

TATA SECURITIES LIMITED

Annual Report 2014-15

DIRECTORS' REPORT

TO THE MEMBERS OF TATA SECURITIES LIMITED

The Directors have pleasure in presenting the Twenty-First Annual Report and the Audited Financial Statements for the Financial Year ("FY") ended March 31, 2015.

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 fiscal year 2014-15 on a positive note. On the back of optimism drawn from the strong rebound in growth, the Central Statistics Office forecasted GDP growth of 7.4% during FY 2014-15. There is widespread hope and optimism that the business environment will improve, however actual changes are still to be observed. The Company is working on the following operational plans:

- (i) Setting up of a Central Dealing room in Thane from which gradually all trades will be executed;
- (ii) Further enhancing research and expand the suite of products by launching additional products and services, including non-equity products to cater to existing as well as prospective clients;
- (iii) Re-vamping the internet site, providing a better interface and content for online trading; and
- (iv) Leveraging the customer base of the Tata eco-system and converting the same into business opportunities.

3. FINANCIAL RESULTS

The performance of the Company for the financial year ended March 31, 2015, is summarized below:

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14
Total Income	36.50	24.11
Expenditure	(35.19)	(36.00)
Exceptional items	3.36	NIL
Profit / (Loss) before Depreciation, Tax, Provisions	4.67	(11.89)
Depreciation and amortization	(0.20)	(0.21)
Profit/(Loss) before Tax	4.47	(12.10)
Provision for tax	NIL	(0.20)
Profit / (Loss) after Tax	4.47	(11.90)
Balance brought forward from previous year	(11.90)	(29.22)
Amount available for appropriation	-	-
Appropriation	-	-
Dividend (including Dividend Distribution Tax)	NIL	NIL
Balance Carried forward to Balance Sheet	(7.43)	(11.90)

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, etc. during the year. The total registered client base stood at around 23,000. All the branches attained operational profitability. The Company has registered a total of 180 Sub-Brokers and Authorised Persons after obtaining the necessary approvals from the Securities and Exchange Board of India ("SEBI") and the concerned Stock Exchanges. Out of the above registered franchisees, 40 have been operating trading terminals from their own locations and the rest are engaged in introducing and servicing clients from affiliated branches. The trading turnover from this segment, registered an increase from ₹ 8,499 crore in FY 2013-14 to ₹ 12,869 crore in FY 2014-15.

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. The Company was also successful in obtaining empanelment with 10 new institutional investors. Constant interaction between the select institutional investors has resulted in increased participation in equity broking business. The trading turnover from this segment registered an increase of 28% to ₹ 6,025 crore in FY 2014-15 (FY 2013-14: ₹ 4,719 crore).

4.3 Institutional Distribution Business

Tata Securities distributes liquid and money market Mutual Fund ("MF") units to a few select companies. A separate plan for direct investments in Mutual Fund units came into effect from January 1, 2013 and had an adverse impact on the Average Assets Under Administration as well as the assets mobilized. The Company is reviewing how best to operate in this new scenario.

4.4 Investment Banking Services

Investment Banking ("IB") activity, both in the advisory segment and the capital market segment, improved during the year. The IB Team of Tata Securities successfully advised on Private Equity Fund raising for local companies and was acting in cross border deals and worked on debt structure deals for Indian Small and Medium Enterprises. The team is currently executing a number of transactions that should show results in Q2 'FY 2016 onwards.

5. RENEWALS / PERMANENT REGISTRATION

The Board of Directors of the Company is glad to inform that SEBI has:

- (i) granted permanent registration to the Company as Depository Participant of NSDL, with effect from September 10, 2013. Consequently, it is not necessary now to obtain periodic renewals from SEBI;
- (ii) renewed the Company's PMS license for a period of 3 years from October 18, 2013 to October 17, 2016; and
- (iii) granted permanent registration to the Company for the Merchant Banking activity. Consequently, it is not necessary now to obtain periodic renewals from SEBI.

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 and 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.

7. DIVIDEND

In view of the accumulated losses of the Company and in order to conserve its resources and taking into consideration its business plans, the Board of Directors do not recommend any dividend for FY 2014-15 on the equity and preference share capital of the Company.

8. FINANCE

The Company has met its fund requirements through capital infusion 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

The Company has a robust Risk Management Policy to identify, evaluate business risks and opportunities. The Company has also constituted an Internal Risk Control Committee.

10. INTERNAL CONTROL SYSTEMS

In accordance with the guidelines issued by SEBI, the Company has appointed a Practicing Company Secretary, 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 Audit Department of the Company reviews the adequacy and efficiency of the Company's internal controls and also conducts periodic audits of various functions of the Company, including the branches. 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 Audit Department is commensurate with the size, nature and operations of the Company.

11. INTERNAL FINANCIAL CONTROLS

During the course of FY 2014-15, the Management of TCL, the holding company, 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 effectiveness of the internal financial controls of TCL and its subsidiaries including Tata Securities. This was 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. The documentation of process maps, key controls and risk registers has been completed for key businesses and functions under the supervision of the CFT. Management testing was conducted on a sample basis and remedial action has been taken or agreed upon where control weaknesses were identified. The Management will put in place a more detailed testing plan for FY 2015-16. Based on the above, the Management believes that 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 and thereby extended its stock broking and depository participant operations to various locations in the country by opening new branches for equity broking operations.

13. TECHNOLOGY 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 ("TCS") and the IT department of TCL and has upgraded its information technology infrastructure by implementing necessary measures during the year. The Company has entered into a 7 year agreement with TCS for its various lines of business, to provide data centre operations, network management, procurement and management of hardware and software, which is valid till March 2015. Transactional applications for all the businesses have been put in place.

14. HUMAN RESOURCES

The Company had 159 employees on its payroll as at March 31, 2015, as against 185 last year. 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

Provisions of Section 135 of the Companies Act, 2013, ("Act") are not applicable to the Company. During the year, the Company has voluntarily contributed to the Tata Relief Committee towards the relief and rehabilitation measures in the flood affected areas of the State of Jammu & Kashmir.

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 ("SEBI"), 1992, The Depository Act, 1996, SEBI (Stock Brokers & Sub-Brokers) Regulations, 1992, SEBI (Portfolio Manager) Regulations, 1993, SEBI (Depositories and Participants) Regulations, 1996, SEBI (Merchant Bankers) Regulations, 1992 and SEBI (KYC (Know Your Customer) Registration Agency) Regulations, 2011 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 submission of the periodic reports and disclosures.

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.

17. REGULATORY ACTION

There are no significant and material 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. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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 Act, during FY 2014-15.

