non-Executive Director ("NED"), Mr. Francisco J Da Cunha, NED, and Mr. Prabhakar Dalal, ID. The NRC develops the competency requirements of the Board based on the industry and 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 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.

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 the 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 ("KMP") and all other employees is aligned to the philosophy on 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, KMP 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.

23. KEY MANAGERIAL PERSONNEL ("KMP")

During the year under review, Mr. A R Shankar ceased to be the Manager of the Company, with effect from June 30, 2015 and he also stepped down as the Chief Financial Officer of the Company and KMP with effect from July 19, 2015. The Board places on record its appreciation for the services rendered by him, during his tenure as Manager and Chief Financial Officer of the Company and as its KMP.

Mr. Kaikhushru V Taraporevala was appointed as the Managing Director of the Company for a period of five years with effect from July 1, 2015.

At the Meeting of the Board of Directors of the Company held on July 20, 2015, the Directors appointed Mr. Aneesh Hosangadi as the Chief Financial Officer and Mr. Bineet Jha as the Company Secretary of the Company, with effect from July 20, 2015.

During the year under review, Mr. Taraporevala ceased to be the Managing Director of the Company, with effect from October 31, 2015. The Board places on record its appreciation for the services rendered by him during his tenure as Managing Director of the Company and as its KMP.

Mr. Sanjeet Dawar, Chief Operating Officer-Retail Equity Business, was appointed as the Manager of the Company at the Meeting of the Board of Directors held on April 25, 2016, for a period of 5 years with effect from April 25, 2016. The terms of appointment including the remuneration (for a period of three years) are subject to approval of the Members of the Company at the ensuing AGM to be held on June 24, 2016.

24. 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 and based on 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;
- 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 cash flows of the Company for the year;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this 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.

25. CORPORATE GOVERNANCE

The Company recognizes its role as a corporate citizen and endeavors 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 Board of Directors along with its Committees provides leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company.

The Board of Directors of the Company has an optimum combination of Non-Executive and Independent Directors. The size of the Board is commensurate with the size and business of the Company. During the year under review, five Board Meetings were held viz. April 20, 2015, May 12, 2015, July 20, 2015, October 16, 2015 and January 22, 2016, respectively. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during FY 2015-16 and at the last AGM are, as under:

Name of Directors	Director Identification Number	Category	Board Meetings		Whether present at previous AGM held on June 30, 2015
			Held	Attended	
Mr. Praveen P Kadle, Chairman	00016814	Non-Executive Director ("NED")	5	4	Yes
Mr. Kaikhushru V Taraporevala (resigned w.e.f. October 31, 2015)	00691210	Managing Director	5	4	Yes
Mr. Phillie D Karkaria	00059397	NED	5	4	No
Mr. Francisco J Da Cunha	00904680	NED	5	5	No
Mr. Noshir J Driver	00025025	NED	5	5	No
Mr. Prabhakar Dalal	00544948	Independent Director ("ID")	5	5	No
Ms. Sangeeta Singh	06920906	ID	5	5	No

The Company paid Sitting Fees for attending meetings of the Board and its Committees for FY 2015-16, within the maximum prescribed limits, to the Non-Executive Directors and Independent Directors. As requested by Mr. Praveen P Kadle, no sitting fee was paid to him, since he is the Managing Director of TCL, the holding company.

The details of the Sitting fees are, given below:

Name of Directors	Sitting Fees paid for attending Board and Committee Meetings during FY 2015-16 (in ₹)
Mr. Phillie D Karkaria	2,70,000
Mr. Francisco J Da Cunha	2,70,000
Mr. Noshir J Driver	1,50,000
Mr. Prabhakar R Dalal	5,10,000
Ms. Sangeeta K Singh	5,10,000

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 matters. These are the Audit Committee and the NRC. The Company Secretary is the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions which are noted by the Board at its next meeting. The minutes of the meetings of all Committees of the Board are placed before the Board for discussion / noting.

Audit Committee

The Audit Committee of the Board comprises Mr. Phillie D Karkaria (Chairman), NED, Mr. Prabhakar Dalal, ID, and Ms. Sangeeta Singh, ID as Members. 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 financial statements and have relevant finance and/or audit experience. Besides the Members of the Committee, meetings of the Audit Committee are attended by the Business Heads, Statutory Auditors, Internal Auditors, Chief Financial Officer and the Company Secretary. The Internal Audit function is outsourced to M/s NMAH & Associates, Chartered Accountants and is overseen by 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 Audit Committee Charter which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act. Given below, *inter alia*, is a gist of the responsibilities of the Audit Committee:

- Recommend the appointment and removal of the Auditors and their remuneration and the 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
- Approve any transactions of the Company with related parties or any subsequent modifications thereof
- Scrutinize 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
- Carry out the responsibilities under the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices.

During FY 2015-16, six Meetings of the Audit Committee were held on April 20, 2015, June 1, 2015, July 20, 2015, October 16, 2015, December 18, 2015 and January 22, 2016, respectively. The composition of the Audit Committee and the attendance of its Members at its Meetings held during FY 2015-16, is given below:

Name of the Members	Category	No. of Meetings	
		Held	Attended
Mr. Phillie D Karkaria, Chairman	NED	6	5
Mr. Prabhakar Dalal	ID	6	6
Ms. Sangeeta Singh	ID	6	6

The Board has accepted all the recommendations made by the Audit Committee during the year.

Besides the Members of the Committee, meetings of the Audit Committee are attended by the Business Heads, Statutory Auditors, Internal Auditors, Chief Financial Officer and the Company Secretary. The Internal Audit Function is outsourced to M/s NMAH & Associates, Chartered Accountants, and is overseen by the Chief Internal Auditor of TCL, the holding company. The Internal Audit Function reports to the Chariman of the Audit Committee to ensure independence of operations.

Nomination and Remuneration Committee

The NRC of the Board comprises Ms. Sangeeta Singh (Chairperson), ID, Mr. Praveen P Kadle, NED, Mr. Francisco J Da Cunha, NED and Mr. Prabhakar Dalal, ID. The NRC identifies persons who are qualified to become Directors and who may be appointed in senior management, recommends to the Board their appointment or removal and carries out evaluation of every director's performance on a periodic basis. The role of the Committee is in line with that prescribed under the Act.

During FY 2015-16, four Meetings of the NRC were held on April 20, 2015, May 12, 2015, July 20, 2015 and February 29, 2016, respectively. The composition of the NRC and the attendance of its Members at its Meetings held during FY 2015-16, is given below:

Name of the Members	Category	No. of Meetings	
		Held	Attended
Ms. Sangeeta Singh, Chairperson	ID	4	4
Mr. Praveen P Kadle	NED	4	2
Mr. Francisco J Da Cunha	NED	4	4
Mr. Prabhakar Dalal	ID	4	4

The Chairperson of the NRC had authorized Mr. Praveen P Kadle, to attend the last AGM, on her behalf.

iii. Details of Managerial Personnel:

The terms and conditions, *inter alia*, of the appointment and remuneration of Mr. A R Shankar, Mr. Kaikhushru V Taraporevala and Mr. Sanjeet Dawar are, as given below:

