

TC TRAVEL AND SERVICES LIMITED

Annual Report 2015-16

DIRECTORS' REPORT

TO THE MEMBERS OF

TC TRAVEL AND SERVICES LIMITED

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

1. BACKGROUND AND OPERATIONS

TC Travel And Services Limited ("TCTSL" or "Company"), is a wholly owned subsidiary of Tata Capital Limited ("TCL") and is engaged in the business of travel and travel related services.

In the year ended March 31, 2016, business was stagnant as a result of pricing pressure attributable to increased competitive intensity in the market. In FY 2015-16, the Company recorded an exceptional charge amounting to ₹11,14,10,621 which represents impairment charge relating to goodwill created on acquisition of the Ticketing Division of Inditravel Private Limited. The impairment charge was triggered due to increased competitive intensity in the business directly impacting margins and resulting in a loss of and / or reduction in business volumes in some key accounts during the financial year. Considering all factors cumulatively, the Company concluded that there was a significant shift in the business model since acquisition and projections made at the time of acquisition would need to be modified downwards. As a result, a full impairment of the carrying value of goodwill in the books was determined appropriate in the current financial year. The impairment is disclosed as an Exceptional Item on the Statement of the Profit and Loss and under the Fixed Assets schedule set out in Note no. 10 in the Financial Statements.

The Company assessed amounts due from its customers which are long pending and which even after making due efforts for recovery are considered to be non-recoverable. Accordingly, the Company has made a provision of ₹ 2.41 crore for debtors in FY 2015 -16.

The above two items aggregating ₹ 13.55 crore have been charged to the Statement of Profit and Loss this year resulting in a loss before tax of ₹ 13.63 crore for FY 2015-16.

As regards the operations of the Company during the year under review, the turnover was ₹ 210 crore in FY 2015-16 from ₹ 189 crore in FY 2014-15. The Company is endeavoring to increase its volume and revenue from the Meetings, Incentives, Conferences, Exhibitions ("MICE") and Leisure segments. Total Revenue for the year under review at ₹ 11.89 crore was marginally lower than ₹ 12.26 crore in FY 2014-15.

2. FINANCIAL RESULTS

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

(₹ in crore)

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|--------------------------------------|--------------------------------------|
| Total Income | 11.89 | 12.26 |
| Less: Finance Costs | 0.71 | 1.26 |
| Expenditure | 13.59 | 11.45 |
| Depreciation / Amortisation | 0.08 | 0.08 |
| Profit Before Tax and Exceptional Item | (2.49) | (0.53) |
| Exceptional Item | (11.14) | - |
| Profit Before Tax | (13.63) | (0.53) |
| Provision For Tax | - | - |
| Profit / Loss After Tax | (13.63) | (0.53) |
| Amount brought forward from Previous Year | (5.79) | (5.26) |
| Amount Available for Appropriations | (19.42) | (5.79) |
| Appropriations | - | - |
| Dividend (including Dividend Distribution Tax) | - | - |
| Surplus / (Loss) carried to Balance Sheet | (19.42) | (5.79) |

3. SHARE CAPITAL

The Authorised Share Capital of the Company is ₹ 25 crore consisting of 2,50,00,000 Equity Shares of ₹ 10/- each. As on March 31, 2016, the Subscribed and Paid-up Share Capital of the Company was ₹ 25 crore consisting of 2,50,00,000 Equity Shares of ₹ 10/- each. There was no change in the Authorised or Subscribed or Paid-up Capital during FY 2015-16.

4. DIVIDEND

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

5. FINANCE

The Company has met all its funds requirements through its internal resources and Inter Corporate Deposits from TCL.

6. RISK MANAGEMENT POLICY

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

7. INTERNAL CONTROL SYSTEMS

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

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

8. INTERNAL FINANCIAL CONTROLS

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

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

9. HUMAN RESOURCES

The Company had 110 employees on its rolls as on March 31, 2016. The Company recognizes the value of its human capital and is continuously upgrading the skill levels of its workforce in key areas such as ticketing, accounting, organizing and conducting inbound and outbound tours and conferences.

10. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

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

11. COMPLIANCE

The Company has complied with all the applicable provisions of the Act and other applicable laws.

The Company has deployed “Compliance Check” (“Application”), an online platform to report and monitor compliances. The Application has features such as generation of compliance task alerts to Performer, escalation mechanism to Reviewer and Business / Functional Heads and Compliance Officer, generation of compliance reports and updating the compliance tasks based on regulatory developments. The Compliance status reports are submitted, on a regular basis, to the Head-Travel Business. A declaration made by the Company Secretary and Manager confirming compliance by the Company with applicable laws and statutes is placed before the Board on a half yearly basis.

12. REGULATORY ACTION

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

13. 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.

14. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

15. DIRECTORS

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Mohini Dutta is liable to retire by rotation at the ensuing Annual General Meeting (“AGM”) and is eligible for re-appointment. Pursuant to clause 2.9 of the Governance Guidelines on Board Effectiveness adopted by the Company, the retirement age of Non-Independent Non-Executive Director would be 70 years. Accordingly, Mr. Dutta’s re-appointment, if approved by the Members, would be only up to January 11, 2018, being the date on which Mr. Dutta would attain the age of 70 years.

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

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

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the individual Directors (including the Chairman) as well as an evaluation of the working of all Board Committees. The Board of Directors was assisted by the Nomination and Remuneration Committee (“NRC”). The performance evaluation was carried out by seeking inputs from all the Directors / Members of the Committees, as the case may be, and discussions with the Directors by the Chairman of the NRC. The criteria for evaluating the performance of the Board as a whole covered various aspects of the Board’s functioning such as fulfillment of key responsibilities, structure of the Board and its composition, establishment and delineation of responsibilities of the Board Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics, etc. The criteria for evaluation of individual Directors covered parameters such as attendance and contribution at meetings, guidance to Management, etc. The criteria for evaluation of the Board Committees covered areas related to degree of fulfillment of key responsibilities, adequacy of Board Committee composition, effectiveness of meetings, Committee dynamics, quality of relationship of the Committee with the Board and the Management, etc.

Pursuant to the provisions of Schedule IV to the Act, the Independent Directors had held their separate Meeting on March 22, 2016.

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

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

In accordance with the provisions of Section 178 of the Act, the Board of Directors has 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 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.

18. KEY MANAGERIAL PERSONNEL ("KMP")

Ms. Megha Sekharan stepped down as Company Secretary and KMP of the Company, at the close of business hours on September 30, 2015, consequent upon her transfer to a fellow subsidiary company. The Board of Directors had, at its Meeting held on October 21, 2015, appointed Ms. Pinal Zatakia as the Company Secretary and KMP of the Company, effective November 1, 2015.

Mr. Prasanna Pachpor, Manager and Chief Financial Officer ("CFO") of the Company, resigned with effect from the close of business hours on February 29, 2016. At the Meeting of the Board of Directors held on March 3, 2016, the Directors appointed Mr. Subash Mohanty as the Manager and CFO of the Company effective April 1, 2016.

19. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of Internal Financial Controls and compliance systems established and maintained by the Company, work performed by the Internal and Statutory Auditors, including audit of Internal Financial controls over financial reporting by the Statutory Auditors and based on the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's Internal Financial Controls were adequate and effective during FY 2015-16.

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

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures therefrom;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss and the cash flows of the Company for the year;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis; and
- e. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

20. CORPORATE GOVERNANCE

The Company recognizes its role as a corporate citizen and 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 six Directors. During FY 2015-16, six Board Meetings were held on April 15, 2015, April 22, 2015, July 24, 2015, October 21, 2015, January 21, 2016 and March 3, 2016, respectively.

The composition of the Board of Directors of the Company is in compliance with requirements of the Act. Details of Directors, their attendance at Board Meetings and at the previous Annual General Meeting of the Company are given below:

| Name of Director | Director Identification Number | Category | Board Meetings | | Whether present at previous AGM held on June 30, 2015 |
|--------------------------------|--------------------------------|----------------|----------------|----------|---|
| | | | Held | Attended | |
| Mr. S H Rajadhyaksha, Chairman | 00020465 | Non- Executive | 6 | 6 | Yes |
| Mr. Mohini Dutta | 00064894 | Non- Executive | 6 | 5 | Yes |
| Mr. Govind Sankaranarayanan | 01951880 | Non- Executive | 6 | 5 | Yes |
| Mr. Puneet Sharma | 06964749 | Non- Executive | 6 | 5 | Yes |
| Mr. Prabhakar Dalal | 00544948 | Independent | 6 | 6 | No |
| Mr. Sudhir Nadkarni | 07105458 | Independent | 6 | 6 | No |

During FY 2015-16, the Company paid sitting fees for attending meetings of the Board and its Committees only to Mr. Prabhakar Dalal and Mr. Sudhir Nadkarni, Independent Directors, aggregating ₹1,75,000/- each, which is within the limits prescribed by the Act, for attending Board and its Committee meetings. None of the Directors drew any other remuneration from the Company in the nature of salary, commission, benefits, bonuses or pensions during FY 2015-16.

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

ii. Committees of the Board

The Board has constituted Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These are the Audit Committee and the Nomination and Remuneration Committee. The Company Secretary is the Secretary of the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions which are noted by the Board at its next meeting. The minutes of the meetings of all Committees of the Board are placed before the Board for discussion / noting.

(a) Audit Committee

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

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

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

- Recommend appointment and removal of the Auditors and their remuneration, nature and scope of audit
- Ensure adequacy of internal controls and compliances and recommend remedial measures
- Review adequacy of the Internal Audit function
- Review and monitor the auditors' independence and performance and effectiveness of the audit process
- Oversee financial reporting process and disclosure of financial information
- Examine the financial statements and the auditors' report thereon
- Evaluate internal financial controls and the risk management systems

- Act as a link between the Statutory Auditors, the 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.

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

| Name of the Member | Category | Audit Committee Meetings | |
|-------------------------------|---------------|--------------------------|----------|
| | | Held | Attended |
| Mr. Sudhir Nadkarni, Chairman | Independent | 6 | 6 |
| Mr. Prabhakar Dalal | Independent | 6 | 6 |
| Mr. S H Rajadhyaksha | Non-Executive | 6 | 6 |

(b) Nomination and Remuneration Committee

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

The NRC considers the competency requirements of the Board based on the industry and the strategy of the Company, conducts a gap analysis and recommends the reconstitution of the Board, as and when required. It also recommends to the Board, the appointment of Directors having good personal and professional reputation and conducts reference checks and due diligence 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 endeavors to provide relevant training to the Directors.