20. DIRECTORS

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Praveen P Kadle and Mr. P. D. Karkaria, are liable to retire by rotation at the ensuing Annual General Meeting ("AGM") and are eligible for re-appointment.

During the year under review, Mr. H N Sinor stepped down as Director of the Company with effect from June 30, 2014 and the necessary regulatory approvals were obtained for the same. The Board places on record its appreciation of the services rendered by Mr. Sinor, during his tenure as Director of the Company.

Mr. Prabhakar R Dalal was appointed as Independent Director of the Company, with effect from March 20, 2015, by the Board of Directors of the Company, subject to the approval of the Members at the ensuing AGM. Mr. Dalal is an experienced banker in commercial and development banking and has about 37 years of experience in the banking industry.

Ms. Sangeeta Singh was appointed as Independent Director of the Company, with effect from March 20, 2015, by the Board of Directors of the Company, subject to the approval of the Members at the ensuing AGM. Ms. Singh has about 33 years of work experience primarily in Human Resources and also encompassing employer branding, corporate communications (internal and external) and operations.

The Company has received declarations from the Independent Directors viz. Mr. Dalal and Ms. Singh, stating that they meet the criteria of independence as provided in Section 149(6) of the Act.

In the opinion of the Board, Mr. Dalal and Ms. Singh fulfill the conditions specified in the Act and the Rules for appointment as Independent Directors and that they are independent of the Management.

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 Chairman 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, 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 Nomination and Remuneration Committee ("NRC") of the Board comprises Ms. Sangeeta Singh, ID, Chairperson, Mr. Praveen P Kadle, 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 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, Key Managerial Personnel and all other employees is reasonable and sufficient to attract, retain and motivate them to successfully run the Company. The Policy on Board Diversity and Director Attributes as also the Remuneration Policy of the Company are attached as Annexure 'A' and Annexure 'B', respectively.

23. KEY MANAGERIAL PERSONNEL:

The appointment of Mr. Anoop Goyal, Company Secretary, was formalized as the Key Managerial Personnel of the Company, with effect from May 5, 2014.

Mr. J Niranjana ceased to be Manager of the Company with effect from May 5, 2014. The Board places on record its appreciation of the services rendered by him to the Company.

At the Meeting of the Board of Directors of the Company held on May 5, 2014, the Directors appointed Mr. A R Shankar as the Manager of the Company, for a period of five years with effect from May 5, 2014. The said appointment was also approved by the Members of the Company at the AGM held on June 30, 2014. Further, the Board of Directors of the Company, had, at its Meeting held on October 8, 2014, approved a variation in the terms of remuneration of Mr. Shankar, subject to the approval of the Members of the Company. The attention of the Members is drawn to Item No. 7 of the Notice of the AGM for the variation in the terms of remuneration to Mr. Shankar.

In addition to his being appointed as manager, Mr. Shankar was also appointed as the Chief Financial Officer of the Company, with effect from May 5, 2014.

Mr. Anoop Goyal stepped down as the Company Secretary with effect from March 16, 2015.

24. DIRECTORS' RESPONSIBILITY STATEMENT

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 had been followed and that there are no material departures thereof;

- b. they had 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 profit and cash flow of the Company for the year;
- c. they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they had prepared the annual accounts on a going concern basis; and
- e. they had 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 size of the Board is commensurate with the size and business of the Company and at present, comprises seven Directors.

During FY 2014-15, six Board Meetings were held.

Details as to the composition of the Board and the attendance of the Directors at Board Meetings are given below:

Name of Directors	Category	Board Meetings Attended
Mr. Praveen P Kadle	Non-Executive Director ("NED")	6
Mr. H. N. Sinor (resigned w.e.f. June 30, 2014)	NED	1
Mr. Phillie D Karkaria	NED	6
Mr. Francisco J Da Cunha	NED	6
Mr. Noshir J Driver	NED	6
Mr. Kaikhushru Taraporevala	NED	6
Mr. Prabhakar Dalal*	Independent Directors ("IDs")	Nil*
Ms. Sangeeta Singh*	ID	Nil*

*Mr. Prabhakar Dalal and Ms. Sangeeta Singh were appointed as Independent Directors on the Board of the Company, w.e.f. March 20, 2015. No Board Meeting was held between March 20, 2015 and March 31, 2015.

None of the Directors of the Company drew any remuneration from the Company in the nature of salary, benefits, bonuses, pensions, etc. during FY 2014-15. Payment of sitting fees, within the limits prescribed by the Act, was made to all NEDs. However, no sitting fees was paid to Mr. Praveen P Kadle, since he is the Managing Director of TCL, the holding company and Mr. Kaikhushru Taraporevala, as he is in the employment of TCL, the holding company, as requested by them.

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 Nomination and Remuneration Committee. The Company Secretary is the Secretary of the aforementioned Committees.

Audit Committee

The Audit Committee of the Board comprises Mr. Phillie D Karkaria, NED, Chairman, Mr. Prabhakar Dalal, ID, and Ms. Sangeeta Singh, ID. The composition of the Audit Committee is in line with the provisions of Section 178 of the Act. Besides the Members of the Audit Committee, meetings of the Audit Committee are attended by the Business Heads, Chief Financial Officer, Statutory Auditors, Internal Auditor and the Company Secretary. The Internal Audit function is carried out by the Chief Internal Auditor of Tata Capital Limited, the holding company, who 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 lays down the role, responsibilities and powers of the Audit Committee. The Board Audit Committee Charter states the scope of the Audit Committee, as under:

- 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
- Scrutinise inter-corporate loans and investments
- Evaluate the valuation of undertakings or assets of the company, if necessary
- Monitor the end use of funds raised through public offers and related matters
- Review findings of internal investigations / frauds / irregularities, etc
- Carry out additional functions as contained in regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee
- Carry out the responsibilities under the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices.

During FY 2014-15, six Audit Committee Meetings were held. The attendance of the Members of the Audit Committee at its Meetings held during FY 2014-15, is given below:

Name of Directors	Category	Meetings Attended
Mr. Phillie D Karkaria	NED	6
Mr. Francisco J Da Cunha (upto March 20, 2015)	NED	5
Mr. Noshir J Driver (upto March 20, 2015)	NED	6
Mr. Hoshang N Sinor (resigned w.e.f June 30, 2014)	ID	2
*Mr. Prabhakar Dalal (with effect from March 20, 2015)	ID	NIL
*Ms. Sangeeta Singh (with effect from March 20, 2015)	ID	NIL

** Mr. Prabhakar Dalal and Ms. Sangeeta Singh were appointed as Independent Directors on the Board of the Company, w.e.f. March 20, 2015. No Audit Committee Meeting was held between March 20, 2015 and March 31, 2015.*

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") of the Board comprises Ms. Sangeeta Singh, ID, (Chairperson), Mr. Praveen P Kadle, NED, Mr. Francisco J Da Cunha, NED and Mr. Prabhakar Dalal, ID. The NRC shall identify 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 Act.

iii. **Manager:**

Mr. J Niranjana ceased to be Manager of the Company with effect from May 5, 2014. The Board places on record its appreciation of the services rendered by him to the Company.