Particulars	Mr. A R Shankar (Manager) (May 5, 2014 to June 30, 2015)	Mr. Kaikhushru V Taraporevala (Managing Director) (July 1, 2015 to October 31, 2015)	Mr. Sanjeet Dawar (Manager) (April 25, 2016)
Remuneration	<p>Salary: ₹ 1,22,060 per month upto a maximum of ₹ 2,50,000 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. Such Incentive Remuneration not exceeding ₹ 50,00,000 to be paid at the discretion of the Board annually, based on certain performance criteria and such other parameters as may be considered appropriate from time to time. In addition, benefits, perquisites and allowances as per the Agreement.</p>	<p>Salary: ₹ 5,32,885 per month upto a maximum of ₹ 8,00,000 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. Such Incentive Remuneration not exceeding ₹1,00,00,000 to be paid at the discretion of the Board annually, based on certain performance criteria and such other parameters as may be considered appropriate from time to time. In addition, benefits, perquisites and allowances as per the Agreement.</p>	<p>Salary: ₹ 2,31,065/- per month upto maximum of ₹ 3,50,000/- per month. The annual increments which would be effective 1st April each year, to be decided by the Board or any Committee thereof and would be merit-based and after taking into account the Company's performance as well. Such Incentive Remuneration not exceeding ₹ 75,00,000/- to be paid at the discretion of the Board annually, based on certain performance criteria and such other parameters as may be considered appropriate from time to time. In addition, benefits, perquisites and allowances as per the Agreement.</p>
Minimum Remuneration	<p>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/provide to the Manager remuneration for a period not exceeding 3 years by way of Salary, Benefits, Perquisites and Allowances and Incentive Remuneration, as specified above.</p>	<p>Where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay/provide to the Managing Director remuneration for a period not exceeding 3 years by way of Salary, Benefits, Perquisites and Allowances and Incentive Remuneration, as specified above.</p>	<p>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 to the Manager remuneration by way of Salary, Benefits, Perquisites and Allowances and Incentive Remuneration, as specified above.</p>
Term & Termination	<p>Term of five years, with effect from May 5, 2014.</p> <p>The appointment may be terminated by either party by giving to the other party, three months' notice of such termination or the Company paying three months' remuneration in lieu of the Notice.</p>	<p>Term of five years, with effect from July 1, 2015.</p> <p>The appointment may be terminated by either party by giving to the other party, six months' notice of such termination or the Company paying six months' remuneration which shall be limited to provision of Salary, Benefits, Perquisites, Allowances and any pro-rated Remuneration (paid at the discretion of the Board), in lieu of the Notice.</p>	<p>Term of five years, with effect from April 25, 2016.</p> <p>The appointment may be terminated by either party by giving to the other party, three months' notice of such termination or the Company paying three months' remuneration which shall be limited to provision of monthly basic Salary in lieu of the Notice.</p>

Particulars	Mr. A R Shankar (Manager) (May 5, 2014 to June 30, 2015)	Mr. Kaikhushru V Taraporevala (Managing Director) (July 1, 2015 to October 31, 2015)	Mr. Sanjeet Dawar (Manager) (April 25, 2016)
Other Terms	The said terms and conditions also include clauses pertaining to adherence with the Tata Code of Conduct, including no conflict of interest with the Company, non-compete and maintenance of confidentiality.	The said terms and conditions also include clauses pertaining to adherence with the Tata Code of Conduct, including no conflict of interest with the Company, non-solicit, non-compete and maintenance of confidentiality.	The said terms and conditions also include clauses pertaining to adherence with the Tata Code of Conduct, including no conflict of interest with the Company, non-solicit, non-compete and maintenance of confidentiality.

The details of the ESOP offered and exercised under the Tata Capital Limited Employee Stock Purchase / Option Scheme by Mr. Shankar and Mr. Dawar are, as under:

Name	ESOP Offered	ESOP Exercised
Mr. A R Shankar	3000	3000
Mr. Sanjeet Dawar	82224	74223

No Options were offered to Mr. Taraporevala.

- v. The Board has adopted the following policies for the Company:
- Tata Code of Conduct
 - Whistle Blower Policy
 - Governance Guidelines on Board's Effectiveness
 - Code of Conduct for Prevention of Insider Trading
 - Prevention of Money Laundering Policy, etc.
 - Tata Code of Conduct for Non- Executive Directors
 - Remuneration Policy
 - Risk Management Policy
 - Policy on Board Diversity and Director Attributes.
- vi. TCL has signed the Tata Brand Equity and Business Promotion ("BEBP") Agreement with Tata Sons Limited on behalf of its subsidiaries including Tata Securities, for subscribing to the TATA BEBP Scheme. The Company abides by the Tata Code of Conduct and the norms for using the Tata Brand identity.
- vii. The Company has, in terms of the provisions of the applicable regulations formulated by the Securities and Exchange Board of India appointed Mr. Bineet Jha, as the Compliance Officer in respect of the business carried out by the Company for Stock Broking, Depository Participant, Merchant Banker, Research Analysts and Portfolio Manager and has also appointed him as the Principal Officer for the purpose of the Prevention of Money Laundering Act, 2002.
- viii. The Corporate Identity Number of the Company is U67120MH1994PLC080918 and website of the Company is www.tatacapital.com.
- ix. The provisions of Section 204 of the Act regarding Secretarial Audit are not applicable to the Company.

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

The Company is committed to provide and promote 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 and a structured reporting and redressal mechanism has been constituted. An Internal Complaints Committee, known as the POSH Committee has been constituted, to inquire into complaints of sexual harassment and to 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 the offices of the Company.

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

27. STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (formerly known as Deloitte Haskins & Sells), Chartered Accountants, Mumbai ("DHS") (ICAI Firm Registration Number: 117366W/W - 100018), who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing AGM and are eligible for re-appointment.

At the conclusion of the ensuing AGM of the Company, DHS and M/s. S.B. Billimoria & Company ("S.B.B. & Co."), Chartered Accountants (which merged into DHS), together would have completed a period of more than ten years as Statutory Auditors of the Company. As per the provisions of the Act read with the Companies (Audit and Auditors) Rules, 2014, DHS can function as the Statutory Auditors of the Company till next financial year i.e. upto March 31, 2017. Accordingly, it is proposed to re-appoint DHS as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next AGM of the Company.

The Company has received a letter 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.

28. EXPLANATION ON STATUTORY AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by DHS, in their Report dated April 25, 2016, on the Financial Statements of the Company for FY 2015-16.

29. 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, as applicable.

30. 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 25, 2016, being the date of this Report.

31. PARTICULARS OF RELATED PARTY TRANSACTIONS U/S 188 OF THE ACT

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

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, is attached as Annexure 'C'. 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 the Note no. 27 in the Notes 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.

32. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & 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.

Considering the nature and operations, the Company require normal consumption of electricity. The Company is taking steps to reduce the consumption of energy.

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

(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 under (i) to (iv) above would not be applicable to the Company.

(C) Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year under review was ₹ 83 lakh and the Foreign Exchange outgo during the year under review in terms of actual outflows, was ₹ 50 lakh.

33. EXTRACT OF THE 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'.

34. ACKNOWLEDGEMENTS

The Directors would like to place on record their gratitude for the valuable guidance and support received from Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Central Depository Services (India) Limited, National Securities Depository Limited, Association of Mutual Funds of India and other government and regulatory agencies and to convey their appreciation to TCL, the holding company, customers, bankers, lenders, vendors, and all other business associates for the continuous support given by them to the Company and for their confidence in its Management. The Directors also place on record their appreciation of the commitment, commendable efforts, team work and professionalism of all the employees of the Company.

For and on behalf of the Board of Directors

**Praveen P Kadle
Chairman**

Mumbai, April 25, 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") 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 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 the effective corporate governance and sustained commercial success of a Company.

In view of the above, Tata Securities Limited ("TSL" 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 TSL 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 Regulations/ Guidelines (issued and as amended from time to time by SEBI and 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'**The Remuneration Policy****1. COMPENSATION PHILOSOPHY**

Tata Securities 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 / 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 arms 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 Party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Amount	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
1	Tata Capital Limited	Holding company	a) Inter Corporate Deposits ("ICDs") accepted	1.034	Tenor upto 1 year	Cost of funds below Bank borrowing rate, Cost of funds of provider for previous month plus 100 bps	-
			b) ICD Outstanding Payable	1,434	Tenor upto 1 year	Cost of funds below Bank borrowing rate, Cost of funds of provider for previous month plus 100 bps	-
2	Tata Capital Financial Services Limited ("TCFSL")	Fellow subsidiary Company	a) Rent	227	3 years	As per the Agreement entered into between the Company and TCFSL	-

Notes :

- 1 10% of total revenue is considered as threshold limit for identification of related party transaction, but total transaction value is considered for the reporting.
- 2 Appropriate approvals have been taken for Related Party Transactions.