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

During FY 2015-16, one NRC Meeting was held on April 15, 2015, which was attended by all the Members.

iii. **Manager**

Mr. Prasanna Pachpor was appointed as Manager and Chief Financial Officer (“CFO”), Key Managerial Person (“KMP”) of the Company, with effect from April 1, 2015. Mr. Pachpor stepped down as Manager and CFO of the Company at the close of business hours on February 29, 2016.

The terms and conditions of the appointment of Mr. Pachpor were, as under:

| | |
|--------------|---|
| Remuneration | ₹40,000/- per month upto a maximum of ₹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. Commission, if any, or Incentive Remuneration not exceeding ₹20,00,000/- p.a. to be paid based on certain performance criteria and such other parameters as laid down by the Board or Committee thereof, as may be considered appropriate from time to time and benefits, perquisites and allowances as per the Agreement. |
|--------------|---|

| | |
|----------------------|---|
| 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. |
| Term & Termination | Five years with effect from April 1, 2015. The Agreement with Mr. Pachpor may be terminated by him by giving three months notice of such termination or by the Company by paying three months remuneration in lieu of such notice. |
| Other Terms | The said terms and conditions also include clauses pertaining to adherence with the Tata Code Of Conduct ("TCOC"), including no conflict of interest with the Company, non compete and maintenance of confidentiality. |

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

| Scheme | Offered | Exercised |
|--------|---------|-----------|
| 2009 | 4,000 | 4,000 |
| 2013 | 431 | 431 |

However, on his separation from the Company, the Equity Shares acquired by him were sold and transferred to the 'TCL Employee Welfare Trust' in accordance with the provision of the Scheme.

Consequent to Mr. Pachpor ceasing to be the Manager and CFO, the Directors (based on the recommendation and approval of the NRC) approved the appointment of Mr. Subash Mohanty as the Manager of the Company for a period of five years, with effect from April 1, 2016 subject to the approval at an ensuing General Meeting. Mr. Mohanty was also appointed as the CFO and as a KMP. Mr. Mohanty, a Commerce Graduate from Utkal University, Odisha, is a Member of The Institute of Chartered Accountants of India. He has over 25 years of experience in manufacturing and financial services industry and has experience in the areas of business planning, accounting, internal audit, statutory audit and tax audit.

The proposed terms and conditions of his appointment are, as follows:

| | |
|-------------------------------|--|
| Remuneration | ₹36,800/- per month upto a maximum of ₹1,00,000/-per month. The annual increments which will be effective 1st April each year, will be decided by the Board or any Committee thereof and will be merit based and take into account the Company's performance as well. Commission, if any, or Incentive Remuneration not exceeding ₹15,00,000/- p.a. to be paid based on certain performance criteria and such other parameters as laid down by the Board or a Committee thereof, as may be considered appropriate from time to time and benefits, perquisites and allowances as per the Agreement. |
| 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. |
| Term & Termination | Five years with effect from April 1, 2016. The Agreement with Mr. Mohanty may be terminated by him by giving three months notice of such termination or by the Company by paying three months remuneration in lieu of such notice. |
| Other Terms | The said terms and conditions also include clauses pertaining to adherence with the TCOC, including no conflict of interest with the Company, non compete and maintenance of confidentiality. |

Mr. Mohanty has been offered 5,000 Equity Shares of TCL, the holding company, under the TCL Employee Share Options Scheme 2016.

The Members of the Company may refer to the accompanying Notice of the AGM of the Company for a brief resume of Mr. Mohanty. Attention of the Member is drawn to Item No. 4 of the said Notice seeking approval of the Member for Mr. Mohanty's appointment as Manager and payment of remuneration to him.

- iv. The Board has adopted the following policies for the Company:
 - a) Tata Code of Conduct 2015
 - b) Whistle Blower Policy
 - c) Policy on Board Diversity and Director Attributes
 - d) Risk Management Policy
 - e) Governance Guidelines on Board Effectiveness
 - f) Remuneration Policy
 - g) Tata Code of Conduct for Non-Executive Directors
- v. TCL, the holding company, has signed the Tata Brand Equity and Business Promotion (“BEBP”) Agreement with Tata Sons Limited on behalf of its subsidiaries, including TCTSL, for subscribing to the BEBP Scheme. The Company abides by the TCOC and the norms for using the Tata Brand identity.
- vi. The Corporate Identity Number of the Company is U63040MH2008PLC187559 and the website of the Company is www.tatacapital.com.
- vii. The provisions of Section 204 of the Act regarding Secretarial Audit are not applicable to the Company.

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

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

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

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

22. STATUTORY AUDITORS

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

DHS were appointed as the Statutory Auditors of the Company at the AGM of the Company held on August 14, 2009 for FY 2009-10 and have been re-appointed thereafter, at every AGM of the Company. At the conclusion of the ensuing AGM of the Company, DHS would have completed a period of seven years as Auditors of the Company. As per the provisions of the Act read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to re-appoint DHS as the Auditors of the Company to hold office from the conclusion of the ensuing AGM until the conclusion of the next AGM of the Company.

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

23. EXPLANATION ON STATUTORY AUDITORS’ REPORT

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

24. ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

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

25. INFORMATION ON MATERIAL CHANGES AND COMMITMENTS

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

26. PARTICULARS OF RELATED PARTY TRANSACTIONS

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

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

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

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

(A) Conservation of energy:

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

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

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

(B) Technology absorption:

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

Given the nature of the activities of the Company, the matters at (i) to (iv) above are 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 Nil and the Foreign Exchange outgo during the year under review in terms of actual outflows was ₹8,53,778.

28. EXTRACT OF ANNUAL RETURN

An extract of the Annual Return as prescribed under Section 92 (3) of the Act and the Companies (Management and Administration) Rules, 2014, in the prescribed Form No. MGT-9, is attached as Annexure 'D'.

29. REPORTING OF FRAUD

During the year under review, there were no frauds by the Company and no material frauds on the Company by its officers or employees. However, during the year under review an employee had willfully and knowingly used a Tata entity code on multiple occasions for booking of tickets for Non-Tata walk-in customer. On enquiry, it was found that said customer was not a Tata entity. Thereafter, the Company had terminated the services of the employee for violating Company procedures and has further strengthened its control processes. There was no loss to the Company in respect of the said matter.

30. ACKNOWLEDGEMENTS

The Directors would like to place on record their gratitude for the valuable guidance and support received from TCL, International Air Transport Association, the Company's bankers and all other business associates for the continuous support given by them to the Company. The Directors also wish to place on record their deep sense of appreciation of the unstinted commitment, commendable efforts, team work and professionalism displayed by all the employees.

**For and On behalf of the Board of Directors
TC TRAVEL AND SERVICES LIMITED**

Mumbai,
April 27, 2016

S H Rajadhyaksha
Chairman

Annexure 'A'

POLICY ON BOARD DIVERSITY AND DIRECTOR ATTRIBUTES

1. PURPOSE

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

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

In view of the above, TC Travel And Services Limited ("TCTSL" 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 TCTSL 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 also the Guidelines circulated by Tata Sons Limited and review the measurable objectives for achieving diversity against these provisions and recommend the same to the Board for adoption. At any given point of time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

5. MONITORING AND REPORTING

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

Annexure 'B'**REMUNERATION POLICY****1. COMPENSATION PHILOSOPHY**

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

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

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

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

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

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

This Remuneration Policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("Act"). In case of any inconsistency between the provisions of law and this Remuneration Policy, the provisions of law shall prevail and the Company shall abide by the applicable law. In case there are any changes in the law, the Company shall comply with the applicable amended provisions. While formulating this Remuneration Policy, the Nomination and Remuneration Committee ("**NRC**") has considered the factors laid down under Section 178(4) of the Act which are, as under:

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

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

2.1 Remuneration for Independent Directors and Non-Independent Non-Executive Directors

- (i) Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") may be paid Sitting Fees (for attending the meetings of the Board and of Committees of the Board of which they may be Members) and Commission within regulatory limits.
- (ii) Within the parameters prescribed by law, the payment of Sitting Fees and Commission will be recommended by the NRC for approval of the Board.
- (iii) Overall remuneration (Sitting Fees and Commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration, the challenges faced by the Company and its future growth imperatives).
- (iv) Overall remuneration should be reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay the remuneration.

- (v) Overall remuneration practices should be consistent with recognized best practices.
- (vi) Quantum of Sitting Fees may be subject to review on a periodic basis, as required.
- (vii) The aggregate Commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters, as may be decided by the Board.
- (viii) The NRC will recommend to the Board, the quantum of Commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent at Board and Committee meetings, individual contribution at the meetings and contributions made by directors, other than at Board and Committee meetings.
- (ix) In addition to the Sitting Fees and Commission, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his / her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board / Board Committee meetings, General Meetings, court convened meetings, meetings with Shareholders / Creditors / Management, site visits, induction and training (arranged by the Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his / her duties as a director.