Consequent upon the resignation of Mr. Niranjana, Mr. A R Shankar was appointed as Manager of the Company for a period of 5 years with effect from May 5, 2014. Mr. Shankar's remuneration for FY 2014-15 is within the limits prescribed under Section II of Part II of Schedule V to the Act.

It was decided at the Nomination and Remuneration Committee Meeting and at the Board Meeting held on April 20, 2015, to pay Incentive Remuneration of ₹ 3,66,180/- to Mr. Shankar for FY 2014-15. With this, the total remuneration of Mr. Shankar for FY 2014-15 is ₹ 47,66,199/-.

The terms and conditions, inter alia, of the appointment and remuneration of Mr. Niranjana and Mr. Shankar, are, as given below:

Particulars	Mr. J Niranjana (June 1, 2012 to May 4, 2014)	Mr. A R Shankar
Remuneration	Salary: ₹ 3,50,000 per month upto a maximum of ₹ 5,50,000 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 ₹ 1,50,00,000 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.	Salary: ₹ 1,08,230 per month upto a maximum of ₹ 1,70,000 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 ₹ 25,50,000 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.
Minimum Remuneration	where in any financial year during the currency of the tenure of the Manager, the Company has no profits or its profits are inadequate, the Company will pay/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.	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.
Term & Termination	The appointment of the Manager is for a period of five years, with effect from June 1, 2012.	Term of five years, with effect from May 5, 2014. 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
Stock Options	As at May 4, 2015, Mr. Niranjana had 40,000 vested options and 20,000 unvested options for purchase of Equity Shares of TCL under the ESOP Scheme	Nil
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-compete and maintenance of confidentiality.

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

- a) Tata Code of Conduct
- b) Whistle Blower Policy
- c) Governance Guidelines on Board's Effectiveness
- d) Code of Conduct for Prevention of Insider Trading
- e) Prevention of Money Laundering Policy, etc.

- f) Tata Code of Conduct for Non- Executive Directors
 - g) Remuneration Policy
 - h) Risk Management Policy
 - i) Policy on Board Diversity and Director Attributes
- v. 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 BEBP Scheme. The Company abides by the Tata Code of Conduct and the norms for using the Tata Brand identity.
- vi. The Company has, in terms of the provisions of the applicable regulations formulated by the Securities and Exchange Board of India (“SEBI”), 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 and Portfolio Manager and also appointed him as the Principal Officer for the purpose of Prevention of Money Laundering Act, 2002.
- vii. The Corporate Identity Number of the Company is U67120MH1994PLC080918 and website of the Company is www.tatacapital.com.
- viii. The provisions of Section 204 of the Act regarding Secretarial Audit are not applicable to the Company.

26. DISCLOSURE AS PER THE SEXUAL HARASSEMENT 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 for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at the workplace, along with 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 recommend appropriate action. The POSH Policy is displayed on the Company’s Intranet and is also communicated to employees through e-mails and communication campaigns. Posters on the POSH Policy, giving contact details of POSH Committee Members are displayed in offices of the Company.

The Company has not received any complaint on sexual harassment during FY 2014-15.

27. STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP (“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 Annual General Meeting 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 with DHS), together would have completed a period of more than ten years as 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 Auditors of the Company for a further period of two financial years. 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 AUDITORS REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by DHS, in their Report dated April 20, 2015 on the Financial Statements of the Company for FY 2014-15.

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.

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, 2015 and April 20, 2015, 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 purpose of identification and monitoring of such transactions.

Details of material contracts or arrangement or transactions with Related Parties on an arm's length basis with respect to transactions covered under Section 188 (1) of the Act in the prescribed form 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 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 arms length basis and which require disclosure in this Report in terms of the provisions of Section 188(1) of the Act.

32. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**(A) Conservation of energy:**

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

The nature of the activities of the Company does not give much scope for introducing measures for energy conservation and hence there is nothing to report under the above.

(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 above is not 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 ₹ 180 lakh and the Foreign Exchange outgo during the year under review in terms of actual outflows, was ₹ 60 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'.

38. 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 thank its shareholders, customers, bankers, lenders, business associates and employees for the continuous support given by them to the Company and for their confidence in its Management.

For and on behalf of the Board of Directors

**Praveen P Kadle
Chairman**

Mumbai, April 20, 2015

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 are 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) ICDs taken during the year	400	Tenor upto 1 year	Cost of Funds for previous month plus 25 bps	-
			b) ICDs repaid back during the year	800	Tenor upto 1 year	Cost of Funds for previous month plus 25 bps	-
			c) ICDs Outstanding - Payable	400	Tenor upto 1 year	Cost of Funds for previous month plus 25 bps	-
2	Tata Capital Financial Services Limited ("TCFSL")	Fellow subsidiary	a) Rent	210	3 years	As per the Agreement entered into between the Company and TCFSL	-

Notes :

- 1) 5% 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
April 20, 2015

Praveen P. Kadle
Chairman

Annexure D

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2015

[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 - 400 001, Maharashtra, India.
Contact details:
Telephone Number: 022 6745 9000 / 022 61828282
E-mail id: shankar.ar@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 Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	38,29,418	-	38,29,418	100	38,29,418	-	38,29,418	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	38,29,418	-	38,29,418	100	38,29,418	-	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 (A) = (A)(1)+(A)(2)	38,29,418	-	38,29,418	100	38,29,418	-	38,29,418	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)	-	-	-	-	-	-	-	-	-
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 (specify)	-	-	-	-	-	-	-	-	-
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)	38,29,418	-	38,29,418	100	38,29,418	-	38,29,418	100	-

ii) Shareholding of Promoters (Equity Share Capital)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding 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	For each of the Director and KMP				
2	At the beginning of the year	38,29,418	100%	38,29,418	100%
3	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
4	At the end of the year	38,29,418	100%	38,29,418	100%

There has been no change in the shareholding of the promoters during the year.

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 Share holding 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)	-	-	-	-

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 Share holding during the year specifying the reasons for increase/decrease(e.g. allotment / transfer / bonus/ sweat equity etc):	–	–	–	–
3.	At the End of the year	–	–	–	–

IVB. SHAREHOLDING PATTERN (Preference Share Capital Breakup as percentage of Total Preference Capital)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
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	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. 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)	-	-	-	-	-	-	-	-	-
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			Share holding 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 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
6	At the beginning of the year	1,50,00,000	100%	1,50,00,000	100%
7	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	–	–	–	–
8	At the end of the year	1,50,00,000	100%	1,50,00,000	100%

There has been no change in the shareholding of the promoters during the year.