For and on behalf of the Board of Directors

Mumbai
Date : April 25, 2016

Praveen P Kadle
Chairman

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: U67120MH1994PLC080918
- ii) Registration Date: September 7, 1994
- iii) Name of the Company: Tata Securities Limited
- iv) Category: Company Limited by shares
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:
Telephone Number: 022 61827831
E-mail id: bineet.jha@tatacapital.com
- vi) Whether listed company: No
- vii) Name, Address and Contact details of Registrar and Transfer agent, if any: Not Applicable

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	Share Broking	66120	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 Company	100%	Section 2(46)

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

i) Category-wise Shareholding:

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	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	38,29,411	7	38,29,418	100	38,29,411	7	38,29,418	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	38,29,411	7	38,29,418	100	38,29,411	7	38,29,418	100	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter	38,29,411	7	38,29,418	100	38,29,411	7	38,29,418	100	-
(A) = (A)(1)+(A)(2)									
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII's	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others									
Public Charitable Trust	-	-	-	-	-	-	-	-	-
TCL Employee Welfare Trust (ESOP Trust)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding	-	-	-	-	-	-	-	-	-
(B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	38,29,411	7	38,29,418	100	38,29,411	7	38,29,418	100	-

ii) Shareholding of Promoters (Equity Share Capital):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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	38,29,418	100%	-	38,29,418	100%	-	-
	Total	38,29,418	100%	-	38,29,418	100%	-	-

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

Sr No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	38,29,418	100%	38,29,418	100%
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase	-	-	-	-
3.	At the end of the year	38,29,418	100%	38,29,418	100%

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

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

Sr No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)	-	-	-	-
3.	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

The entire Equity Share Capital of the Company is held by the Promoters of the Company.

v) Shareholding (Equity Share Capital) of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	-	-	-	-
3.	At the end of the year	-	-	-	-

The Directors and Key Managerial Personnel do not hold any Equity Shares of the Company.

B) SHAREHOLDING PATTERN (Preference Share Capital Breakup as percentage of Total Preference:

i) Category-wise Shareholding:

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	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	1,50,00,000	-	1,50,00,000	100	1,50,00,000	-	1,50,00,000	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	1,50,00,000	-	1,50,00,000	100	1,50,00,000	-	1,50,00,000	100	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1,50,00,000	-	1,50,00,000	100	1,50,00,000	-	1,50,00,000	100	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-

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	
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others									
Public Charitable Trust	-	-	-	-	-	-	-	-	-
TCL Employee Welfare Trust (ESOP Trust)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,50,00,000	-	1,50,00,000	100	1,50,00,000	-	1,50,00,000	100	-

ii) Shareholding of Promoters (Preference Share Capital):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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	1,50,00,000	100%	-	1,50,00,000	100%	-	-
	Total	1,50,00,000	100%	-	1,50,00,000	100%	-	-

iii) **Change in Promoters' Shareholding (Preference Share Capital) (please specify, if there is no change):**

Sr. No.	For each of the Director and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	1,50,00,000	100%	1,50,00,000	100%
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3.	At the end of the year	1,50,00,000	100%	1,50,00,000	100%

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

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

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.):	-	-	-	-
3.	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

The entire Preference Share Capital of the Company is held by the Promoters of the Company.

v) **Shareholding (Preference Share Capital) of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3.	At the end of the year	-	-	-	-

The Directors and Key Managerial Personnel do not hold any Preference Shares of the Company.

V. INDEBTEDNESS

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

(₹ in lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness At the beginning of the financial year				
i) Principal Amount	18	400	-	418
ii) Interest due but not paid	-	-	-	-
ii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	18	400	-	418
Change in Indebtedness during the financial year				
• Addition	-	1,034	-	1,034
• Reduction	18	-	-	18
Net Change	18	1,034	-	1,016
Indebtedness At the beginning of the financial year				
i) Principal Amount	-	1,434	-	1,434
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	1,434	-	1,434

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:
(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Manager : Mr. A. R. Shankar (from April 1, 2015 to June 30, 2015)	Name of Managing Director: Mr. Kaikhushru Taraporevala (from July 1, 2015 to October 31, 2015)	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,01,002	41,59,553	59,60,555
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	11,056	–	11,056
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – as % of profit – others, specify...	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	18,12,058	41,59,553	59,71,611
	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.		

Notes:

1. Mr. Shankar ceased to be a Manager of the Company w.e.f June 30, 2015. The details of remuneration of Mr. Shankar are provided from April 1, 2015 to June 30, 2015.
2. Mr. Kaikhushru Taraporevala was appointed as Managing Director ("MD") w.e.f. July 1, 2015 and ceased to be MD of the Company w.e.f. October 31, 2015. The details of remuneration of Mr. Taraporevala are provided from July 1, 2015 to October 31, 2015.

B. REMUNERATION TO OTHER DIRECTORS:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	Mr. Prabhakar Dalal	Ms. Sangeeta Singh		
	• Fee for attending board committee meetings	5,10,000	5,10,000		10,20,000
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (1)	5,10,000	5,10,000		10,20,000
2	Other Non-Executive Directors	Mr. Phillie D Karkaria	Mr. Francisco J Da Cunha	Mr. Noshir J Driver	Total Amount
	• Fee for attending board committee meetings	2,70,000	2,70,000	1,50,000	6,90,000
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (2)	2,70,000	2,70,000	1,50,000	6,90,000
Total (B) = (1+2)	7,80,000	7,80,000	1,50,000	17,10,000	
	Total Managerial Remuneration				90,66,092
	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 Act is applicable.			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO	Company Secretary	CFO*		
		-	Mr. Bineet Jha (from July 20,2015 to March 31,2016)	Mr. A. R. Shankar (from April 1, 2015 to July 19, 2015)	Mr. Aneesh Hosangadi (from July 20,2015 to March 31,2016)	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	7,93,654	20,88,623	10,18,276	39,00,553
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0	13,256	0	13,256
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission – as % of profit – others, specify...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total	-	7,93,654	21,01,879	10,18,276	39,13,809

Notes :

- 1) *Mr. Shankar ceased to be the Chief Financial Officer of the Company w.e.f July 19, 2015. The details of remuneration of Mr. Shankar are provided from April 1, 2015 to July 19, 2015.*
- 2) *Mr. Aneesh Hosangadi was appointed as the Chief Financial Officer of the Company w.e.f July 20, 2015. The details of remuneration of Mr. Hosangadi are provided from July 20, 2015 to March 31, 2016.*
- 3) *Mr. Bineet Jha was appointed as Company Secretary of the Company w.e.f July 20, 2015. The details of remuneration of Mr. Jha are provided from July 20, 2015 to March 31, 2016.*

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TATA SECURITIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of TATA SECURITIES 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 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 LLP
Chartered Accountants
(Firm's Registration No. 117366W /W-100018)

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

MUMBAI, April 25, 2016

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)****Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **TATA SECURITIES 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 LLP
Chartered Accountants
(Firm's Registration No. 117366W /W-100018)

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

MUMBAI, April 25, 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) According to the information and explanations given to us, the Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order 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 (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 provided guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under clause (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. According to the information and explanations given to us, no order 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 this regard in the case of the Company.
- (vi) To the best of 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 generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities. There were no amounts payable in respect of Sales Tax, Customs Duty, Work Contract Tax, Value Added Tax and Excise Duty.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, cess, Sales Tax, Customs Duty, Work Contract Tax, Value Added Tax and Excise Duty 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, Sales Tax, Customs Duty, Excise Duty, Value Added 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 borrowings to banks. The Company has not taken any loans from banks and not taken any loans or borrowings from financial institutions and government or has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

- (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.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the 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 (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-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W /W-100018)

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

MUMBAI, April 25, 2016

BALANCE SHEET AS AT MARCH 31, 2016

(₹ in lakh)