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

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

Hence, remuneration should be:

- market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent);
 - driven by the role played by the individual;
 - reflective of the size of the company, complexity of the sector / industry / Company's operations and the Company's capacity to pay;
 - consistent with recognized best practices; and
 - aligned to any regulatory requirements.
- (ii) In terms of remuneration mix or composition,
 - the remuneration mix for the MD / ED / Manager / CEO should be as per the contract approved by the Shareholders. In case of any change which is beyond the remuneration approved by the Shareholders, the same would require the approval of the Shareholders.
 - basic / fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
 - in addition to the basic / fixed salary, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The Company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursing 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 arrangements or transactions at arm's length basis:

(Amount in ₹)

| Sr. No. | Name of the Related Party | Nature of Relationship | Nature of contracts / arrangements / transactions | Amount | Duration of contracts/ arrangements/transactions | Salient Terms of contracts / arrangements / transactions including the value, if any | Amount Paid As Advances |
|---------|--|--------------------------|--|-------------|--|--|-------------------------|
| 1 | Tata Sons Limited | Ultimate holding company | Rendering of Travel related services during the year | 69,011,996 | - | Agreed upon management fees that the company would charge to any unrelated party , subject to such discounts as are extended to third parties depending on the volume of business and payment terms. | - |
| | | | Receipts against the services rendered | 71,981,719 | - | | - |
| 2 | Tata Capital Limited | Holding Company | Inter Corporate Deposits ("ICD") accepted during the year. | 450,000,000 | Tenor upto 1 year | Cost of Funds below Bank borrowing rate, Cost of Funds of provider for previous month plus 100 bps. | - |
| | | | ICDs repaid during the year | 402,500,000 | - | Not Applicable | - |
| | | | ICDs Outstanding - Payable | 112,500,000 | Tenor upto 1 year | Cost of Funds below Bank borrowing rate, Cost of Funds of Provider for previous month plus 100 bps. | - |
| | | | Rendering of Travel related services during the year | 26,135,342 | Renewable every year | Agreed upon management fees that the company would charge to any unrelated party , subject to such discounts as are extended to third parties depending on the volume of business and payment terms. | - |
| | | | Receipts against the services rendered | 26,684,914 | | | - |
| 3 | Tata Capital Financial Services Limited | Fellow Subsidiary | Rent and other expenses. | 12,132,762 | 3 Years | As per the terms and conditions mutually agreed upon | - |
| | | | Rendering of Travel related services during the year | 52,443,509 | Renewable every year | Agreed upon management fees that the company would charge to any unrelated party , subject to such discounts as are extended to third parties depending on the volume of business and payment terms. | - |
| | | | Receipts against the services rendered | 50,806,740 | | | - |
| 4 | Tata Consultancy Services Limited | Fellow Subsidiary | Rendering of Travel related services during the year | 368,341,864 | Renewable every year | Agreed upon management fees that the company would charge to any unrelated party , subject to such discounts as are extended to third parties depending on the volume of business and payment terms. | - |
| | | | Receipts against the services rendered | 367,909,618 | | | - |
| 5 | Tata AIG General Insurance Company Limited | Fellow Subsidiary | Rendering of Travel related services during the year | 52,734,237 | Renewed on annual basis | Agreed upon management fees that the company would charge to any unrelated party , subject to such discounts as are extended to third parties depending on the volume of business and payment terms. | - |
| | | | Receipts against the services rendered | 51,689,453 | | | - |
| 6 | Tata Business Support Services Limited | Fellow Subsidiary | Rendering of Travel related services during the year | 18,380,635 | Renewable every year | Agreed upon management fees that the company would charge to any unrelated party , subject to such discounts as are extended to third parties depending on the volume of business and payment terms. | - |
| | | | Receipts against the services rendered | 15,664,933 | | | - |

(Amount in ₹)

| Sr. No. | Name of the Related Party | Nature of Relationship | Nature of contracts / arrangements / transactions | Amount | Duration of contracts/ arrangements/transactions | Salient Terms of contracts / arrangements / transactions including the value, if any | Amount Paid As Advances |
|---------|--------------------------------------|------------------------|--|------------|--|--|-------------------------|
| 7 | Tata Industries Limited | Fellow Subsidiary | Rendering of Travel related services during the year | 6,394,147 | Renewable every year | Agreed upon management fees that the company would charge to any unrelated party , subject to such discounts as are extended to third parties depending on the volume of business and payment terms. | - |
| 8 | Tata Advanced Materials Limited | Fellow Subsidiary | Rendering of Travel related services during the year | 9,371,413 | Renewable every year | Agreed upon management fees that the company would charge to any unrelated party , subject to such discounts as are extended to third parties depending on the volume of business and payment terms. | - |
| | | | Receipts against the services rendered | 7,943,893 | | | - |
| 9 | Tata Realty & Infrastructure Limited | Fellow Subsidiary | Rendering of Travel related services during the year | 8,551,349 | Renewable every year | Agreed upon management fees that the company would charge to any unrelated party , subject to such discounts as are extended to third parties depending on the volume of business and payment terms. | - |
| | | | Receipts against the services rendered | 75,97,265 | | | - |
| 10 | Tata Autocomp Systems Limited | Fellow Subsidiary | Rendering of Travel related services during the year | 24,378,115 | Renewable every year | Agreed upon management fees that the company would charge to any unrelated party , subject to such discounts as are extended to third parties depending on the volume of business and payment terms. | -- |
| | | | Receipts against the services rendered | 19,140,690 | | | - |
| 11 | Tata Consulting Engineers Limited | Fellow Subsidiary | Rendering of Travel related services during the year | 27,407,830 | Renewable every year | Agreed upon management fees that the company would charge to any unrelated party , subject to such discounts as are extended to third parties depending on the volume of business and payment terms. | - |
| | | | Receipts against the services rendered | 14,177,140 | | | - |
| 12 | Tata Industrial Services Limited | Fellow Subsidiary | Rendering of Travel related services during the year | 9,739,465 | Renewable every year | Agreed upon management fees that the company would charge to any unrelated party , subject to such discounts as are extended to third parties depending on the volume of business and payment terms. | - |
| | | | Receipts against the services rendered | 8,392,790 | | | - |
| 13 | Tata Toyo Radiator Limited | Fellow Subsidiary | Rendering of Travel related services during the year | 6,119,371 | Renewable every year | Agreed upon management fees that the company would charge to any unrelated party , subject to such discounts as are extended to third parties depending on the volume of business and payment terms. | - |

i. Appropriate approvals have been taken for Related Party Transactions.

ii 5% of total revenue is considered as limit for identification of material related party transactions in the ordinary course of business and on arms length basis, but total transaction value is considered for the reporting.

For and on behalf of the Board of Directors

Mumbai,
April 27, 2016

S.H. Rajadhyaksha
Chairman

Annexure 'D'

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

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

I. REGISTRATION AND OTHER DETAILS

- i) CIN : U63040MH2008PLC187559
- ii) Registration Date : October 15, 2008
- iii) Name of the Company : TC Travel And Services Limited
- iv) a) Category: Company limited by shares
b) Sub-Category of the Company: Indian Non-Government Company
- v) Address of the Registered office and contact details:
One Forbes, Dr. V. B. Gandhi Marg, Fort, Mumbai – 400001, Maharashtra, India.
Contact details:
Direct Number: +91 022 6745 9000 / +91 022 6606 9400
E-mail id: pinal.zatakia@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:-

| SI. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1 | Travel And Ticketing business | 79110 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SI. No. | Name and Address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---------|---|-----------------------|----------------------------------|------------------|--------------------|
| 1 | Tata Capital Limited One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai – 400 001 | U65990MH1991PLC060670 | Holding | 100% | Section 2(46) |

IV. 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 | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| b) Central Govt | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| c) State Govt (s) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| d) Bodies Corp. | NIL | 2,50,00,000 | 2,50,00,000 | 100 | NIL | 2,50,00,000 | 2,50,00,000 | 100 | NIL |
| e) Banks / FI | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |

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

(ii) **Shareholding of Promoters**

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---------|----------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | Tata Capital Limited | 2,50,00,000 | 100 | NIL | 2,50,00,000 | 100 | NIL | NIL |
| | Total | 2,50,00,000 | 100 | NIL | 2,50,00,000 | 100 | NIL | NIL |

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

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

| Sl. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | At the beginning of the year | 2,50,00,000 | 100 | 2,50,00,000 | 100 |
| 2. | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | NIL | NIL | NIL | NIL |
| 3. | At the End of the year | 2,50,00,000 | 100 | 2,50,00,000 | 100 |

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

The entire share capital of the Company is held by the Promoter viz. Tata Capital Limited

| Sl. 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 | NIL | NIL | NIL | NIL |
| 2. | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) | NIL | NIL | NIL | NIL |
| 3. | At the End of the year (or on the date of separation, if separated during the year) | NIL | NIL | NIL | NIL |

(v) **Shareholding of Directors and Key Managerial Personnel**

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

V. INDEBTEDNESS

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

(Amount in ₹)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|---------------------|----------|---------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 6,50,00,000 | - | 6,50,00,000 |
| ii) Interest due but not paid | - | 4,16,139 | - | 4,16,139 |
| ii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | 6,54,16,139 | - | 6,54,16,139 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | | 45,70,59,966 | - | 45,70,59,966 |
| • Reduction | - | (40,99,76,105) | - | (40,99,76,105) |
| Net Change | - | 4,70,83,861 | - | 4,70,83,861 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | 11,25,00,000 | - | 11,25,00,000 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | 11,25,00,000 | - | 11,25,00,000 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Name of MD/WTB/ Manager Mr. Prasanna Pachpor (April 1, 2015 to February 29, 2016) | Total Amount |
|---------|---|---|------------------|
| 1. | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 15,25,380 | 15,25,380 |
| | (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) | 15,25,380 | 15,25,380 |
| | Ceiling as per the Act | During FY 2015-16, the Company has incurred a loss. Accordingly, ceiling prescribed under Section 197 of the Act read with Schedule V to the Act is applicable. | |

Note: Mr. Prasanna Pachpor ceased to be Manager of the Company w.e.f. close of business hours on February 29, 2016.