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 Share holding 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)	–	–	–	–

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

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

V. INDEBTEDNESS

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

(₹ in crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	800	-	800
ii) Interest due but not paid	-	-	-	-
ii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	800	-	800
Change in Indebtedness during the financial year				
• Addition	-	400	-	400
• Reduction	-	800	-	800
Net Change	-	400	-	400
Indebtedness at the end of the financial year				
i) Principal Amount	-	400	-	400
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	400	-	400

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. J. Niranjana) *	Name of Manager (Mr. A. R. Shankar) #	Total Amount
1.	Gross salary	11,66,909	34,27,254	45,94,163
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – as % of profit – others, specify...	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	11,66,909	34,27,254	45,94,163
	Ceiling as per the Act			22,55,000

* Mr. J. Niranjana ceased to be Manager of the Company w.e.f. May 05, 2014.

Mr. A. R. Shankar was appointed as Manager of the Company w.e.f. May 05, 2014.

B. Remuneration to other directors:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Prabhakar Dalal	Ms. Sangeeta Singh			
1	Independent Directors	Mr. Prabhakar Dalal	Ms. Sangeeta Singh			
	• Fee for attending board committee meetings	–	–	–	–	–
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (1)					–
2	Other Non-Executive Directors	Mr. H N Sinor	Mr. N J Driver	Mr. P D Karkaria	Mr. F J Da Cunha	Total Amount
	• Fee for attending board committee meetings	18,000	1,35,000	1,35,000	1,12,500	4,00,500
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (2)	–	–	–	–	–
	Total (B) = (1+2)	–	–	–	–	4,00,500
	Total Managerial Remuneration	–	–	–	–	49,94,663
Overall Ceiling as per the Act					49,61,000	

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. Anoop Goyal	Mr. A. R. Shankar	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	21,69,353	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– as % of profit – others, specify...	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total	–	21,69,353	–	–

* Mr. Shankar, Manager is also the Chief Financial Officer of the Company. His remuneration details are covered under A above.

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 comprises the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and the 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 standalone 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

Auditors' 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.

We conducted our audit 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 condensed 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 the 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) 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.
 - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses on long term contracts. The Company does not have any outstanding derivative contracts as at the year end.
 - iii. As at the year end, there were no amounts that were required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

Mumbai,
April 20, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

1. In respect of the Company's fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
2. According to the information and explanations given to us, the Company is engaged primarily in the distribution of financial products and capital market activities which do not require it to hold any inventories. Accordingly, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.
3. The Company has not granted, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. The nature of the Company's business is such that it does not involve purchase of inventories and sale of goods. During the course of our audit, we have not observed any major weaknesses in such internal control system;
5. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits. Therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company;
6. In our opinion, the provisions of clause (3)(vi) of the Order are not applicable to the Company as the Company is not engaged in the production of goods or in providing services covered by the Companies (Cost Records and Audit) Rules, 2014.
7. According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been generally regular in depositing undisputed dues in respect of Provident Fund, Employees' State Insurance, Income Tax, Profession Tax, Service Tax and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, wealth tax, custom duty, excise duty and cess which have not been deposited on account of any dispute;
 - (d) There are no amounts payable in respect of Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
8. The accumulated losses of the Company at the end of the financial year are less than fifty per cent of its net worth. The Company has not incurred cash losses during the current financial year, though there were cash loss in the immediately preceding financial year.

9. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank. Further, in our opinion and according to information and explanations given to us, the Company did not have any amount outstanding to financial institutions or debenture holders.
10. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
11. According to the information and explanations given to us, the Company has not taken any term loan during the year. Therefore, the provisions of clause 3 (xi) of the Order are not applicable to the Company.
12. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

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

Mumbai,
April 20, 2015

BALANCE SHEET AS AT MARCH 31, 2015

(₹ in lakh)

	Note No.	As at March 31, 2015	As at March 31, 2014
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	3	1,883	1,883
(b) Reserves and Surplus	4	617	179
		2,500	2,062
2. Non-Current liabilities			
(a) Long-term provisions	5	25	15
		25	15
3. Current liabilities			
(a) Short-term borrowings	6	418	958
(b) Trade payables	7	1,603	1,620
(c) Other current liabilities	8	2,356	15,609
(d) Short-term provisions	9	69	73
		4,446	18,260
TOTAL		6,971	20,337
II. ASSETS			
1. Non-Current assets			
(a) Fixed Assets	10		
(i) Tangible assets		19	46
(ii) Intangible assets		1	1
(b) Non-current Investments	11	–	–
(c) Long-term loans and advances - Others	12	967	815
(d) Other non-current assets	13	–	–
		987	862
2. Current assets			
(a) Trade receivables	14	331	154
(b) Cash and Bank Balances	15	4,430	3,210
(c) Short-term loans and advances	16	384	2,513
(d) Other current assets	17	839	13,598
		5,984	19,475
TOTAL		6,971	20,337
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
ChairmanF.J. DaCunha
DirectorP.D. Karkaria
DirectorG.K. Subramaniam
PartnerN. J. Driver
DirectorKaikhushru Vicaji Taraporevala
DirectorPrabhakar R Dalal
DirectorMumbai
Date : April 20, 2015Sangeeta K Singh
DirectorA. R. Shankar
Manager & Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakh)

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
I Revenue from Operations	18	3,380	2,218
II Other Income	19	270	193
III Total Revenue (I + II)		3,650	2,411
IV Expenses :			
Employee benefits expense	20	1,930	2,013
Finance cost	21	63	83
Other expenses	22	1,522	1,498
Depreciation and amortisation	10	20	21
Amortisation of expenses		4	6
Total expenses		3,539	3,621
V Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		111	(1,210)
VI Exceptional items	34	336	-
VII Profit / (Loss) before tax (V+VI)		447	(1,210)
VIII Tax expense:			
(1) Current tax of earlier period		-	(20)
(2) Deferred tax		-	-
Total Tax expense		-	(20)
IX Profit / (Loss) for the period (VII-VIII)		447	(1,190)
X Earnings per equity share:			
(1) Basic (in Rupees)		7.66	(31.14)
(2) Diluted (in Rupees)		7.66	(31.14)
(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