	Note No.	As at March 31, 2016	As at March 31, 2015
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	3	1,883	1,883
(b) Reserves and Surplus	4	(566)	617
		1,317	2,500
2. Non-Current liabilities			
(a) Long-term provisions	5	12	25
		12	25
3. Current liabilities			
(a) Short-term borrowings	6	1,434	418
(b) Trade payables	7		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		369	1,554
(c) Other current liabilities	8	1,389	2,416
(d) Short-term provisions	9	62	69
		3,254	4,457
TOTAL		4,583	6,982
II. ASSETS			
1. Non-Current assets			
(a) Fixed Assets	10		
(i) Tangible assets		42	19
(ii) Intangible assets		21	1
(b) Non-current Investments	11	-	-
(c) Long-term loans and advances	12	856	967
(d) Other non-current assets	13	12	-
		931	987
2. Current assets			
(a) Trade receivables	14	95	331
(b) Cash and Bank Balances	15	2,681	4,430
(c) Short-term loans and advances	16	247	384
(d) Other current assets	17	629	850
		3,652	5,995
TOTAL		4,583	6,982
See accompanying notes forming part of the financial statements	1-35		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered AccountantsPraveen P. Kadle
ChairmanP.D. Karkaria
DirectorF.J. DaCunha
DirectorG.K. Subramaniam
PartnerN. J. Driver
DirectorPrabhakar R Dalal
DirectorSangeeta K Singh
DirectorMumbai
Date : April 25, 2016Aneesh M. Hosangadi
Chief Financial OfficerBineet Jha
Company Secretary &
Compliance Officer

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

(₹ in Lakh)

	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
I Revenue from Operations	18	1,793	3,380
II Other Income	19	401	270
III Total Revenue (I + II)		2,194	3,650
IV Expenses :			
Employee benefits expense	20	1,662	1,930
Finance cost	21	137	63
Other expenses	22	1,555	1,522
Depreciation and amortisation	10	23	20
Amortisation of expenses		-	4
Total expenses		3,377	3,539
V (Loss) / Profit before exceptional and extraordinary items and tax (III - IV)		(1,183)	111
VI Exceptional items	34	-	336
VII (Loss) / Profit before tax (V+VI)		(1,183)	447
VIII Tax expense:			
Total Tax expense		-	-
IX (Loss) / Profit for the year (VII-VIII)		(1,183)	447
X Earnings per equity share			
(1) Basic (in Rupees)		(34.91)	7.68
(2) Diluted (in Rupees)		(34.91)	7.68
(3) Face value per share (in Rupees)		10	10
See accompanying notes forming part of the financial statements	1-35		

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Praveen P. Kadle
Chairman

P.D. Karkaria
Director

F.J. DaCunha
Director

G.K. Subramaniam
Partner

N. J. Driver
Director

Prabhakar R Dalal
Director

Sangeeta K Singh
Director

Mumbai
Date : April 25, 2016

Aneesh M. Hosangadi
Chief Financial Officer

Bineet Jha
Company Secretary &
Compliance Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Lakh)

	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
A Cash flow from Operating Activities			
a. (Loss) / Profit before tax		(1,183)	447
Adjustment for:			
Depreciation and amortisation		23	20
Amortisation of expenses		-	4
Provisions for Doubtful Debts/Advances		8	(366)
Bad Debts Written Off		3	30
Interest Income		(162)	(203)
Interest on Inter Corporate Deposits		111	41
Interest on Bank overdraft		5	4
b. Operating Loss before working capital changes		(1195)	(23)
Adjustment for:			
Trade and other receivables		402	12,937
Fixed Deposits with Scheduled Banks placed under lien with stock exchanges for trading margins		250	(125)
Current Liabilities and Provisions		(2,218)	(13,274)
Non - Current Liabilities and provisions		(13)	10
Loans and advances		148	2,124
Bank balance in client account		787	(207)
c. Cash (used in) / generated from operations before adjustments for interest received		(1,839)	1,442
Interest received on Fixed Deposits		193	180
d. Cash (used in) / generated from operations		(1,646)	1,622
Taxes paid		90	(125)
A Net Cash (used in) / from Operating Activities		(1,556)	1,497
B Cash flow from Investing Activities			
Purchase of fixed assets and capital advance given		(58)	(25)
Sale of Fixed Assets		1	2
Fixed Deposits with Scheduled Banks		900	(900)
Net Cash flow from / (used) in Investing Activities		843	(923)

(₹ in Lakh)

	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
C Cash flow from Financing Activities			
Interest on Bank Overdraft		(5)	(4)
Interest on Inter Corporate Deposits		(111)	(41)
Inter Corporate Deposits received / (repaid)		1,034	(400)
Bank Overdraft		(18)	(141)
Net Cash from / (used in) Financing Activities		900	(586)
D Net decrease in Cash and Cash equivalents		187	(12)
<u>Cash and Cash equivalents at beginning of the year</u>			
Cash balance		2	1
Bank balance in current account		39	52
		41	53
<u>Cash and Cash equivalents at end of the year</u>			
Cash balance		1	2
Bank balance in current account		227	39
		228	41
Net decrease in Cash and Cash equivalents		187	(12)
E Reconciliation of cash and cash equivalents as above with cash and bank balances			
Cash and Cash equivalents at end of the year as per above		228	41
Add: Fixed Deposit with scheduled banks		1,438	2,588
Add: Bank balance in client account		1,015	1,801
Cash and Bank Balance at end of the year		2,681	4,430
See accompanying notes forming part of the financial statements	1-35		

In terms of our report attached

For and on behalf of the Board of Directors

 For Deloitte Haskins & Sells LLP
 Chartered Accountants

 Praveen P. Kadle
 Chairman

 P.D. Karkaria
 Director

 F.J. DaCunha
 Director

 G.K. Subramaniam
 Partner

 N. J. Driver
 Director

 Prabhakar R Dalal
 Director

 Sangeeta K Singh
 Director

 Mumbai
 Date : April 25, 2016

 Aneesh M. Hosangadi
 Chief Financial Officer

 Bineet Jha
 Company Secretary &
 Compliance Officer

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION:

Tata Securities Limited (TSL) is a wholly owned subsidiary of Tata Capital Limited. The Company is a member of the Bombay Stock Exchange Limited (BSE) in the cash and derivatives segment and of National Stock Exchange of India Limited (NSE) in respect of capital market, derivative, currency derivative and wholesale debt market segments. The Company is also a Depository Participant of Central Depository Services (India) Limited (CDSL) and of National Securities Depository Limited (NSDL). The Company provides both online and offline trading facilities for the clients. The Company is also registered with SEBI as Portfolio Manager and as a Merchant Banker.

The Company is also engaged in distribution of mutual fund units, in the capacity of an AMFI registered distributor. The Company has been empanelled with several Asset Management Companies operating in India. We have emerged as one of the largest distribution houses in the mutual fund industry. We are also distributing primary market products like IPO / FPOs and also third party financial products like Bonds and Fixed Deposits.

2. SIGNIFICANT ACCOUNTING POLICIES:

(i) Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), 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) Fixed Assets and Depreciation/Amortisation

a) Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Motor car and Mobile handsets, in whose case the life of the assets has been assessed as under based on the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement.

The following table sets out the estimated useful lives by the Company.

Asset Type	Estimated useful life
Motor car	4 years
Mobile handset	Written off in the year of purchase
Office equipment	5 years
Furniture and fixtures	10 years
Computer equipment	3 years

Leasehold improvements are capitalised and depreciated using the straight line method over the primary period of lease unless the corresponding life under Schedule II are higher.

Assets individually costing less than Rs. 5,000 are fully depreciated in the year of purchase.

b) Intangible assets and amortisation

Intangible assets are valued at cost less amortisation. Intangible assets are reported at acquisition value, with deductions for accumulated amortisation and impairment losses, if any.

Intangible assets are amortised on a straight line basis over the asset's anticipated useful life estimated by management.

An impairment test of intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the Statement of Profit and Loss.

Intangible assets comprise of Trading Rights in BSE Limited ("BSEL Rights") and purchased software licenses. These are amortised as under:

- a) The cost of BSEL Rights has already been amortised.
- b) Costs of software licenses amortised evenly over a period of four years unless the licenses are expected to be used for shorter period in which case such costs are amortised over a shorter period. Expenses on software support and maintenance are charged to Statement of Profit and Loss during the period in which such costs are incurred.

(iv) Impairment of assets

The carrying values of assets of the Company's cash generating units at each Balance Sheet are reviewed for impairment at each balance sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discounting factor.

(v) Investments and investment income

Long term investments are carried at cost, less provision for diminution in value that is other than temporary, if any. Current investments are stated at cost or market value whichever is lower. Cost includes the purchase and related expenses such as brokerage and stamp duties. The difference between cost and redemption/ sale proceeds net of expenses is recognised in the Statement of Profit and Loss. For calculation of profit / loss on investment, cost is calculated using weighted average method. Dividend income is accounted when the right to receive the income is established.