* The following are the details of the Equity Shares of Tata Capital Limited, the holding company, offered to and exercised by Mr. Pachpor under the Tata Capital Limited Employee Stock Purchase / Option Scheme of TCL ("Scheme") and which were, on his separation from the Company, transferred to the 'TCL Employee Welfare Trust' in accordance with the provisions of the Scheme:

| Scheme | Offered | Exercised |
|--------|---------|-----------|
| 2009 | 4,000 | 4,000 |
| 2013 | 431 | 431 |

B. Remuneration to other directors:

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---------|--|--|---------------------|-----------------------------|-------------------|------------------|
| | | Mr. Prabhakar Dalal | Mr. Sudhir Nadkarni | - | - | |
| 1. | Independent Directors | Mr. Prabhakar Dalal | Mr. Sudhir Nadkarni | - | - | |
| | • Fee for attending board / committee meetings | 1,75,000 | 1,75,000 | | | 3,50,000 |
| | • Commission | - | - | | | - |
| | • Others, please specify | - | - | | | - |
| | Total (1) | 1,75,000 | 1,75,000 | - | - | 3,50,000 |
| 2. | Other Non-Executive Directors | Mr. S H Rajadhyaksha | Mr. Mohini Dutta | Mr. Govind Sankaranarayanan | Mr. Puneet Sharma | |
| | • Fee for attending board / committee meetings | - | - | - | - | - |
| | • Commission | - | - | - | - | - |
| | • Others, please specify | - | - | - | - | - |
| | Total (2) | - | - | - | - | - |
| | Total (B)=(1+2) | - | - | - | - | 3,50,000 |
| | Total Managerial Remuneration | | | | | 18,75,380 |
| | Overall Ceiling as per the Act | During FY 2015-16, the Company has incurred a loss. Accordingly, ceiling as prescribed under Section 197 of the Act read with Schedule V to the Act is applicable. | | | | |

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

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | | |
|---------|---|--------------------------|---|---|--|-----------|
| | | CEO | Company Secretary | CFO | Total | |
| | | NA | Megha Sekharan (April 1, 2015 to September 30, 2015) | Pinal Zatakia (November 1, 2015 to March 31, 2016) | Prasanna Pachpor (April 1, 2015 to February 29, 2016) | |
| 1. | Gross salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 9,19,618 | 2,26,135 | - | 11,45,753 |
| | (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 | - | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option* | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | | |
|---------|---|--------------------------|---|---|--|------------------|
| | | CEO | Company Secretary | CFO | Total | |
| | | NA | Megha Sekharan (April 1, 2015 to September 30, 2015) | Pinal Zatakia (November 1, 2015 to March 31, 2016) | Prasanna Pachpor (April 1, 2015 to February 29, 2016) | |
| 4. | Commission - as % of profit - others, specify | - | - | - | - | |
| 5. | Others, please specify | - | - | - | - | |
| | Total | | 9,19,618 | 2,26,135 | - | 11,45,753 |

No Equity Shares of TCL were offered to Ms. Zatakia. Details of Equity Shares of TCL offered and exercised by Mr. Pachpor is covered under point VI(A) above.

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

| Scheme | Offered | Exercised |
|--------|---------|-----------|
| 2009 | 17452 | 17452 |
| 2013 | 1881 | 1681 |
| 2013 | 5000 | - |

Notes:

- Details of remuneration of Ms. Megha Sekharan, Company Secretary are provided for the period between April 1, 2015 and September 30, 2015, in view of her stepping down as the Company Secretary w.e.f close of business hours on September 30, 2015.
- Ms. Pinal Zatakia was appointed as the Company Secretary w.e.f. November 1, 2015 and details of remuneration of Ms. Pinal Zatakia, Company Secretary are provided for the period between November 1, 2015 and March 31, 2016.
- Mr. Prasanna Pachpor ceased to be Chief Financial Officer of the Company w.e.f. close of business hours on February 29, 2016. Since Mr. Pachpor was also the Manager of the Company, details of remuneration received by him is covered under point VI (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 MEMBERS OF TC TRAVEL AND SERVICES LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

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

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts as at year end for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

MUMBAI, April 27, 2016

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

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

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

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

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

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

MUMBAI, April 27, 2016

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

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

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) According to the information and explanations given to us, the Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) The Company has not granted any loans, made investments or provided guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under clause 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals in this regard in the case of the Company.
- (vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities. There were no amounts payable in respect of Sales Tax, Customs Duty, Work Contract Tax, Value Added Tax and Excise Duty.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax and Service Tax as on March 31, 2016 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of borrowings from banks. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of the erstwhile Companies Act, 1956 and section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

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

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

MUMBAI, April 27,2016

BALANCE SHEET AS AT MARCH 31, 2016

Amount (in ₹)

| PARTICULARS | Note No. | As at March 31, 2016 | As at March 31, 2015 |
|--|----------|----------------------|----------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholders Funds | | | |
| (a) Share Capital | 3 | 250,000,000 | 250,000,000 |
| (b) Reserves and Surplus | 4 | (194,215,604) | (57,914,145) |
| 2 Non - Current Liabilities | | | |
| Long-Term Provisions | 5 | 1,598,401 | 1,895,000 |
| 3 Current Liabilities | | | |
| (a) Short-Term Borrowings | 6 | 112,500,000 | 65,000,000 |
| (b) Trade Payables | 7 | | |
| - Total outstanding dues of micro enterprises and small enterprises | 7(a) | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | 103,438,613 | 112,017,954 |
| (c) Other Current Liabilities | 8 | 15,626,880 | 18,681,034 |
| (d) Short-Term Provisions | 9 | 1,971,993 | 1,721,010 |
| TOTAL | | 290,920,283 | 391,400,853 |
| II. ASSETS | | | |
| 1 Non - Current Assets | | | |
| (a) Fixed Assets | 10 | | |
| (i) Tangible Assets | | 5,662,425 | 5,709,051 |
| (ii) Intangible Assets | | 111,582 | 111,850,437 |
| (b) Long-Term Loans and Advances | 11 | 35,565,714 | 27,724,481 |
| 2 Current Assets | | | |
| (a) Current Investments | 12 | - | 515,192 |
| (b) Trade Receivables | 13 | 204,940,824 | 182,915,490 |
| (c) Cash and Bank Balances | 14 | 15,370,075 | 27,288,214 |
| (d) Short-Term Loans and Advances | 15 | 12,287,527 | 22,384,542 |
| (e) Other Current Assets | 16 | 16,982,136 | 13,013,446 |
| TOTAL | | 290,920,283 | 391,400,853 |
| See accompanying notes forming part of the financial statements | 1-28 | | |

In terms of our report attached

For and on Behalf of Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

S. H. Rajadhyaksha
(Director)

G. Sankaranarayanan
(Director)

G. K. Subramaniam
(Partner)

Puneet Sharma
(Director)

Mohini Dutta
(Director)

Sudhir Nadkarni
(Director)

Prabhakar Dalal
(Director)

MUMBAI
Date : April 27, 2016

Subash Mohanty
(Manager & CFO)

Pinal Zatakia
(Company Secretary)

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

Amount (in ₹)

| PARTICULARS | Note No. | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|----------|--------------------------------------|--------------------------------------|
| I Income : | | | |
| Income From Services | 17 | 110,080,329 | 95,216,544 |
| Other Income | 18 | 8,794,667 | 27,395,858 |
| | | 118,874,996 | 122,612,402 |
| II Expenditure : | | | |
| Employee Benefits Expense | 19 | 65,655,335 | 55,845,124 |
| Other Operating Expenses | 20 | 70,205,271 | 58,714,716 |
| Finance Cost | | 7,059,964 | 12,551,605 |
| Depreciation and Amortisation Expense | 10 | 845,264 | 834,578 |
| Amortisation of Share Issue Expenses | | - | - |
| | | 143,765,834 | 127,946,023 |
| III Loss before exceptional and extraordinary items and tax (I-II) | | (24,890,838) | (5,333,621) |
| IV Exceptional Items (Refer note 24) | | (111,410,621) | - |
| V Loss Before Tax (III-IV) | | (136,301,459) | (5,333,621) |
| VI Tax Expense | | - | - |
| VII Loss for the year (V - VI) | | (136,301,459) | (5,333,621) |
| VIII Earnings per share | | | |
| Basic and Diluted (in ₹) | | (5.45) | (0.21) |
| Weighted average number of shares | | 25,000,000 | 25,000,000 |
| Face value per share (in ₹) | | 10 | 10 |
| See accompanying notes forming part of the financial statements | 1-28 | | |

In terms of our report attached

For and on Behalf of Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

S. H. Rajadhyaksha
(Director)

G. Sankaranarayanan
(Director)

G. K. Subramaniam
(Partner)

Puneet Sharma
(Director)

Mohini Dutta
(Director)

Sudhir Nadkarni
(Director)

Prabhakar Dalal
(Director)

MUMBAI
Date : April 27, 2016

Subash Mohanty
(Manager & CFO)

Pinal Zatakia
(Company Secretary)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2016

Amount (in ₹)

| PARTICULARS | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|--------------------------------------|--------------------------------------|
| CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES | | |
| Loss Before Taxes | (136,301,459) | (5,333,621) |
| Adjustments For : | | |
| Liabilities Written Back | (7,862,856) | (25,028,949) |
| Provision for Bad and Doubtful Debts / Advances | 14,322,866 | 3,349,654 |
| Bad Debts Written off | 14,645,434 | 1,226,882 |
| Profit on Sale of Asset | (24,700) | (30,459) |
| Provision for Retirement and Other Employee Benefit Schemes | 28,53,635 | 1,511,970 |
| Depreciation | 845,264 | 834,578 |
| Impairment of Goodwill | 111,410,621 | - |
| Interest Expense | 7,059,964 | 12,551,605 |
| Unrealised exchange Loss / (Gain) on cash and cash equivalents | (285,156) | (317,392) |
| Dividend Income | (26,698) | (32,980) |
| Operating Profit Before Working Capital Changes | 66,36,915 | (11,268,712) |
| Adjustments For : | | |
| (Increase) / Decrease in Trade Receivables | (50,993,634) | 125,889,777 |
| Decrease in Fixed Deposit with Bank under Lien | - | 169,215 |
| Decrease / (Increase) in Loans and Advances | 6,128,325 | (6,299,581) |
| Increase in Current Liabilities and Provisions | 62,53,751 | (4,375,765) |
| Cash From Operations | (44,482,144) | 104,111,934 |
| Taxes paid | (7,841,233) | (84,283) |
| A. CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES | (52,323,377) | 104,030,651 |
| CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES | | |
| Sale of Investment | 541,890 | - |
| Purchase of Fixed Assets | (470,403) | (5,450) |
| Sale of Fixed Assets | 24,700 | 30,459 |
| Purchase of Mutual Funds (Net of Dividend Reinvested) | (26,698) | (32,980) |
| Dividend Income | 26,698 | 32,980 |