F.J. DaCunha
Director

P.D. Karkaria
Director

G.K. Subramaniam
Partner

N. J. Driver
Director

Kaikhushru Vicaji Taraporevala
Director

Prabhakar R Dalal
Director

Mumbai
Date : April 20, 2015

Sangeeta K Singh
Director

A. R. Shankar
Manager & Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakh)

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
A Cash flow from Operating Activities			
a. Profit / (Loss) before tax		447	(1,210)
Adjustment for:			
Depreciation and amortisation		20	21
Profit on sale of Fixed Assets		(0)	(5)
Amortisation of expenses		4	6
Provisions for Doubtful Debts/Advances		(366)	(18)
Bad Debts Written Off		30	9
Interest Income		(203)	(149)
Dividend Income		0	0
Interest on Inter Corporate Deposits		41	53
Interest on Bank overdraft		4	13
b. Operating Loss before working capital changes		(23)	(1,280)
Adjustment for:			
Trade and other receivables		12,937	65,903
Fixed Deposits with Scheduled Banks placed under lien with stock exchanges for trading margins		(125)	140
Current Liabilities and Provisions		(13,274)	(82,307)
Non - Current Liabilities and provisions		10	(10)
Loans and advances		2,124	16,743
Bank balance in client account		(207)	(1,376)
c. Cash (used in) / generated from operations before adjustments for interest received		1,442	(2,187)
Interest received on Fixed Deposits		180	166
d. Cash (used in) / generated from operations		1,622	(2,021)
Taxes paid		(125)	(60)
A Net Cash from / (used in) Operating Activities		1,497	(2,081)
B Cash flow from Investing Activities			
Purchase of fixed assets and capital advance given		(25)	(15)
Sale of Fixed Assets		2	10
Fixed Deposits with Scheduled Banks		(900)	—
Net Cash flow used in Investing Activities		(923)	(5)

(₹ in Lakh)

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
C Cash flow from Financing Activities			
Interest on Bank Overdraft		(4)	(13)
Interest on Inter Corporate Deposits		(41)	(53)
Issue of Preference Shares		–	1,500
Net (Repayment) / Borrowings on Inter Corporate Deposits		(400)	650
Net Repayment of Bank Overdraft		(141)	(82)
Net Cash from / (used in) Financing Activities		(586)	2,002
D Net decrease in Cash and Cash equivalents		(12)	(84)
<u>Cash and Cash equivalents at beginning of the year</u>			
Cash balance		1	2
Bank balance in current account		52	30
		53	32
Cash Transfer from T Sec Commodities Broking Limited on merger		–	105
<u>Cash and Cash equivalents at end of the year</u>			
Cash balance		2	1
Bank balance in current account		39	52
		41	53
Net decrease in Cash and Cash equivalents		(12)	(84)
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		41	53
Add: Fixed Deposit with scheduled banks		2,588	1,563
Add: Bank balance in client account		1,801	1,594
Cash and Bank Balance at end of the year as per Note “15”		4,430	3,210
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

F.J. DaCunha
Director

P.D. Karkaria
Director

G.K. Subramaniam
Partner

N. J. Driver
Director

Kaikhushru Vicaji Taraporevala
Director

Prabhakar R Dalal
Director

Mumbai
Date : April 20, 2015

Sangeeta K Singh
Director

A. R. Shankar
Manager & Chief Financial 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 financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues, expenses and disclosure of contingent liabilities. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods. Examples of such estimates include provisions for doubtful debts and advances and employee benefit plans.

(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	Fully 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 period. The contribution as specified under the law is paid to the provident fund set up as irrevocable trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year incurred.

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 are unabsorbed depreciation and carry forward losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise 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.

3. SHARE CAPITAL

(₹ in Lakh)

PARTICULARS	As at March 31, 2015	As at March 31, 2014
AUTHORISED		
81,000,000 (Previous year 86,000,000) Equity Shares of ₹ 10/- each	8,100	8,600
20,000,000 (Previous year 14,000,000) Preference Shares of ₹ 10/- each	2,000	2,000
	10,100	10,000
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 April 01, 2013	3,796,632	380
Equity Shares Face Value ₹ 10 fully paid up		
Additions during the year		
Equity		
Issue of Shares pursuant to amalgamation of T Sec Commodities Broking Limited	32,786	3
Preference Shares		
8.50% Compulsorily Convertible Cumulative Preference Shares of ₹ 10/-each	15,000,000	1,500
Closing 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		
Equity	-	-
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
	18,862,204	1,883

- 3(b) During the year ended March 31, 2014, the Company allotted fully paid up 2 equity shares of ₹ 10/- each for every 61 equity shares of face value ₹ 10 each held by the shareholders of T Sec Commodities Broking Limited, aggregating 32,786 equity shares of Tata Securities Limited of the face value of ₹ 10/- each, and made a cash payment of ₹ 296.65 for the fractional entitlement of Equity Share to the shareholders of T Sec Commodities Broking Limited. As per the scheme of amalgamation approved by the Hon'ble High Court of Judicature at Bombay dated March 07, 2014, the accumulated losses of ₹ 2,572 lakh had been adjusted against Securities Premium Account during that year and losses of ₹ 350 lakh had been adjusted against Capital Redemption Reserve.

- 3(c) 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(d) 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(e) 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, having terms of issuance disclosed in Note 3 (c) 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, 2015	As at March 31, 2014
Capital Redemption Reserve		
As per last balance sheet	–	350
Less: Loss adjustment as per amalgamation scheme (Refer note 3 (b) above)	–	(350)
	–	–
Security Premium		
As per last balance sheet	807	3,272
Add : Premium received during the year	–	107
Less: Loss adjustment as per amalgamation scheme (Refer note 3 (b) above)	–	(2,572)
	807	807
General Reserve		
As per last balance sheet	562	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	562
As per last balance sheet	(1,190)	(2,922)
Add: adjustment subsequent to amalgamation scheme (Refer note 3 (b) above)	0	2,922
Add: Net Profit / (Loss) for the year	447	(1,190)
	(743)	(1,190)
TOTAL	617	179

5. LONG TERM PROVISIONS

(₹ in Lakh)

PARTICULARS	As at March 31, 2015	As at March 31, 2014
Provision for retirement and other employee benefits (see notes no. 28 and 29)	25	15
TOTAL	25	15

6. SHORT TERM BORROWINGS

(₹ in Lakh)

PARTICULARS	As at March 31, 2015	As at March 31, 2014
(a) Loans repayable on demand		
Secured		
(1) Bank Overdraft (Refer footnote No. 6.1 below)	18	158
(b) Loans and advances from related parties		
Unsecured		
(1) Inter Corporate Deposits from the Holding Company (Refer footnote No. 6.2 below)	400	800
TOTAL	418	958

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, 2015	As at March 31, 2014
(i) Others		
(a) Accrued employee benefit expenses	56	40
(b) Accrued expenses	140	149
(c) Payable to Related parties	1,349	1,379
(d) Others	58	52
TOTAL	1,603	1,620