(vi) Revenue Recognition

Revenues are recognised after the services are rendered provided there are no significant uncertainties as to recovery of such amounts at the time of performance.

a. Brokerage Income:

Brokerage from distribution of financial products is earned as under:

- Upfront brokerage - earned from distribution of financial products to investors;
- Annualised brokerage - on the basis of the average assets held by the investor; and
- Trail brokerage – on the basis of continued holding by the investor for over a year

Brokerage also includes additional fees for marketing and promotion of financial products

Brokerage revenues are based largely on pre-defined rates and the amounts invested. Revenue from upfront brokerage is recognised when the service is rendered. Annualised and trail brokerage is recognised at the end of the measurement period when the pre-defined thresholds are met. Revenue is net of taxes and sub-brokerage.

Income from equity broking business is recognised on the trade date basis as the securities transaction occur and is exclusive of service tax, securities transaction tax, stamp duties and other levies by stock exchanges and Securities and Exchange Board of India ("SEBI") .

Fees for subscription based services are received periodically but are recognized as earned on a pro-rata basis over the term of the contract.

b. Investment banking services :

Fees for Investment banking services are accounted based on stage of completion of assignments, when there is reasonable certainty of its ultimate realization / collection.

c. Margin Trading:

Margin trading is a product offered to Tata Securities Limited clients in Cash Segment within the framework laid down by SEBI Guidelines, wherein a client can get finance to buy stocks. With Margin trading, client can get up to 50% of the value of the stocks for a maximum tenure of 60 days. Interest is charged to clients and the same is recognised as Interest income on Margin Trading on a time proportion basis taking into account the amount outstanding and the rate applicable.

d. Dividend Income:

Dividend income is recognised when right to receive the dividend is established.

e. Interest Income:

Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

(vii) Employee Benefits

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

a) Defined-contribution plans

The eligible employee 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 contribution 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 during the year. Provident fund is 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 :

- (i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (ii) 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. Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

(viii) Taxes on Income

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as

an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on 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 is unabsorbed depreciation and carry forward of 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 the 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 is recognised in reserves and not in the Statement of Profit and Loss.

(ix) Provisions, Contingent Liabilities and Contingent Assets

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

(x) Segment Reporting

The accounting policies adopted for segment reporting are in accordance with the accounting policy of the Company. Segment Revenue, Segment Expenses, Segment Assets and Segment Liabilities are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis, are included under "Unallocated Revenue/Expenses/Assets /Liabilities".

(xi) Cash and Cash Equivalents

Cash and bank balances, and current investments that have insignificant risk of change in value and original duration of up to three months, are included in the Company's cash and cash equivalents in the Cash Flow Statement.

(xii) 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.

(xiii) Leases

Leases are classified as finance lease where the terms of the lease transfer substantially all risks and rewards of ownership to lessee. Fixed assets acquired under finance lease are capitalised at the inception of the lease, at the lower of fair value and present value of minimum lease payment. Lease payments are apportioned between outstanding liability and finance charges. The finance charges are allocated to the periods during the lease term so as to obtain a constant periodic rate of interest on the outstanding liability.

Leases are classified as operating lease where significant portion of risks and reward of ownership of assets acquired under lease are retained by the lessor. Lease rentals for such leases are charged to the Statement of Profit and Loss on a straight-line basis over the lease term.

(xiv) Foreign currency transaction and translationsInitial recognition:-

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date:-

Foreign currency monetary items of the Company, outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

3. SHARE CAPITAL

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
AUTHORISED		
81,000,000 (Previous year 81,000,000) Equity Shares of ₹ 10/- each	8,100	8,100
20,000,000 (Previous year 20,000,000) Preference Shares of ₹ 10/- each	2,000	2,000
	10,100	10,100
ISSUED, SUBSCRIBED AND FULLY PAID UP		
3,829,418 (Previous year 3,829,418) Equity Shares of ₹ 10/- each fully paid up	383	383
15,000,000 (Previous year 15,000,000) 8.50% Compulsorily Convertible Cumulative Preference Shares of ₹ 10/- each	1,500	1,500
	1,883	1,883
Total	1,883	1,883

3(a) Reconciliation of number of shares outstanding

PARTICULARS	No. of shares	₹ in Lakhs
Opening Share Capital as on March 31, 2014		
Equity Shares Face Value ₹ 10 fully paid up	3,829,418	383
8.50% Compulsorily Convertible Cumulative Preference Shares of ₹ 10/-each	15,000,000	1,500
Additions during the year		
Closing Share Capital as on March 31, 2015		
Equity Shares Face Value ₹ 10 fully paid up	3,829,418	383
8.50% Compulsorily Convertible Cumulative Preference Shares of ₹10/-each	15,000,000	1,500
Additions during the year		
Closing Share Capital as on March 31, 2016		
Equity Shares Face Value ₹ 10 fully paid up	3,829,418	383
8.50% Compulsorily Convertible Cumulative Preference Shares of ₹ 10/-each	15,000,000	1,500
	18,829,418	1,883

3(b) The Company issued 15,000,000 Compulsorily Convertible Cumulative Preference Shares ("CCCPS") to Tata Capital Limited carrying dividend at the rate of 8.5% per annum of ₹ 10/- each at par on March 26, 2014 convertible at the end of 5 years from the date of allotment at the fair value of the equity share at the time of conversion. However, the holder of CCCPS shall have an option to get the CCCPS converted into Equity Shares of the Company at an earlier date before the expiry of the aforesaid period of five years.

3(c) The entire equity share capital and preference share capital of the Company is held by Tata Capital Limited (the holding company) and its nominees. Tata Sons Limited is the ultimate holding company.

3(d) Rights, preferences and restrictions attached to shares

Equity Shares: The Company has equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. Dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Preference Shares: The company has issued Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of face value ₹ 10/- each, as par on March 26, 2014 having terms of issuance disclosed in Note 3 (b) above. The CCCPS holders have a right to receive dividend, prior to Equity Shareholders. The dividend proposed by the Board of Directors on the CCCPS is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the Preference Shareholders are eligible to receive the remaining assets of the Company before distribution to the Equity Shareholders, in proportion to their shareholding.

4. RESERVES AND SURPLUS

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
Security Premium		
As per last balance sheet	807	807
Add : Premium received during the year	-	-
	807	807
General Reserve		
As per last balance sheet	553	562
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer Note 31)	-	9
	553	553
As per last balance sheet	(743)	(1,190)
Add: Net (Loss) / Profit for the year	(1,183)	447
	(1,926)	(743)
TOTAL	(566)	617

5. LONG TERM PROVISIONS

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
Provision for retirement and other employee benefits (see notes no. 28 and 29)	12	25
TOTAL	12	25

6. SHORT TERM BORROWINGS

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Loans repayable on demand		
Secured		
(1) Bank Overdraft (Refer footnote No. 6.1 below)	-	18
(b) Loans and advances from related parties		
Unsecured		
(1) Inter Corporate Deposits from the Holding Company (Refer footnote No. 6.2 below)	1,434	400
TOTAL	1,434	418

Footnotes:

6.1 Secured by lien on Fixed Deposits of ₹ 315 lakh (Previous Year- ₹ 315 lakh) placed with the bank.

6.2 Inter Corporate Deposits are repayable on demand

7. TRADE PAYABLES

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(i) Others		
(a) Accrued employee benefit expenses	63	56
(b) Accrued expenses	295	140
(c) Payable to Related parties	-	1,349
(d) Others	11	9
TOTAL	369	1,554

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 :
(₹ in Lakh)

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

8. OTHER CURRENT LIABILITIES

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Other payables		
(i) Statutory Dues	45	54
(ii) Exchange settlement / Due to clients	991	2,059
(iii) Margin money due to clients	289	239
(iv) Others	64	4
TOTAL	1,389	2,416

9. SHORT TERM PROVISIONS

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Provision for retirement and other employee benefits	42	49
(b) Provision - Others:		
(i) Provision for tax (act of advance tax ₹ 364 lakh - Previous year ₹ 364 lakh)	20	20
TOTAL	62	69

10. FIXED ASSETS

(₹ in Lakh)