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2015

Amount (in ₹)

| PARTICULARS | | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|------|---|---|
| B. CASH FLOW FROM INVESTING ACTIVITIES | | 96,185 | 25,009 |
| CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES | | | |
| Inter Corporate Deposit Repaid | | (402,500,000) | (268,000,000) |
| Inter Corporate Deposit Received | | 450,000,000 | 167,500,000 |
| Bank Overdraft | | - | - |
| Interest Paid | | (7,476,103) | (12,147,101) |
| C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES | | 40,023,897 | (112,647,101) |
| Net Decrease in Cash and Cash Equivalents | | (12,203,294) | (8,591,444) |
| Cash and Cash Equivalents as at the beginning of the year | | | |
| Bank Balance with Scheduled Banks | | 27,006,226 | 35,262,021 |
| Cash in Hand | | 281,988 | 300,242 |
| Cash and Cash Equivalents as at the beginning of the year | | 27,288,214 | 35,562,263 |
| Bank Balance with Scheduled Bank | | 15,271,301 | 27,006,226 |
| Cash in Hand | | 20,624 | 281,988 |
| Cheques and drafts in Hand | | 78,150 | - |
| Cash and Cash Equivalents as at the end of the year | | 15,370,075 | 27,288,214 |
| Net decrease in Cash and Cash Equivalents | | (11,918,138) | (8,274,049) |
| Footnote: | | | |
| Cash and Cash Equivalents | | 15,655,231 | 27,605,606 |
| Unrealised Loss / (Gain) | | (285,156) | (317,392) |
| Cash and Cash Equivalents as above | | 15,370,075 | 27,288,214 |
| Fixed Deposits with original maturity of more than 3 months | | | - |
| Cash and Bank Balances as at End of the year | | 15,370,075 | 27,288,214 |
| See accompanying notes forming part of the financial statements | 1-28 | | |

In terms of our report attached

For and on Behalf of Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

S. H. Rajadhyaksha
(Director)

G. Sankaranarayanan
(Director)

G. K. Subramaniam
(Partner)

Puneet Sharma
(Director)

Mohini Dutta
(Director)

Sudhir Nadkarni
(Director)

Prabhakar Dalal
(Director)

MUMBAI
Date : April 27, 2016

Subash Mohanty
(Manager & CFO)

Pinal Zatakia
(Company Secretary)

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

1. BACKGROUND

TC Travel and Services Limited ("TCTSL"), is a wholly owned subsidiary of Tata Capital Limited ("TCL"). The Company is primarily engaged in the business of offering ticketing and travel related services to corporate and individual travelers. Our services include air ticketing, hotel bookings, land arrangements, travel insurance, foreign exchange, visa and passport facilitation and holiday packages to suit the domestic and international markets at competitive rates. Our focus on quality of service and reliability is supplemented by our commitment to optimizing our customer's cost, comfort and convenience.

2. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

i) Basis of accounting and 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 requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods. Examples of such estimates include provision for employee benefit plans, provision for bad and doubtful debts and provision for income taxes.

iii) Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

iv) Cash Flow Statement

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

v) Operating Cycle

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

vi) Revenue Recognition

Income on travel related services

Income from services is net of service tax. Revenue is recognised upon rendering the service, the price being determined and collection of the receivable is reasonably certain.

Commission on tickets and service charges from customer are recognised on issue of the tickets. The incentives from airlines are accounted on the basis of tickets issued to sectors travelled.

Revenue on holiday packages is recognised on proportionate basis considering the actual number of days completed as at the year end to the total number of days for each tour.

Income from investments

Income from units of mutual funds is accounted on an accrual basis when the Company's right to receive dividend is established.

vii) Fixed Assets
Tangible:

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

Intangible:

Intangible assets are stated at cost less amortisation.

Goodwill is tested for impairment at each Balance Sheet date. An impairment loss is recognised if the carrying amount of Goodwill exceeds its recoverable amount.

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

Capital work in progress and Capital advances:

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

viii) Depreciation

Depreciation on tangible fixed assets is provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

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

The useful lives used by the Company are:

| Asset | Life of Asset |
|---------------------------------|---------------|
| Building | 60 Years |
| Office Equipment | 5 Years |
| Vehicles | 4 Years |
| Plant and Machinery | 5 Years |
| Furniture and Fixtures | 10 Years |
| Leasehold improvements | Lease Period |
| Computer Equipment and Software | 3 Years |

ix) Foreign currency transaction and translations
Initial recognition:-

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

Measurement at the Balance Sheet date:-

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

x) Taxation
Income tax

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.

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

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more

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

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

xi) Service Tax Input Credit

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

xii) Business Segment

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

xiii) Provisions, Contingent liabilities and Contingent assets

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

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

xiv) Earnings Per Share

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

xv) Employee Benefits

Employee benefits include provident fund, superannuation fund, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

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

The Company's contribution to superannuation fund is considered as defined contribution plan and is charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

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 year 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.

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 year in which the employee renders the related service.

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

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

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 Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

xvi) Employee Share Purchase Schemes (ESPS)

As per the Guidance Note on Accounting for Employee Share base payments issued by the Institute of Chartered Accountants of India, the Company has adopted intrinsic value method in accounting of ESPS.

xvii) Impairment of Assets

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

xviii) 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 capitalized at the inception of the lease, at the lower of fair value and present value of minimum 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 rewards 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Amount (in ₹)

| 3 SHARE CAPITAL | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Authorised 25,000,000 Equity Shares of ₹ 10 each (As at March 31, 2015 - 25,000,000 Equity Shares of ₹ 10 each) | 250,000,000 | 250,000,000 |
| | 250,000,000 | 250,000,000 |
| Issued, Subscribed and Fully Paid Up 25,000,000 Equity Shares of ₹ 10 each (As at March 31, 2015 - 25,000,000 Equity Shares of ₹ 10 each) | 250,000,000 | 250,000,000 |
| TOTAL | 250,000,000 | 250,000,000 |

3(a) Reconciliation of number of shares outstanding

| Particulars | No. of shares | No. of shares |
|---|---------------|---------------|
| Opening Share Capital as on April 01, 2014 Equity Face Value ₹ 10 fully paid up | 250,000,000 | 250,000,000 |
| Additions during the year | - | - |
| Opening Share Capital as on April 01, 2015 Equity Face Value ₹ 10 fully paid up | 250,000,000 | 250,000,000 |
| Additions during the year | - | - |
| Closing Share Capital as on March 31, 2016 Equity Face Value ₹ 10 fully paid up | 250,000,000 | 250,000,000 |

3 (b) List of shareholders holding more than 5 % equity shares as at:

| Name of Shareholder | As at March 31, 2016 | | As at March 31, 2015 | |
|---------------------------------------|-----------------------|--------------|-----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Tata Capital Limited and its nominees | 25,000,000 | 100% | 25,000,000 | 100% |

The ultimate holding company is Tata Sons Limited.

3 (c) The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Also each shareholder has right to receive dividend as and when declared by the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(d) In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders.

Amount (in ₹)

| 4 RESERVES AND SURPLUS | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Deficit in Statement of Profit and Loss As per Last Balance Sheet | (57,914,145) | (52,523,033) |
| Add : Depreciation Adjustment (Refer Note 25) | - | (57,491) |
| Add : Loss during the year | (136,301,459) | (5,333,621) |
| Total | (194,215,604) | (57,914,145) |

Amount (in ₹)

| 5 LONG TERM PROVISIONS | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Provision for retirement and other employee benefit schemes – Provision for Long Term Service Award | 774,310 | 758,400 |
| Gratuity Liability (Net of Asset) | 824,091 | 1,136,600 |
| Total | 1,598,401 | 1,895,000 |

Amount (in ₹)

| 6 SHORT TERM BORROWINGS | As at March 31, 2016 | As at March 31, 2015 |
|---|---------------------------------|---------------------------------|
| Inter Corporate Deposits from Related Parties (Unsecured) | | |
| - Tata Capital Limited | 112,500,000 | 65,000,000 |
| Total | 112,500,000 | 65,000,000 |

Amount (in ₹)

| 7 TRADE PAYABLES | As at March 31, 2016 | As at March 31, 2015 |
|---------------------------------------|---------------------------------|---------------------------------|
| (a) Payable to Airlines | 33,695,906 | 27,616,740 |
| (b) Payable to service providers | 64,920,695 | 80,177,679 |
| (c) Accrued Employee benefits expense | 4,822,012 | 4,223,535 |
| Total | 103,438,613 | 112,017,954 |

Note - The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Amount (in ₹)

| 7(a) Total outstanding dues of micro enterprises and small enterprises | As at March 31, 2016 | As at March 31, 2015 |
|---|---------------------------------|---------------------------------|
| a. Principal amount and interest thereon remaining unpaid at the end of year | - | - |
| b. Interest paid including payment made beyond appointed day during the year | - | - |
| c. Interest due and payable for delay during the year | - | - |
| d. Amount of interest accrued and unpaid as at year end | - | - |
| e. The amount of further interest due and payable even in the succeeding year | - | - |
| Total | - | - |

Amount (in ₹)

| 8 OTHER CURRENT LIABILITIES | As at March 31, 2016 | As at March 31, 2015 |
|------------------------------------|---------------------------------|---------------------------------|
| (a) Interest accrued and due | - | 416,139 |
| (b) Income Received in Advance | 1,017,478 | 4,866,051 |
| (c) Statutory dues | 1,291,893 | 1,396,438 |
| (d) Advance from customers | 7,818,353 | 3,976,218 |
| (e) Other liabilities | 5,499,156 | 8,026,188 |
| Total | 15,626,880 | 18,681,034 |

Amount (in ₹)

| 9 SHORT TERM PROVISIONS | As at March 31, 2016 | As at March 31, 2015 |
|--------------------------------|---------------------------------|---------------------------------|
| Provision for Leave Benefits | 1,971,993 | 1,721,010 |
| Total | 1,971,993 | 1,721,010 |