8. OTHER CURRENT LIABILITIES

(₹ in Lakh)

PARTICULARS	As at March 31, 2015	As at March 31, 2014
(a) Other payables		
(i) Statutory Dues	54	118
(ii) Exchange settlement / Due to clients	2,059	13,978
(iii) Margin money due to clients	239	1,510
(iv) Others	4	3
TOTAL	2,356	15,609

9. SHORT TERM PROVISIONS

(₹ in Lakh)

PARTICULARS	As at March 31, 2015	As at March 31, 2014
(a) Provision for retirement and other employee benefits	49	53
(b) Provision for Income Tax	20	20
TOTAL	69	73

10. FIXED ASSETS

(₹ in Lakh)

Description of Assets	Gross Block				Depreciation					Net Block	
	Opening Balance as at 01.04.2014	Additions during the year	Disposals during the year	Closing Balance as at 31.03.2015	Opening Balance as at 01.04.2014	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 31.03.2015	As at 31.03.2015	As at 31.03.2014
TANGIBLE :											
Office Equipment	71	4	1	74	47	11	9	0	67	7	24
	66	5	-	71	40	7	-	-	47	24	
Leasehold Improvements	41	-	-	41	40	1	-	-	41	(0)	1
	41	-	-	41	39	1	-	-	40	1	
Computer Equipment	93	-	-	93	93	0	-	-	93	0	-
	93	-	-	93	93	0	-	-	93	-	
Furniture and Fixtures	4	0	0	4	3	0	-	0	3	1	1
	3	1	-	4	3	-	-	-	3	1	
Motor Vehicles	46	-	10	36	26	8	-	9	25	11	20
	83	9	46	46	55	12	-	41	26	20	
Sub-Total	255	4	11	248	209	20	9	9	229	19	46
	286	15	46	255	230	20	0	41	209	46	
INTANGIBLE (other than internally generated) :											
Trading Rights in BSE Limited (BSEL)	228	-	-	228	228	-	-	-	228	-	-
	228	-	-	228	228	-	-	-	228	-	
Software	35	-	-	35	34	0	-	-	34	1	1
	35	-	-	35	32	1	-	-	34	1	
Sub-Total	263	-	-	263	262	0	-	-	262	1	1
	263	-	-	263	260	1	-	-	262	1	-
Total	518	4	11	511	471	20	9	9	491	20	47
<i>Previous Year</i>	<i>549</i>	<i>15</i>	<i>46</i>	<i>518</i>	<i>490</i>	<i>21</i>	<i>-</i>	<i>41</i>	<i>471</i>	<i>47</i>	<i>-</i>
Capital work in progress										-	-
Total Fixed Assets										20	47

Previous year figures are given in Italics

11. NON-CURRENT INVESTMENTS (AT COST)

PARTICULARS	Face value Per Unit ₹	No. of Units	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Investments in Others				
Unquoted :				
Investment in Equity Shares				
BSE Limited - *	1	11,401	-	-
TOTAL			-	-

* Less than ₹ 50,000/-

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

(₹ in Lakh)

PARTICULARS	As at March 31, 2015	As at March 31, 2014
(a) Capital Advances	20	-
(b) Security Deposits		
(i) With Exchanges	202	202
(ii) With Others	64	61
(c) Others		
(i) Prepaid Expenses	9	8
(ii) Advance payment of Income tax, net of provision	658	530
(iii) Loan to Tata Capital Welfare Trust	14	14
TOTAL	967	815

13. OTHER NON-CURRENT ASSETS

(₹ in Lakh)

PARTICULARS	As at March 31, 2015	As at March 31, 2014
(a) Dues from Clients	-	-
Doubtful Dues from Client	-	45
Less: Provision for doubtful debts	-	(45)
TOTAL	-	-

14. TRADE RECEIVABLES

(₹ in Lakh)

PARTICULARS	As at March 31, 2015	As at March 31, 2014
(a) Over six months (from the due date for payment)		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	-	-
(iii) Doubtful	21	21
	21	21
Less: Provision for doubtful loans trade receivable	21	21
	-	-
(b) Others		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	331	154
(iii) Doubtful	-	-
	331	154
Less: Provision for doubtful loans trade receivable	-	-
	331	154
TOTAL	331	154

15. CASH AND BANK BALANCES

(₹ in Lakh)

PARTICULARS	As at March 31, 2015	As at March 31, 2014
(a) Cash on hand	2	1
(b) Balance with Banks		
(i) in Current account	39	52
(ii) in Client account (Current account)	1,801	1,594
(iii) in Deposit account (Refer footnote below)	2,588	1,563
Foot Note:		
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statement is ₹ 41 lakh. (As at March 31, 2014 ₹ 53 lakh)		
TOTAL	4,430	3,210

Foot Note:

All deposits have a balance maturity of less than 12 months. Deposits includes lien with Banks and Stock Exchanges as margin, amounting to ₹ 1,688 lakh (As at March 31, 2014 ₹ 1,563 lakh).

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

(₹ in Lakh)

PARTICULARS	As at March 31, 2015	As at March 31, 2014
Others		
(a) Prepaid Expenses	65	60
(b) Advances recoverable in cash or kind	184	190
(c) Security Deposits with Exchanges	130	2,255
(d) Loan to Employees	5	8
TOTAL	384	2,513

17. OTHER CURRENT ASSETS

(₹ in Lakh)

PARTICULARS	As at March 31, 2015	As at March 31, 2014
(a) Interest Accrued but not due on Fixed Deposit	115	91
(b) Exchange Settlement / Dues from Client	724	13,083
(c) Dues from Client	47	367
Less: Provision for doubtful debts	(47)	(367)
(d) Unbilled revenue	-	280
(e) Unamortised share issue expenses	-	4
(f) Others (Refer foot note below)	-	140
TOTAL	839	13,598

Foot Note :

Balance includes securities in Depository Participant of Tata Securities Limited on account of unadjusted client trade

18. REVENUE FROM OPERATIONS

(₹ in Lakh)

PARTICULARS	For the Year ended March 31, 2015	For the Year ended March 31, 2014
Income from services		
(A) Brokerage Income		
(i) Distribution Income (Net of taxes)	873	718
(ii) Equity Brokerage (Net of taxes)	1,362	887
(B) Interest on Margin Funding *	–	0
(C) Income from Investment Banking services	1,083	491
(D) Privilege Fees and Other Income	62	122
TOTAL	3,380	2,218

* Less than ₹ 50,000/-

19. OTHER INCOME

(₹ in Lakh)