Description of Assets	Gross Block				Depreciation					Net Block	
	Opening Balance as at 01.04.2015	Additions during the year	Disposals during the year	Closing Balance as at 31.03.2016	Opening Balance as at 01.04.2015	Depreciation for the year	Other adjustments/ Transition adjustment recorded against surplus balance in statement of Profit and Loss	Depreciation on disposals	Closing Balance as at 31.03.2016	As at 31.03.2016	As at 31.03.2015
TANGIBLE :											
Office Equipment	74	2	-	76	67	4	-	-	71	5	7
	71	4	1	74	47	11	9	-	67	7	
Leasehold Improvements	41	20	-	61	41	5	-	-	46	15	-
	41	-	-	41	40	1	-	-	41	-	
Computer Equipment	93	9	-	102	93	2	-	-	95	7	-
	93	-	-	93	93	-	-	-	93	-	
Furniture and Fixtures	4	11	-	15	3	1	-	-	4	11	1
	4	-	-	4	3	-	-	-	3	1	
Motor Vehicles	36	-	11	25	25	6	-	10	21	4	11
	46	-	10	36	26	8	-	9	25	11	
Sub-Total	248	42	11	279	229	18	-	10	237	42	19
	255	4	11	248	209	20	9	9	229	19	
INTANGIBLE (other than internally generated) :											
Trading Rights in BSE Limited (BSEL)	228	-	-	228	228	-	-	-	228	-	-
	228	-	-	228	228	-	-	-	228	-	
Software	35	25	-	60	34	5	-	-	39	21	1
	35	-	-	35	34	-	-	-	34	1	
Sub-Total	263	25	-	288	262	5	-	-	267	21	1
	263	-	-	263	262	-	-	-	262	1	
Total	511	67	11	567	491	23	-	10	504	63	20
<i>Previous Year</i>	<i>518</i>	<i>4</i>	<i>11</i>	<i>511</i>	<i>471</i>	<i>20</i>	<i>9</i>	<i>9</i>	<i>491</i>	<i>20</i>	
Total Fixed Assets										63	20

Previous year figures are given in Italics

11. NON-CURRENT INVESTMENTS (At cost)

(₹ in Lakh)

PARTICULARS	Face value Per Unit ₹	No. of Units	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Investments in Others				
Unquoted :				
Investment in Equity Shares				
BSE Limited - *	1	11,401	0	0
TOTAL			0	0

* Less than ₹ 50,000/-

12. LONG-TERM LOANS AND ADVANCES - OTHERS (UNSECURED CONSIDERED GOOD)

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Capital Advances	11	20
(b) Security Deposits		
(i) With Exchanges	197	202
(ii) With Others	60	64
(c) Others		
(i) Prepaid Expenses	6	9
(ii) Advance income tax net of provisions ₹ 1.474 lakhs (As at March 31, 2015 ₹ 1,474 lakhs)	568	658
(iii) Loan to Tata Capital Welfare Trust	14	14
TOTAL	856	967

13. OTHER NON-CURRENT ASSETS

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
Gratuity Asset (Net)	12	-
TOTAL	12	-

14. TRADE RECEIVABLES

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Outstanding for a period exceeding six months (from the due date for payment)		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	-	-
(iii) Doubtful	30	21
	30	21
Less: Provision for doubtful trade receivable	30	21
	-	-
(b) Others		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	95	331
(iii) Doubtful	-	-
	95	331
Less: Provision for doubtful loans trade receivable	-	-
	95	331
TOTAL	95	331

15. CASH AND BANK BALANCES

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Cash on hand	1	2
(b) Balance with Banks		
(i) in Current account	227	39
(ii) in Client account (Current account)	1,015	1,801
(iii) in Deposit account (Refer footnote no. 2 below)	1,438	2,588
TOTAL	2,681	4,430

Foot Notes:

- 1) Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statement is ₹ 228 lakh. (As at March 31, 2015 ₹ 41 lakh)
- 2) All deposits have a balance maturity of less than 12 months. Deposits includes lien with Banks and Stock Exchanges as margin, amounting to ₹ 1,438 lakh (As at March 31, 2015 ₹ 1,688 lakh).

16. SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Prepaid Expenses	61	65
(b) Advances recoverable in cash or kind	127	184
(c) Security Deposits with Exchanges	55	130
(d) Loan to Employees	2	5
(e) Receivable from related parties	2	-
TOTAL	247	384

17. OTHER CURRENT ASSETS

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Interest Accrued but not due on Fixed Deposit	83	115
(b) Exchange Settlement / Dues from Client	546	735
(c) Dues from Client	35	36
Less: Provision for doubtful debts	(35)	(36)
TOTAL	629	850

18. REVENUE FROM OPERATIONS

(₹ in Lakh)

PARTICULARS	For the Year ended March 31, 2016	For the Year ended March 31, 2015
Income from services		
(A) Brokerage Income		
(i) Distribution Income (Net of taxes)	570	873
(ii) Equity Brokerage (Net of taxes)	1,072	1,362
(B) Interest on Margin Funding *	-	-
(C) Income from Investment Banking services	96	1,083
(D) Privilege Fees and Other Income	55	62
TOTAL	1,793	3,380

* Less than ₹ 50,000/-

19. OTHER INCOME

(₹ in Lakh)

PARTICULARS	For the Year ended March 31, 2016	For the Year ended March 31, 2015
(a) Interest Income on Fixed Deposits	162	204
(b) Dividend from Current Investments*	1	0
(c) Miscellaneous Income	84	65
(d) Exchange Gain	2	1
(e) Advertisement Income	152	-
TOTAL	401	270

* Less than ₹ 50,000/-

20. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakh)

PARTICULARS	For the Year ended March 31, 2016	For the Year ended March 31, 2015
(a) Salaries, wages and bonus	1,468	1,730
(b) Contribution to provident fund, superannuation fund and other funds	100	122
(c) Staff welfare expenses	94	78
TOTAL	1,662	1,930

21. FINANCE COST

(₹ in Lakh)

PARTICULARS	For the Year ended March 31, 2016	For the Year ended March 31, 2015
(a) Interest expense		
(i) Interest on Inter Corporate Deposit	111	41
(ii) Interest on Bank overdraft	5	4
(iii) Interest on Others	-	-
(b) Bank Guarantee Charges	21	18
TOTAL	137	63

22. OTHER OPERATING EXPENSES

(₹ in Lakh)

PARTICULARS	For the Year ended March 31, 2016		For the Year ended March 31, 2015	
(a) Sub Brokerage		440		356
(b) Administration and Support Expenses		67		66
(c) Advertisement and Marketing		10		45
(d) Communication Expenses		58		58
(e) Director's Sitting Fees		17		4
(f) Donations		-		2
(g) Insurance charges		10		10
(h) Legal and Professional fees		209		145
(i) Franking Charges		7		6
(j) Printing and stationery		15		18
(k) Provision for Doubtful Debts		8		-
(l) Bad Debts Written Off		3		-
(m) Power and fuel		9		17
(n) Repairs and Maintenance				
(i) AMC Charges	6		12	
(ii) Others	10	16	7	19
(o) Rent		354		426
(p) SEBI Turnover Fees		2		4
(q) Training and recruitment		5		14
(r) Membership and Subscription		135		157
(s) Travelling and conveyance		89		95
(t) Other expenses		101		80
TOTAL		1,555		1,522

Other expenses includes Auditors' Remuneration

(₹ in Lakh)

Auditors' Remuneration	For the Year ended March 31, 2016	For the Year ended March 31, 2015
(a) Statutory Audit Fees	21	21
(b) Tax Audit Fees	2	2
(c) Other Services	2	4
TOTAL	25	27

23 A. Commitments

a) Commitments as at March 31, 2016 Nil (Previous year Nil).

23 B. Contingent liabilities

The contingent liability as at March 31, 2016 is on account of dividend on 8.50% Compulsorily Convertible Cumulative Preference Shares and dividend distribution tax thereon aggregating to ₹ 309 lakh (Previous year ₹ 156 lakh)

24. Deferred tax

The Company has deferred tax assets arising on account of brought forward losses, unabsorbed depreciation and timing differences in respect of depreciation, employee benefits and provision for doubtful debts which have not been recognised due to absence of virtual certainty backed by convincing evidence, of sufficient future taxable income against which such assets could be offset.