Amount in ₹

| 10 FIXED ASSETS | GROSS BLOCK | | | | DEPRECIATION AND AMORTISATION | | | | NET BLOCK | | |
|---|-------------------------------------|---------------------------|---------------------------|--------------------------------------|-------------------------------|---------------------------|---------------------------|--|----------------------|----------------------|----------------------|
| | Opening balance as on April 1, 2015 | Additions during the year | Deletions during the year | Closing balance as at March 31, 2016 | Up to April 1, 2015 | Additions during the year | Deletions during the year | Transition adjustment recorded against balance in statement of Profit and Loss | Up to March 31, 2016 | As At March 31, 2016 | As At March 31, 2015 |
| | a | b | c | e = (a+b-c-d) | e | f | g | h | i = (e+f-g+h) | j = (d-i) | k = (a-e) |
| A. Tangible | | | | | | | | | | | |
| Building | 6,590,050 | - | - | 6,590,050 | 1,375,553 | 96,442 | - | - | 1,471,995 | 5,118,054 | 5,214,497 |
| | <i>6,590,050</i> | <i>-</i> | <i>-</i> | <i>6,590,050</i> | <i>1,279,374</i> | <i>96,179</i> | <i>-</i> | <i>-</i> | <i>1,375,553</i> | <i>5,214,497</i> | <i>5,310,676</i> |
| Furniture & Fixtures | 1,154,047 | 67,140 | 869,391 | 351,796 | 1,154,047 | 3,093 | 869,391 | - | 287,749 | 64,046 | - |
| | <i>852,306</i> | <i>-</i> | <i>-</i> | <i>852,306</i> | <i>852,306</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>852,306</i> | <i>-</i> | <i>-</i> |
| Lease hold Improvements | 1,936,015 | - | - | 1,936,015 | 1,570,808 | 222,405 | - | - | 1,793,213 | 142,801 | 365,206 |
| | <i>1,936,015</i> | <i>-</i> | <i>-</i> | <i>1,936,015</i> | <i>1,349,011</i> | <i>221,798</i> | <i>-</i> | <i>-</i> | <i>1,570,809</i> | <i>365,206</i> | <i>587,004</i> |
| Vehicles | 46,409 | - | - | 46,409 | 46,409 | - | - | - | 46,409 | - | - |
| | <i>372,451</i> | <i>-</i> | <i>364,431</i> | <i>8,020</i> | <i>372,451</i> | <i>-</i> | <i>364,431</i> | <i>-</i> | <i>8,020</i> | <i>-</i> | <i>-</i> |
| Office Equipment | 1,167,931 | 2,700 | 558,745 | 611,886 | 1,118,583 | 50,554 | 558,745 | - | 610,392 | 1,494 | 49,348 |
| | <i>984,058</i> | <i>-</i> | <i>-</i> | <i>984,058</i> | <i>825,118</i> | <i>52,101</i> | <i>-</i> | <i>57,491</i> | <i>934,710</i> | <i>49,348</i> | <i>158,940</i> |
| Computer | 5,178,884 | 400,563 | 498,733 | 5,080,714 | 5,098,881 | 144,536 | 498,733 | - | 4,744,684 | 336,030 | 80,000 |
| | <i>4,905,314</i> | <i>5,450</i> | <i>-</i> | <i>4,910,764</i> | <i>4,693,656</i> | <i>137,108</i> | <i>-</i> | <i>-</i> | <i>4,830,764</i> | <i>80,000</i> | <i>211,658</i> |
| Total | 16,073,336 | 470,403 | 1,926,869 | 14,616,870 | 10,364,281 | 517,030 | 1,926,869 | - | 8,954,442 | 5,662,425 | 5,709,051 |
| <i>Total</i> | <i>15,640,194</i> | <i>5,450</i> | <i>364,431</i> | <i>15,281,213</i> | <i>9,371,916</i> | <i>507,186</i> | <i>364,431</i> | <i>57,491</i> | <i>9,572,162</i> | <i>5,709,051</i> | <i>6,268,278</i> |
| B. Intangible (Other than internally generated) | | | | | | | | | | | |
| Goodwill | 111,410,621 | - | - | 111,410,621 | - | - | - | - | - | 111,410,621 | 111,410,621 |
| | <i>111,410,621</i> | <i>-</i> | <i>-</i> | <i>111,410,621</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>111,410,621</i> | <i>111,410,621</i> |
| Software | 2,210,391 | - | 90,000 | 2,120,391 | 1,770,575 | 328,234 | 90,000 | - | 2,008,809 | 111,582 | 439,816 |
| | <i>2,210,391</i> | <i>-</i> | <i>-</i> | <i>2,210,391</i> | <i>1,443,183</i> | <i>327,392</i> | <i>-</i> | <i>-</i> | <i>1,770,575</i> | <i>439,816</i> | <i>767,208</i> |
| Total | 113,621,012 | - | 90,000 | 2,120,391 | 1,770,575 | 328,234 | 90,000 | - | 2,008,809 | 111,522,203 | 111,850,437 |
| <i>Total</i> | <i>113,621,012</i> | <i>-</i> | <i>-</i> | <i>113,621,012</i> | <i>1,443,183</i> | <i>327,392</i> | <i>-</i> | <i>-</i> | <i>1,770,575</i> | <i>111,850,437</i> | <i>112,177,829</i> |
| TOTAL | 129,694,348 | 470,403 | 2,016,869 | 128,147,882 | 12,134,856 | 845,264 | 2,016,869 | - | 10,963,251 | 117,184,628 | 117,559,488 |
| <i>Previous Year</i> | <i>129,261,206</i> | <i>5,450</i> | <i>364,431</i> | <i>128,902,225</i> | <i>10,815,099</i> | <i>834,578</i> | <i>364,431</i> | <i>57,491</i> | <i>11,342,737</i> | <i>117,559,488</i> | <i>118,446,107</i> |
| Impairment of Goodwill (Refer Note 24) | | | | | | | | | | (111,410,621) | - |
| Total | | | | | | | | | | 5,774,007 | 117,599,488 |
| | | | | | | | | | | <i>117,559,488</i> | <i>118,446,107</i> |

Previous years Figures are given in italics

Amount (in ₹)

| 11 LONG TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated) | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| (a) Security Deposit | 3,564,740 | 3,564,740 |
| | 3,564,740 | 3,564,740 |
| (b) Other Loans and Advances | | |
| - Advance Payment of Tax (net of provision for tax ₹ 11,683,457/-) | 31,905,462 | 24,064,229 |
| - (Previous Year - ₹ 11,683,457/-) | 95,512 | 95,512 |
| - Loan to ESOP Trust | 32,000,974 | 24,159,741 |
| Total | 35,565,714 | 27,724,481 |

Amount (in ₹)

| 12 INVESTMENTS | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Current Investments (at lower of cost and fair value, unless otherwise stated) | | |
| Unquoted : | | |
| Investments in Units of Mutual Funds | - | 515,192 |
| Total | - | 515,192 |
| Book value of Quoted investments | - | - |
| Market value of Quoted investments | - | - |
| Book value of Unquoted investments | - | 515,192 |
| Net asset value of Unquoted mutual funds | - | 515,192 |

| <u>Details of Current Investments - Unquoted</u> Name of the Body Corporate (Daily dividend Schemes) | Closing as on March 31, 2016 | | Closing as on March 31, 2015 | |
|--|------------------------------|------------------|------------------------------|------------------|
| | Units | Amount (in ₹) | Units | Amount (in ₹) |
| TATA Liquid Super High Investment Fund | - | - | 164 | 182,399 |
| KOTAK Flexi Debt Institutional Fund | - | - | 33,122 | 332,793 |
| | - | - | 33,286 | 515,192 |

Amount (in ₹)

| 13 TRADE RECEIVABLES (UNSECURED) | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| A. Outstanding for a period exceeding over six months from the due date of payment | | |
| (i) Considered good | - | 28,165,498 |
| (ii) Considered doubtful | 24,369,933 | 15,539,049 |
| B. Others | | |
| (i) Considered good | 204,940,824 | 154,749,992 |
| (ii) Considered doubtful | 5,709,308 | - |
| | 235,020,065 | 198,454,539 |
| Less Provision for doubtful debts | (30,079,241) | (15,539,049) |
| Total | 204,940,824 | 182,915,490 |

Amount (in ₹)

| 14 CASH AND BANK BALANCES | As at March 31, 2016 | As at March 31, 2015 |
|----------------------------------|---------------------------------|---------------------------------|
| (a) Cash on Hand | 20,624 | 281,988 |
| (b) Cheques and drafts in hand | 78,150 | - |
| (b) Balances with banks: | | |
| – On Current accounts | 15,271,301 | 27,006,226 |
| Total | 15,370,075 | 27,288,214 |

Amount (in ₹)

| 15 SHORT TERM LOANS AND ADVANCES | As at March 31, 2016 | As at March 31, 2015 |
|--|---------------------------------|---------------------------------|
| (a) Advance to Suppliers | | |
| – Considered good | 9,316,877 | 19,934,918 |
| – Considered doubtful | - | 291,241 |
| (b) Prepaid Expenses | 2,389,795 | 2,003,828 |
| (c) Other Receivables | 580,855 | 445,796 |
| | 12,287,527 | 22,675,783 |
| Less : Provision for doubtful loans and advances | - | (291,241) |
| Total | 12,287,527 | 22,384,542 |

Amount (in ₹)

| 16 OTHER CURRENT ASSETS | As at March 31, 2016 | As at March 31, 2015 |
|--------------------------------|---------------------------------|---------------------------------|
| (a) Advance to Employees | 246,910 | 319,103 |
| (b) Incentive Receivable | 15,254,731 | 12,094,343 |
| (c) Other Deposits | 210,000 | 600,000 |
| (d) Unbilled Revenue | 1,270,495 | - |
| Total | 16,982,136 | 13,013,446 |

Amount (in ₹)

| 17 INCOME FROM SERVICES | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|--|--|
| (a) Income from Ticketing | 84,037,241 | 68,784,328 |
| (b) Income from Other Travel Related Services | 26,043,088 | 26,432,217 |
| Total | 110,080,329 | 95,216,544 |

Amount (in ₹)

| 18 OTHER INCOME | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|--|--|
| (a) Dividend income | 26,698 | 32,980 |
| (b) Liabilities written back | 7,862,856 | 25,028,949 |
| (c) Profit on sale of asset | 24,700 | 30,459 |
| (d) Gain on Foreign Exchange Fluctuation | 285,156 | 317,392 |
| (e) Miscellaneous income | 595,257 | 1,986,078 |
| Total | 8,794,667 | 27,395,858 |

Amount (in ₹)

| 19 EMPLOYEE BENEFITS EXPENSE | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|--------------------------------------|--------------------------------------|
| (a) Salary, wages and bonus | 58,570,069 | 50,318,369 |
| (b) Contribution to provident fund and other funds | 3,874,469 | 3,342,531 |
| (c) Staff welfare expenses | 3,210,797 | 2,184,224 |
| Total | 65,655,335 | 55,845,124 |