PARTICULARS	For the Year ended March 31, 2015	For the Year ended March 31, 2014
(a) Interest Income on Fixed Deposits	204	149
(b) Dividend from Current Investments *	0	0
(c) Miscellaneous Income	65	39
(d) Gain on Sale of Fixed Assets *	0	5
(e) Exchange gain *	1	0
TOTAL	270	193

* Less than ₹ 50,000/-

20. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakh)

PARTICULARS	For the Year ended March 31, 2015	For the Year ended March 31, 2014
(a) Salaries, wages and bonus	1,730	1,799
(b) Contribution to provident fund, superannuation fund and other funds	122	109
(c) Staff welfare expenses	78	105
TOTAL	1,930	2,013

21. FINANCE COST

(₹ in Lakh)

PARTICULARS	For the Year ended March 31, 2015	For the Year ended March 31, 2014
(a) Interest expense		
(i) Interest on Inter Corporate Deposit	41	53
(ii) Interest on Bank overdraft	4	13
(b) Bank Guarantee Charges	18	17
TOTAL	63	83

22. OTHER OPERATING EXPENSES

(₹ in Lakh)

PARTICULARS	For the Year ended March 31, 2015		For the Year ended March 31, 2014	
(a) Sub Brokerage		356		179
(b) Administration and Support Expenses		66		55
(c) Advertisement and Marketing		45		89
(d) Communication		58		64
(e) Director's Sitting Fees		4		2
(f) Donations		2		4
(g) Insurance charges		10		9
(h) Legal and Professional fees		145		192
(i) Franking Charges		6		10
(j) Printing and stationery		18		29
(k) Provision for Doubtful Debts		-		(18)
(l) Bad Debts Written Off		-		9
(m) Power and fuel		17		16
(n) Repairs and Maintenance				
(i) AMC Charges	12		16	
(ii) Others	7	19	13	29
(o) Rent		426		484
(p) SEBI Turnover Fees		4		3
(q) Training and recruitment		14		7
(r) Membership and Subscription		157		155
(s) Travelling and conveyance		95		100
(t) Other expenses		80		80
TOTAL		1,522		1,498

Footnotes :

Other expenses includes Auditors' Remuneration

(₹ in Lakh)

Auditors' Remuneration	For the Year ended March 31, 2015	For the Year ended March 31, 2014
(a) Statutory Audit Fees	21	21
(b) Tax Audit Fees	2	3
(c) Other Services	4	1
TOTAL	27	25

23A. COMMITMENTS

- a) Commitments as at March 31, 2015 amount Nil (Previous year Nil).

23B. CONTINGENT LIABILITIES

- a) "The contingent liability as at March 31, 2015 on account of dividend on 8.50% Compulsorily Convertible Cumulative Preference Shares and dividend distribution tax thereon aggregated ₹ 153.46 Lakh (Previous year ₹ 2.45 Lakh)
- b) Claims not acknowledged by the Company relating to cases contested by the Company and which are not likely to devolve on the Company relating to the following areas:

(₹ in Lakh)

Particulars	As at March 31, 2015	As at March 31, 2014
Income Tax	Nil	71

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:

(₹ in Lakh)

Lease Payments	As at March 31, 2015	As at March 31, 2014
– Within one year	Nil	133
– Later than one year and not later than five years	Nil	332
– Later than five years	Nil	Nil

The amount charged towards lease rentals (as part of rent expenditure) is ₹ 426 Lakh (Previous year: ₹ 484 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		2014-15	2013-14
Profit / (Loss) after tax	₹ in Lakh	447	(1,190)
Less: Preference dividend payable to cumulative redeemable preference shareholders	₹ in Lakh	153	2
Profit / (Loss) after tax for equity shareholders	₹ in Lakh	293	(1,192)
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	7.66	(31.14)
Profit / (Loss) after tax for equity shareholders	₹ in Lakh	294	(1,192)
Add: Preference dividend payable to cumulative redeemable preference shareholders		153	2
Profit / (Loss) after tax for diluted EPS	₹ in Lakh	447	(1,190)

Particulars		2014-15	2013-14
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	4,311,222	3,830,150
Face value of equity shares	Rupees	10	10
Diluted earnings per share (Anti Dilutive)	Rupees	10.36	(31.07)
Diluted earnings per share	Rupees	7.66	(31.14)

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
e-Nxt Financials Limited
Tata Consultancy Services Limited
Tata Investment Corporation Limited
Tata Petrodyne Limited
Tata Asset Management Limited
Ewart Investments 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 Ltd

Key Management Personnel

Mr J Niranjana (Transferred to Tata Capital Pte Ltd. w.e.f 7th September 2014)

Mr A R Shankar (Transferred from Tata Capital Financial Services Ltd w.e.f 5th May 2014)

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

(₹ in Lakh)

Sr. No.	Party Name		Nature of transaction	2014-15	2013-14
1	Tata Sons Limited	A)	Expenditure		
			Rent	54	54
			BEBP Expenses	5	
		B)	Equity Brokerage Income	(1)	-
		C)	Deposits Placed	27	27
		D)	Balance Payable		
			Rent	(9)	-

Sr. No.	Party Name		Nature of transaction	2014-15	2013-14
2	Tata Capital Limited	A)	Expenditure Rent Electricity Charges Interest on Inter Corporate Deposit Insurance Expenses Statutory Audit Fee	105 8 41 2 –	140 8 53 – 1
		B)	Income Other Income	(40)	(98)
		C)	Issue of 8.50% Preference Share	–	1,500
		D)	Inter-corporate deposit taken	400	8,970
		E)	Inter-corporate deposit paid	800	8,320
		F)	Balance Payable Inter Corporate deposit payable Trade Payable	(400) (220)	(800) (221)
3	Tata Capital Financial Services Limited	A)	Expenditure Rent Employee Cost Service Provider Charges Professional and Legal Fees Membership & Subscription General Expenses	210 (3) (3) 2 – 8	235 – (2) 19 15 13
		B)	Income Other Income Equity Brokerage Income	(20) (30)	(179) (20)
		C)	Balance-Receivable / (Payable) Trade Payable Trade Receivable	(1,151) –	(1,164) 103
4	Tata AIG General Insurance Co. Limited	A)	Expenditure Insurance Expenses	1	1
5	e-Nxt Financials Limited	A)	Expenditure Administration and Support expenses Professional and Legal Fees	37 2	27 8
		B)	Balance Payable Outstanding Payable	(8)	(5)
6	Tata Consultancy Services Limited	A)	Expenditure Professional and Legal Fees	94	74
		B)	Balance Payable	(5)	(13)
7	Tata Investment Corporation Limited	A)	Expenses Re-imbursement of Expenses	(3)	(3)
		B)	Income Equity Brokerage Income	(5)	–
8	TC Travel and Services Limited	A)	Expenditure Travelling and Conveyance	50	43
		B)	Balance Payable Outstanding Payable	(1)	(12)