25. The Company avails from time to time non-cancellable long-term leases for office premises including office furniture. The total of future minimum lease payments that the Company is committed to make is ₹ Nil (Previous year ₹ Nil)

The amount charged towards lease rentals (as part of rent expenditure) is ₹ 354 lakh (Previous year: ₹ 426 lakh).

26. Earnings per share

Earnings per share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. The numbers used in calculating earnings per share are as stated below:

Particulars		2015-16	2014-15
(Loss) / Profit after tax	₹ in Lakh	(1,183)	447
Less: Preference dividend payable to cumulative redeemable preference shareholders	₹ in Lakh	153	153
(Loss) / Profit after tax for equity shareholders	₹ in Lakh	(1,336)	294
Weighted average number of Equity shares used in computing Basic EPS	Nos	3,829,418	3,829,418
Face value of equity shares	Rupees	10	10
Basic earnings per share	Rupees	(34.91)	7.68
(Loss) / Profit after tax for equity shareholders	₹ in Lakh	(1,336)	294
Add: Preference dividend payable to cumulative redeemable preference shareholders		153	153
(Loss) / Profit after tax for diluted EPS	₹ in Lakh	(1,183)	447
Weighted Average Number of Equity Shares used in computing Basic earnings per share	Nos	3,829,418	3,829,418
Weighted average number of shares in computing Diluted earnings per share	Nos	4,322,790	4,311,222
Face value of equity shares	Rupees	10	10
Diluted earnings per share (Anti Dilutive)	Rupees	(27.36)	10.36
Diluted earnings per share	Rupees	(34.91)	7.68

27. Related Party Disclosures

Disclosure as required by Accounting Standard (AS)-18 on "Related Party Disclosures" detailed below:

Names of the related parties and description of relationship:

Related Party	Relationship
Tata Sons Limited	Ultimate Holding Company
Tata Capital Limited	Holding Company

Subsidiaries of Tata Sons Limited (with whom the Company has transactions)

Tata AIG General Insurance Co. Limited
 Tata Business Support Services Limited
 Tata Consultancy Services Limited
 Tata Investment Corporation Limited
 Ewart Investments Limited
 Tata Housing Development Company Limited
 Simto Investment Company Limited
 Tata AIA Life Insurance Company Limited
 Tata Autocomp Systems Limited
 Tata Toyo Radiator Limited
 Tata Industries Limited
 Tata Asset Management Limited

Subsidiaries of Tata Capital Limited (with whom the Company has transactions)

TC Travel and Services Limited
 Tata Capital Housing Finance Limited
 Tata Capital Forex Limited
 Tata Capital Financial Services Limited
 Tata Capital PLC
 Tata Capital Market Pte. Limited
 Tata Cleantech Capital Limited

Key Management Personnel

Mr Kaikhushru Vicaji Taraporevala –Managing Director (Resigned on 31st October, 2015)

Mr A R Shankar –COO & Head-Retail Equity Business (Transferred to Tata Capital Financial Services Ltd w.e.f 2nd November 2015)

The Company's related party balances and transactions are summarised as follows:

(₹ in Lakh)

Sr. No.	Party Name		Nature of transaction	2015-16	2014-15			
1	Tata Sons Limited	A)	Expenditure					
			Rent	54	54			
			BEBP Expenses	1	5			
			B) Equity Brokerage Income	(41)	(1)			
			C) Deposits Placed	27	27			
2	Tata Capital Limited	A)	Expenditure					
			Rent	–	105			
			Electricity Charges	–	8			
			Interest on Inter Corporate Deposit	111	41			
			Insurance Expenses	–	2			
3	Tata Capital Financial Services Limited	A)	Expenditure					
			Rent	230	210			
			Employee Cost	–	(3)			
			Professional and Legal Fees	–	2			
			General Expenses	8	8			
4	Tata Capital Limited	B)	Income					
			Services provided	(163)	(40)			
			C) Inter-corporate deposit taken	1,034	400			
			D) Inter-corporate deposit paid	–	800			
			E) Balance Payable					
5	Tata Capital Financial Services Limited	A)	Expenditure					
			Inter Corporate deposit payable	(1,434)	(400)			
			Trade Payable	–	(220)			
			B) Income					
			Equity Brokerage Income	(4)	(30)			
6	Tata Capital Financial Services Limited	B)	Income					
			Services provided	–	(20)			
			Reimbursement of Rent Expenses	(3)	–			
			Service Provider Charges	(3)	(3)			
			C) Asset Transfer to TCFSL	11	–			
7	Tata Capital Financial Services Limited	D)	Balance Payable					
			Trade Payable	(21)	(1,151)			
			4	Tata AIG General Insurance Co. Limited	A)	Expenditure		
						Insurance Expenses	1	1
			5	Tata Business Support Services Limited	B)	Balance Payable *	0	–
Balance Payable								
8	Tata Business Support Services Limited	A)	Expenditure					
			Administration and Support expenses	35	37			
			Professional and Legal Fees	1	2			
			B) Income					
			Reimbursement of Out of pocket expenses	(3)	–			
9	Tata Business Support Services Limited	C)	Balance Receivable					
			Other Receivable	3	–			

Sr. No.	Party Name		Nature of transaction	2015-16	2014-15
		D)	Balance Payable Outstanding Payable	(5)	(8)
6.	Simto Investment Company Limited		Equity Brokerage Income	(4)	–
7.	Tata Consultancy Services Limited	A)	Expenditure Professional and Legal Fees	129	94
		B)	Balance Payable	(129)	5
8.	Tata Investment Corporation Limited	A)	Expenses Re-imbusement of Expenses	(3)	(3)
		B)	Income Equity Brokerage Income	(5)	(5)
9.	TC Travel and Services Limited	A)	Expenditure Travelling and Conveyance	36	50
		B)	Balance Payable Outstanding Payable	(9)	(1)
10.	Tata Capital Forex Limited	A)	Foreign Exchange Purchased	10	6
		B)	Balance Payable Outstanding Payable*	(2)	(0)
11.	Tata Housing Development Company Limited	A)	Income Services provided	(3)	(9)
		B)	Balance Receivable	–	3
12.	Tata Autocomp Systems Limited	A)	Reimbursement of out of pocket expenses	(3)	–
13.	Tata Capital PLC	A)	Income Services provided	(7)	–
		B)	Balance Receivable Receivable	7	–
14.	Tata Capital Market PTE Ltd	A)	Income Services provided	(20)	–
		B)	Balance Receivable Receivable	20	–
15.	Tata Asset Management Limited	A)	Income * Services provided	0	0
16.	Ewart Investments Limited	A)	Income Equity Brokerage Income *	(1)	0

Sr. No.	Party Name		Nature of transaction	2015-16	2014-15
17.	Tata Cleantech Capital Limited	A)	Re-imbusement of expenses	1	–
18.	Tata AIA Life Insurance Company Limited	A)	Insurance Expenses	2	–
19.	Tata Toyo Radiator Limited	A)	Other Income		
			Reimbursement of out of pocket expenses	(6)	–
		B)	Balance Receivable	5	–
20.	Tata Industries Limited	A)	Equity Brokerage Income	(17)	–
21.	Tata Capital Housing Finance Limited	A)	Re-imbusement of expenses*	0	–
		B)	Income		
			Services provided	(1)	–
22.	Key Management Personnel	A)	Remuneration to key management personnel	47	95

28. Employee Benefit Obligations

Defined-Contribution Plans:

The Company offers its employees defined contribution plan in the form of provident fund, family pension fund and superannuation fund. Provident fund and family pension fund cover substantially all regular employees while the contribution to superannuation fund is at the option of the Employee. Contributions are paid during the year into a fund managed by independent agencies. While both the employees and the Company pay predetermined contributions into the provident fund, contributions into the family pension fund and the superannuation fund are made by only the Company. The contributions are based on a certain proportion of the employee's salary.