Sr. No.	Party Name		Nature of transaction	2014-15	2013-14
9	Tata Capital Forex Limited	A)	Forex Expenses	6	6
		B)	Balance Payable Outstanding Payable	(0)	(2)
10	Tata Housing Development Company Limited	A)	Income	(9)	–
		B)	Balance Receivable	3	–
11	Tata Petrodyne Limited	A)	Income	–	(10)
12	Tata Capital PLC	A)	Expenses Reimburment of Car Hire Charges	–	1
		B)	Balance Payable Other Payable	–	(1)
13	Tata Capital Market PTE Ltd	A)	Expenses Re-imbusement of IAP Expenses *	0	–
14	Tata Asset Management Limited	A)	Income *	0	0
15	Ewart Investments Limited	A)	Income Equity Brokerage Income *	0	0
16	Key Management Personnel	A)	Remuneration to key management personnel	95	137

* Less than ₹ 50,000/-

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 ₹ 72 Lakh (Previous year ₹ 80 Lakh) for Provident Fund and Family Pension Fund contribution and ₹ 11 Lakh (Previous year ₹ 20 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	
	2014 – 15	2013 – 14
Present value of DBO at beginning of the year	97	90
Current Service Cost	29	23
Interest expenses	8	7
Employees transferred	(5)	–
Actuarial (gain) / loss	11	(15)
Paid benefits	(18)	(8)
Present value of DBO at the end of the year	122	97

Change in fair value of assets during the year:

(₹ in Lakh)

Particulars	Gratuity –Funded Plan	
	2014 – 15	2013 – 14
Plan assets at beginning of the year	93	76
Employees resigned/transferred	2	–
Expected return on Plan assets	7	6
Contributions by the Company	–	15
Actuarial gain / (loss)	7	–
Benefits Paid	–	(4)
Plan assets at the end of the year	109	93

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

(₹ in Lakh)

Particulars	Gratuity –Funded Plan	
	2014 – 15	2013 – 14
Present Value of Defined Benefit Obligations	122	97
Fair Value of Plans Assets	109	93
Unrecognised past service costs	–	–
Net asset / (liability) recognised in the Balance Sheet	(13)	(4)

Return on plan assets:

(₹ in Lakh)

Particulars	Gratuity –Funded Plan	
	2014 – 15	2013 – 14
Expected return on plan assets	7	6
Actuarial gain / (loss)	7	–
Actual return on plan assets	14	6

Components of employer's expense:

(₹ in Lakh)

Particulars	Gratuity – Funded Plan	
	2014 – 15	2013 – 14
Current service costs	29	23
Interest cost	8	7
Expected return on plan assets	(7)	(6)
Curtailement cost / (credit)	–	–
Settlement cost / (credit)	5	–
Past service cost	–	–
Actuarial losses/(gains)	4	(15)
Total expense recognised in the Statement of Profit and Loss	39	9

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				
	2014-15	2013-14	2012-13	2011-12	2010-11
Defined Benefit Obligation at the end of the year	(122)	(97)	(90)	(62)	(43)
Plan Assets at the end of the year	109	93	76	49	47
Net obligation as at the year end	(13)	(4)	(14)	(14)	4
Experience adjustment on plan liabilities – Gain / (Loss)	12	(1)	14	(1)	(4)
Experience adjustment on plan assets – Gain / (Loss)	7	–	–	–	–
Actuarial Gain / (Loss) due to change in assumptions	(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.

	2014 – 15	2013 – 14
Discount Rate	7.80%	9.30%
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.	LIC (1994-96) Ultimate
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 term of the obligations.

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

The Contributions expected to be made by the Company during the financial year 2015-16 is ₹ 31 Lakhs (Previous year ₹ 38 Lakhs)

Composition of the plan assets is as follows:

(₹ in Lakh)

Investment Pattern	2014 – 15	2013 – 14
Government Securities	40%	40%
Deposit & money market securities	8%	19%
Debentures / Bonds	35%	32%
Equity Shares	17%	9%
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 2014-15 ₹ 3 Lakh (Previous year ₹ 2 Lakh) and the provision as at March 31, 2015 is ₹ 12 Lakh (Previous year ₹ 11 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 & 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, 2015

(₹ in Lakh)

Particulars	For the Year Ended March 31, 2015	For the Year Ended March 31, 2014
Segment Revenue		
(a) Distribution	873	718
(b) Equity Broking	1,693	1,194
(c) Investment Banking	1,084	494
Total	3,650	2,406
Less : Inter Segment Revenue	–	–
Total Income	3,650	2,406
Segment Results		
(a) Distribution	694	569
(b) Equity Broking	(117)	(1,178)
(c) Investment Banking	379	(341)
Total	956	(950)
Add : Unallocated Corporate Income	–	5
Less : Unallocated Corporate Expenses	(509)	(265)
Profit before taxation	447	(1,210)
Less : Provision for taxation	–	20
Profit after taxation	447	(1,190)

	As at 31 March, 2015	As at 31 March, 2014
Segment Assets		
(a) Distribution	38	155
(b) Equity Broking	5,657	19,060
(c) Investment Banking	309	306
(d) Unallocated	967	816
Total	6,971	20,337
Segment Liabilities		
(a) Distribution	89	89
(b) Equity Broking	3,792	17,456
(c) Investment Banking	468	447
(d) Unallocated	122	283
Total	4,471	18,275
Capital Expenditure		
(a) Distribution	–	–
(b) Equity Broking	3	13
(c) Investment Banking	–	1
(d) Unallocated	1	1
Total	4	15
Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Depreciation and Amortisation		
(a) Distribution	–	1
(b) Equity Broking	16	14
(c) Investment Banking	2	3
(d) Unallocated	6	9
Total	24	27
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 has reassessed depreciation rate on tangible fixed assets as per the useful life specified in the Companies Act, 2013. Based on current estimates, depreciation of ₹ 9.37 Lakh on account of assets whose useful life is already exhausted as on April 01, 2014 have been adjusted against the opening General Reserve. As a result of the change, the charge on account of the depreciation for the year ended March 31, 2015 is higher by ₹ 5.77 Lakh compared to the charge based on useful lives estimated in earlier periods

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

Particulars	As at March 31, 2015	As at March 31,2014
Other Matters	66	43

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

Particulars	As at March 31, 2015	As at March 31,2014
Advisory Fees	180	23

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.

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

Kaikhushru Vicaji Taraporevala
Director

Prabhakar R Dalal
Director

Sangeeta K Singh
Director

A. R. Shankar
Manager & Chief Financial Officer

Mumbai
Date: April 20, 2015