The Company recognised a charge of ₹ 59 lakh (Previous year ₹ 72 lakh) for Provident Fund and Family Pension Fund contribution and ₹ 5 lakh (Previous year ₹ 11 lakh) for Superannuation contribution in the Statement of 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), Long Term Service award and a supplemental pay scheme (a life long pension). Benefits under the defined benefit plans are typically based either on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme and Long Term Awards Scheme covers substantially all regular employees, while supplemental pay plan covers certain executives. In the case of the gratuity scheme, the Company contributes to a Gratuity Trust, which is irrevocable. Commitments are actuarially determined at year-end. 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 of Profit and Loss. Liability for Long Term Compensated Absences is estimated by independent actuaries as at the balance sheet date.

A) **Gratuity****Change in defined benefit obligations (DBO) during the year:**

(₹ in Lakh)

Particulars	Gratuity –Funded Plan	
	2015 – 16	2014 – 15
Present value of DBO at beginning of the year	122	97
Current Service Cost	27	29
Interest expenses	8	8
Employees transferred	(9)	(5)
Actuarial (gain) / loss	1	11
Paid benefits	(26)	(18)
Present value of DBO at the end of the year	123	122

Change in fair value of assets during the year:

(₹ in Lakh)

Particulars	Gratuity –Funded Plan	
	2015 – 16	2014 – 15
Plan assets at beginning of the year	109	93
Employees resigned/transferred	(16)	2
Expected return on Plan assets	10	7
Contributions by the Company	39	-
Actuarial gain / (loss)	(6)	7
Benefits Paid	-	-
Plan assets at the end of the year	136	109

Reconciliation of present value of the obligations and the fair value of the plan assets

(₹ in Lakh)

Particulars	Gratuity –Funded Plan	
	2015 – 16	2014 – 15
Present Value of Defined Benefit Obligations	124	122
Fair Value of Plans Assets	136	109
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	12	(13)

Return on plan assets:

(₹ in Lakh)

Particulars	Gratuity –Funded Plan	
	2015 – 16	2014 – 15
Expected return on plan assets	10	7
Actuarial gain / (loss)	(7)	7
Actual return on plan assets	3	14

Components of employer's expense:

(₹ in Lakh)

Particulars	Gratuity – Funded Plan	
	2015 – 16	2014 – 15
Current service costs	27	29
Interest cost	8	8
Expected return on plan assets	(10)	(7)
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	4	5
Past service cost	-	-
Actuarial losses/(gains)	7	4
Total expense recognised in the Statement of Profit and Loss	36	39

The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets for the previous four annual periods are given below:

(₹ in Lakh)

Particulars	Gratuity – Funded Plan				
	2015-16	2014-15	2013-14	2012-11	2011-12
Defined Benefit Obligation at the end of the year	(123)	(122)	(97)	(90)	(62)
Plan Assets at the end of the year	136	109	93	76	49
Net obligation as at the year end	12	(13)	(4)	(14)	(14)
Experience adjustment on plan liabilities – Gain / (Loss)	(5)	12	(1)	14	(1)
Experience adjustment on plan assets – Gain / (Loss)	(6)	7	-	-	-
Actuarial Gain / (Loss) due to change in assumptions	4	(23)	16	(9)	2

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense.

	2015 – 16	2014 – 15
Discount Rate	8.20%	7.80%
Expected Rate of Return on Plan Assets	8.00%	8.00%
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	Indian Assured Lives Mortality (2006-08) (Modified) Ult.	Indian Assured Lives Mortality (2006-08) (Modified) Ult.
Withdrawal Rate	0 – 2 years: 10% 3 – 4 years: 5% 5 – 9 years: 2.50% 10 years and more: 1%	0 – 2 years: 10% 3 – 4 years: 5% 5 – 9 years: 2.50% 10 years and more: 1%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated from of the obligations.

The estimate of future salary increase, considered in the actuarial valuation, take account of inflation, seniority, promotion, increments and other related factors. The above information is certified by the actuary.

The contributions expected to be made by the company during the financial year 2016-17 is Rs. 23 lakh. Previous year

Composition of the plan assets is as follows:

(₹ in Lakh)

Investment Pattern	2015 – 16	2014 – 15
Government Securities	44%	40%
Deposit and money market securities	9%	8%
Debentures and Bonds	24%	35%
Equity Shares	23%	17%
Total	100%	100%

29. Long Term Service Award

Long Term Service award is an employee benefit in recognition for their loyalty and continuity of service for five years and above, the same is actuarially valued. The Long Term Service award expense for financial year 2015-16 Rs. Nil (Previous year Rs. 3 lakh) and the provision as at March 31, 2016 is Rs.12 lakh (Previous year Rs.12 lakh)

30. Segment Reporting

The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, risks and returns, organisation structure and internal reporting system.

The business operations of the Company are carried out only in India. As the Company operates in a single geographic segment, no separate disclosure is required in this regard.

The Company's operations predominantly relate to distribution of third party products (Mutual Funds, Corporate Deposits, Bonds and others), equity broking and investment banking services.

Revenue and expense directly attributable to segments are reported under each reportable segment. All other income and expenses which are not attributable or allocable to segments have been disclosed as unallocable income or expenses.

Assets and liabilities that are directly attributable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Certain fixed assets located at branches have not been allocated between segments as these are used interchangeably between segments.

Segment Report for the year ended March 31, 2016

(₹ in Lakh)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Segment Revenue		
(a) Distribution	570	873
(b) Equity Broking	1,328	1,693
(c) Investment Banking	123	1,084
Total	2,021	3,650
Less : Inter Segment Revenue	-	-
Total Income	2,021	3,650
Segment Results		
(a) Distribution	414	694
(b) Equity Broking	(891)	(117)
(c) Investment Banking	(404)	379
Total	(881)	956
Add : Unallocated Corporate Income	173	-
Less : Unallocated Corporate Expenses	(475)	(509)
(Loss) / Profit before taxation	(1,183)	447
Less : Provision for taxation	-	-
(Loss) / Profit after taxation	(1,183)	447

(₹ in Lakh)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Segment Revenue		
(a) Distribution	42	38
(b) Equity Broking	3,503	5,668
(c) Investment Banking	45	309
(d) Unallocated	993	967
Total	4,583	6,982
Segment Liabilities		
(a) Distribution	5	89
(b) Equity Broking	3,112	3,803
(c) Investment Banking	43	468
(d) Unallocated	106	122
Total	3,266	4,482
Capital Expenditure		
(a) Distribution	1	-
(b) Equity Broking	63	3
(c) Investment Banking	2	-
(d) Unallocated	-	1
Total	66	4
Depreciation and Amortisation		
(a) Distribution	-	-
(b) Equity Broking	18	16
(c) Investment Banking	3	2
(d) Unallocated	1	2
Total	22	20
Significant Non-Cash Expenses Other than Depreciation and Amortisation		
(a) Distribution	-	-
(b) Equity Broking	-	-
(c) Investment Banking	-	-
(d) Unallocated	-	-
Total	-	-

31. During the year ended March 31, 2015, the Company had reassessed the depreciation rate on tangible fixed assets as per the useful life specified in the Companies Act, 2013. Based on the current estimates at that time, depreciation of Rs. 9.37 lakh on account of assets whose useful life was already exhausted as on April 01, 2014 was adjusted against the opening General Reserve as at April 1, 2014.

32. **Expenditure in foreign currency:** (₹ in Lakh)

Particulars	As at March 31, 2016	As at March 31, 2015
Other Matters	50	66

33. **Earnings in foreign Exchanges:** (₹ in Lakh)

Particulars	As at March 31, 2016	As at March 31, 2015
Advisory Fees	83	180

34. During the year ended March 31, 2015 the company has received ₹ 336 Lakh towards the settlement of dues from two clients. Consequently the provision for doubtful debt held against these receivables has been reversed. Considering the nature and quantum of the settlement amount received, the reversal of provision has been disclosed as an exceptional item in the Statement of Profit and Loss for the year ended March 31, 2015.

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

For and behalf of the Board of Directors

Praveen P. Kadle
Chairman

P. D. Karkaria
Director

F. J. da Cunha
Director

N. J. Driver
Director

Prabhakar R Dalal
Director

Sangeeta K Singh
Director

Aneesh M. Hosangadi
Chief Financial Officer

Bineet Jha
Company Secretary
& Compliance Officer

Mumbai
Date: April 25, 2016