Amount (in ₹)

| 20 OTHER OPERATING EXPENSES | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|--------------------------------------|--------------------------------------|
| (a) Repairs and Maintenance | | |
| (i) Buildings | 181,202 | 45,654 |
| (ii) Others | 105,150 | 51,997 |
| (b) Power and fuel | 313,063 | 261,002 |
| (c) Rent | 21,606,533 | 20,588,212 |
| (d) Rates and Taxes | 200,810 | 175,320 |
| (e) Legal and professional fees | 2,517,858 | 2,756,683 |
| (f) Printing and stationery | 466,938 | 399,647 |
| (g) Service provider's charges | 2,962,840 | 9,709,446 |
| (h) Communication Expenses | 690,443 | 659,703 |
| (i) Auditors' remuneration | 905,475 | 800,000 |
| (j) Travelling and conveyance | 2,937,445 | 2,980,613 |
| (k) Group tour expenses | 1,351,272 | 1,795,074 |
| (l) Bank charges | 971,308 | 1,987,515 |
| (m) IT outsourcing cost | 4,150,555 | 7,181,894 |
| (n) Membership fees | 118,868 | 49,337 |
| (o) Bad Debts Written off | 14,645,434 | 1,226,882 |
| (p) Provision for Bad and Doubtful debts / Advances | 14,322,866 | 3,349,654 |
| (q) Sundry Balances Written off | - | 1,441,201 |
| (r) Insurance Expense | 172,225 | 536,444 |
| (s) Postage and Courier Charges | 544,096 | 411,737 |
| (t) Others | 1,040,890 | 2,306,701 |
| Total | 70,205,271 | 58,714,716 |

Note:

Amount (in ₹)

| 1 Auditors' Remuneration | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--------------------------|---|---|
| i) Audit Fees | 800,000 | 700,000 |
| ii) Tax Audit Fees | 100,000 | 100,000 |
| iii) Other Services | 5,475 | - |
| Total | 905,475 | 800,000 |

Amount (in ₹)

| 2 Expenditure incurred in Foreign Currency | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|---|---|
| Travelling and Group Tour expenses | 853,778 | 1,685,403 |
| Total | 853,778 | 1,685,403 |

21. Contingent Liabilities and Commitments:

Commitments as at March 31, 2016 amounts to Nil (as on March 31, 2015 Nil). There are no contingent liabilities as at March 31, 2016 (as on March 31, 2015 Nil).

22. Employee benefits
Defined-Contribution Plans

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

The Company recognised charge of ₹ 2,463,769/- (Previous Year ₹ 2,168,831/-) for provident fund and family pension fund 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). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at year-end. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. On adoption of the Accounting Standard (AS 15) on "Employee Benefits", actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss.

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

(Amount in ₹)

| | Particulars | 2015-16 | 2014-15 |
|------------|---|------------------|--------------------|
| I | Change in defined benefit obligation (DBO) during the year | | |
| | Opening defined benefit obligation | 6,398,780 | 4,262,780 |
| | Current Service Cost | 1,018,450 | 841,270 |
| | Acquisition Cost | 84,630 | 288,610 |
| | Interest Cost | 437,390 | 390,970 |
| | Actuarial Losses / (Gain) | 117,100 | 732,840 |
| | Benefits Paid | (1,582,320) | (117,690) |
| | Closing defined benefit obligation | 6,474,030 | 6,398,780 |
| II | Change in the fair value of assets during the year | | |
| | Opening fair value of plan assets | 5,262,180 | 4,361,880 |
| | Acquisition Adjustment | 225,510 | 108,920 |
| | Expected Return on Plan Assets | 430,000 | 348,950 |
| | Actuarial Gains / (Losses) | (267,760) | 442,430 |
| | Contributions by Employer | - | - |
| | Benefits paid | - | - |
| | Closing fair value of plan assets | 5,649,930 | 5,262,180 |
| III | Net Assets/(Liability) recognised in Balance Sheet | | |
| | Present value of defined benefit obligation | 6,474,030 | 6,398,780 |
| | Fair value of plan assets | 5,649,930 | 5,262,180 |
| | Funded status [Surplus / (Deficit)] | (824,100) | (1,136,600) |
| | Unrecognised Past Services cost | - | - |
| | Net Asset/(Liability) recognised in the Balance Sheet | (824,100) | (1,136,600) |
| IV | Net Gratuity expense for the year | | |
| | Current service cost | 1,018,450 | 841,270 |

| | Particulars | 2015-16 | 2014-15 |
|---|--|--|--|
| | Interest costs | 437,390 | 390,970 |
| | Expected return on plan assets | (430,000) | (348,950) |
| | Actuarial (Gains) / Losses | 384,860 | 290,410 |
| | Total Gratuity expense recognised in the Statement of Profit and Loss | 1,410,700 | 1,173,700 |
| * | Assumptions | | |
| | Discount Rate | 8.20% | 7.80% |
| | Expected Rate of Return on Plan Assets | 8.00% | 8.00% |
| | Salary Escalation Rate | "7.50% p.a for first 5 years and 5% thereafter" | "7.50% p.a for first 5 years and 5% thereafter" |
| | Mortality tables | Indian Assured Lives Mortality (2006-08) (modified) Ult. | Indian Assured Lives Mortality (2006-08) (modified) Ult. |
| | Withdrawal rate | 0 - 2 years: 10% | 0 - 2 years: 10% |
| | | 3 - 4 years: 5% | 3 - 4 years: 5% |
| | | 5 - 9 years: 2.5% | 5 - 9 years: 2.5% |
| | | 10 and more: 1% | 10 and more: 1% |

| Investment Pattern | Percentage | Percentage |
|-----------------------------------|------------|------------|
| | 2015-16 | 2014-15 |
| Insurer Managed Funds | | |
| Government Securities | 44% | 40% |
| Deposit & money market Securities | 9% | 8% |
| Debentures / Bonds | 24% | 35% |
| Equity Shares | 23% | 17% |
| Total | 100% | 100% |

(Amount in ₹)

| Experience adjustment | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|--|-------------|-------------|-------------|-------------|-------------|
| Experience Gain/(Loss) adjustments on Plan Liabilities | (288,630) | 126,680 | (1,381,860) | 44,410 | (135,110) |
| Experience Gain/(Loss) adjustments on Plan Assets | (267,760) | 442,430 | (19,944) | (37,170) | - |
| Actuarial Gain/(Loss) due to change on assumption | 171,530 | (859,520) | 560,900 | (204,730) | 52,640 |
| Defined benefit obligation at the end of the period | (6,474,030) | (6,398,780) | (4,262,780) | (2,270,880) | (1,822,740) |
| Funded Status | (824,100) | (1,136,600) | 100,900 | 1,318,364 | (150,370) |
| Plan Assets at the end of the period | 5,649,930 | 5,262,180 | 43,63,780 | 3,589,244 | 1,672,370 |

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

The estimates of future salary increases considered takes into account the inflation, seniority, promotion, increments and other relevant factors.

The contributions expected to be made by the Company during the financial year 2016-17 is ₹ 11,20,000/-.

23 Disclosure as required by Accounting Standard (AS) 18 on “Related Party Disclosures”

A) List of related party and relationships

Ultimate holding company

Tata Sons Limited

Holding Company

Tata Capital Limited

Subsidiaries of Tata Capital Limited

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

- 1 Tata Capital Financial Services Limited
- 2 Tata Securities Limited
- 3 Tata Capital Housing Finance Limited
- 4 “Tata Capital Forex Limited
- 5 India Collections Management Limited
- 6 Tata Cleantech Capital Limited

Subsidiaries of Tata Sons Limited

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

- 1 Infiniti Retail Limited
- 2 Tata Consultancy Services Limited
- 3 Tata AIG General Insurance Company Limited
- 4 Tata Investment Corporation Limited
- 5 “Tata AIA Life Insurance Company Limited
(Formerly known as Tata AIG Life Insurance Company Limited)”
- 6 Tata Asset Management Limited
- 7 Tata Business Support Services Limited
- 8 Tata Petrodyne Limited
- 9 Tata Industries Limited
- 10 Tata International Limited
- 11 Tata Advanced Materials Limited
- 12 Tata Realty & Infrastructure Limited
- 13 Indian Rotocraft Limited
- 14 TRIL Constructions Limited
- 15 TRIL Roads Private Limited
- 16 Tata Autocomp Systems Limited
- 17 Tata Industrial Services Limited
- 18 Tata Teleservices Limited
- 19 Acme Living Solutions Private Limited
- 20 Taj Air Metrojet Aviation Limited
- 21 Automotive Stampings and Assemblies Limited
- 22 Tata Toyo Radiator Limited
- 23 TRIF Amritsar Projects Limited
- 24 Peepul Tree Properties Limited
- 25 TRIL Infopark Limited
- 26 TRIF Real Estate And Development Limited
- 27 TRIF Kochi Project Private Limited
- 28 Hampi Expressways Private Limited
- 29 Dharamshala Ropeway Limited

Key Management Personnel

Mr. Prasanna Pachpor - Manager - April 01, 2015 till February 29, 2016

B) Transactions carried out with related parties referred in A above, in ordinary course of business:

Amount in ₹

| Sr. No. | Party Name | Nature of transaction | FY 2015-16 | FY 2014-15 |
|---------|---|--|-------------|-------------|
| 1 | Tata Sons Limited (Ultimate holding company) | A) Services rendered and reimbursement of costs (Refer note below) | 69,011,996 | 69,518,864 |
| | | B) Funds received for services rendered | 71,981,719 | 79,907,176 |
| | | C) Outstanding receivable for services rendered | 5,833,145 | 9,209,477 |
| | | D) Share of Rent & expenses for premises occupied paid | 6,780,000 | 6,780,000 |
| | | E) Deposit for Premises | 3,390,000 | 3,390,000 |
| 2 | Tata Capital Limited (Holding Company) | A) ICD Received | 450,000,000 | 167,500,000 |
| | | B) ICD Repaid | 402,500,000 | 268,000,000 |
| | | C) ICD Payable | 112,500,000 | 65,000,000 |
| | | D) Interest Accrued | 0 | 416,139 |
| | | E) Interest Expense on ICD | 7,059,966 | 12,551,605 |
| | | F) Expenses incurred on our behalf | - | 67,646 |
| | | G) Balance payable towards expenses incurred on our behalf | - | 1,985,178 |
| | | H) Services rendered and reimbursement of costs (Refer Note Below) | 26,135,342 | 21,534,224 |
| | | I) Funds received for services rendered | 26,684,914 | 31,573,249 |
| | | J) Outstanding receivable for services rendered | 309,231 | 858,803 |
| 3 | Tata Capital Financial Services Limited (Subsidiary of Tata Capital Limited) | A) ICD Repaid | - | - |
| | | B) Interest expense on ICD | - | - |
| | | C) Expenses incurred on our behalf | 12,132,762 | 11,978,666 |
| | | D) Balance payable towards expenses incurred on our behalf | 44,555,274 | 67,649,362 |
| | | E) Services rendered and reimbursement of costs (Refer note below) | 52,443,509 | 50,890,711 |
| | | F) Funds received for services rendered | 50,806,740 | 52,445,263 |
| | | G) Outstanding receivable for services rendered | 5,430,314 | 3,793,544 |
| 4 | Tata Securities Limited (Subsidiary of Tata Capital Limited) | A) Services rendered and reimbursement of costs (Refer note below) | 3,524,046 | 4,823,031 |
| | | B) Funds received for services rendered | 3,117,689 | 6,535,258 |
| | | C) Outstanding receivable for services rendered | 806,803 | 400,445 |
| 5 | Tata Capital Housing Finance Limited (Subsidiary of Tata Capital Limited) | A) Services rendered and reimbursement of costs (Refer note below) | 7,665,722 | 6,905,998 |
| | | B) Funds received for services rendered | 7,535,335 | 11,449,047 |
| | | C) Outstanding Receivable for services rendered | 442,644 | 312,257 |
| 6 | Tata Capital Forex limited (Subsidiary of Tata Capital Limited) | A) Services rendered and reimbursement of costs (Refer note below) | 21,19,401 | 1,610,969 |
| | | B) Funds received for services rendered | 21,54,936 | 2,535,476 |
| | | C) Outstanding Receivable for services rendered | 273,176 | 185,286 |
| | | D) Commission Received | 1,23,425 | - |
| | | E) Foreign Exchange Purchased | 85,33,778 | 1,685,403 |
| | | F) Expenses incurred on our behalf | 10,71,835 | - |
| | | G) Balance payable towards expenses incurred on our behalf | 10,36,228 | - |

Amount in ₹

| Sr. No. | Party Name | | Nature of transaction | FY 2015-16 | FY 2014-15 |
|---------|--|----|---|-------------|-------------|
| 7 | India Collections Management Limited (Subsidiary of Tata Capital Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | - | 5,432 |
| | | B) | Funds received for services rendered/ adjustment | 5,432 | 3,109 |
| | | C) | Outstanding receivable for services rendered | - | 5,432 |
| 8 | Tata Cleantech Capital Limited (Subsidiary of Tata Capital Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 1,171,973 | 1,577,924 |
| | | B) | Funds received for services rendered | 1,215,914 | 1,886,373 |
| | | C) | Outstanding Receivable for services rendered | 40,578 | 84,519 |
| 9 | Infiniti Retail Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 6,961,204 | 8,855,238 |
| | | B) | Funds received for services rendered | 7,459,799 | 11,849,908 |
| | | C) | Outstanding Receivable for services rendered | 1,085,871 | 1,584,466 |
| 10 | Tata Consultancy Services Limited | A) | Services rendered and reimbursement of costs (Refer note below) | 368,341,864 | 159,927,571 |
| | | B) | Funds received for services rendered | 367,909,618 | 144,744,542 |
| | | C) | Outstanding Receivable for services rendered | 22,064,031 | 21,631,785 |
| | | D) | Software AMC and other maintenance cost | 1,200,000 | 4,594,031 |
| 11 | Tata AIG General Insurance Company Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 52,734,237 | 21,266,810 |
| | | B) | Funds received for services rendered | 51,689,453 | 24,755,094 |
| | | C) | Outstanding Receivable for services rendered | 1,492,579 | 447,795 |
| | | D) | Expenses incurred on our behalf | - | 44,467 |
| 12 | Tata Investment Corporation Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | - | - |
| | | B) | Funds received for services rendered | - | 52,689 |
| | | C) | Outstanding Receivable for services rendered | 9,801 | 9,801 |
| 13 | Tata AIA Life Insurance Company Limited (Formerly known as Tata AIG Life (Subsidiary of Tata Sons Limited)) | A) | Services rendered and reimbursement of costs (Refer note below) | - | 1,850 |
| | | B) | Funds received for services rendered | 679,776 | 1,850 |
| | | C) | Outstanding receivable for services rendered | - | 679,776 |
| 14 | Tata Asset Management Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 2,915,330 | 217,405 |
| | | B) | Funds received for services rendered | 2,915,330 | 483,789 |
| | | C) | Outstanding receivable/ (payable) for services rendered | (23,504) | (23,504) |
| 15 | Tata Business Support Services Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 18,380,635 | 18,011,204 |
| | | B) | Funds received for services rendered. | 15,664,933 | 18,076,211 |
| | | C) | Outstanding receivable for services rendered | 6,414,803 | 3,699,102 |

Amount in ₹

| Sr. No. | Party Name | | Nature of transaction | FY 2015-16 | FY 2014-15 |
|---------|---|----|---|-------------------|------------|
| 16 | Tata Petrodyne Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 725,167 | 5,602,430 |
| | | B) | Funds received for services rendered | 1,153,815 | 6,157,582 |
| | | C) | Outstanding receivable for services rendered | 18,250 | 446,898 |
| 17 | Tata Industries Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 6,394,147 | 8,076,735 |
| | | B) | Funds received for services rendered | 5,906,203 | 10,817,919 |
| | | C) | Outstanding receivable for services rendered | 503,641 | 15,697 |
| 18 | Tata International Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 1,268,504 | 811,721 |
| | | B) | Funds received for services rendered | 1,378,618 | 664,246 |
| | | C) | Outstanding receivable for services rendered | 143,148 | 253,262 |
| 19 | Tata Advanced Materials Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 9,371,413 | 9,855,405 |
| | | B) | Funds received for services rendered | 7,943,893 | 11,250,463 |
| | | C) | Outstanding receivable for services rendered | 3,443,018 | 2,015,498 |
| 20 | Tata Realty & Infrastructure Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 8,551,349 | 11,078,336 |
| | | B) | Funds received for services rendered | 7,597,265 | 13,610,709 |
| | | C) | Outstanding receivable for services rendered | 1,316,464 | 362,380 |
| 21 | Indian Rotocraft Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 662,183 | 2,163,339 |
| | | B) | Funds received for services rendered | 454,916 | 2,378,469 |
| | | C) | Outstanding receivable for services rendered | 228,465 | 21,198 |
| 22 | TRIL Constructions Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 1,114,767 | 526,227 |
| | | B) | Funds received for services rendered | 1,003,079 | 378,568 |
| | | C) | Outstanding receivable for services rendered | 295,122 | 183,435 |
| 23 | TRIL Roads Private Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 3,110,865 | 1,554,982 |
| | | B) | Funds received for services rendered | 3,115,444 | 1,366,687 |
| | | C) | Outstanding receivable for services rendered | 232,933 | 237,512 |
| 24 | Tata Autocomp Systems Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 24,378,115 | 4,564,458 |
| | | B) | Funds received for services rendered | 19,140,690 | 1,767,370 |
| | | C) | Outstanding receivable for services rendered | 8,041,074 | 2,803,650 |
| 25 | Tata Industrial Services Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 9,739,465 | 3,059,581 |
| | | B) | Funds received for services rendered | 8,392,790 | 2,607,334 |
| | | C) | Outstanding receivable for services rendered | 1,798,922 | 452,247 |
| 26 | Tata Teleservices Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 3,413,027 | 2,852,046 |
| | | B) | Funds received for services rendered | 3,099,835 | 2,659,794 |
| | | C) | Outstanding receivable for services rendered | 568,814 | 255,623 |

Amount in ₹

| Sr. No. | Party Name | | Nature of transaction | FY 2015-16 | FY 2014-15 |
|---------|--|----|---|------------|------------|
| 27 | Acme Living Solutions Private Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | - | 2,731 |
| | | B) | Outstanding payable for services rendered | 32,058 | 32,058 |
| 28 | Taj Air Metrojet Aviation Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 1,783,902 | 334,981 |
| | | B) | Funds received for services rendered | 1,502,828 | 310,610 |
| | | C) | Outstanding receivable for services rendered | 305,444 | 24,371 |
| 29 | Automotive Stampings and Assemblies Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 997,974 | 386,571 |
| | | B) | Funds received for services rendered | 984,932 | 290,198 |
| | | C) | Outstanding receivable for services rendered | 189,478 | 176,437 |
| 30 | Tata Toyo Radiator Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 6,119,371 | 515,671 |
| | | B) | Funds received for services rendered | 1,964,731 | 436,405 |
| | | C) | Outstanding receivable for services rendered | 4,238,150 | 83,510 |
| 31 | TRIF Amritsar Projects Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 1,678,849 | - |
| | | B) | Funds received for services rendered | 1,650,805 | - |
| | | C) | Outstanding receivable for services rendered | 419,778 | - |
| 32 | Peepul Tree Properties Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 11,822 | - |
| | | B) | Funds received for services rendered | 16,823 | - |
| | | C) | Outstanding receivable for services rendered | (5,001) | - |
| 33 | TRIL Infopark Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 1,749,606 | - |
| | | B) | Funds received for services rendered | 2,314,371 | - |
| | | C) | Outstanding receivable for services rendered | 347,967 | - |
| 34 | TRIF Real Estate And Development Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 3,262,182 | - |
| | | B) | Funds received for services rendered | 3,099,798 | - |
| | | C) | Outstanding receivable for services rendered | 251,720 | - |
| 35 | TRIF Kochi Project Private Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 3,127,532 | - |
| | | B) | Funds received for services rendered | 2,943,963 | - |
| | | C) | Outstanding receivable for services rendered | 416,648 | - |
| 36 | Hampi Expressways Private Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 765,049 | - |
| | | B) | Funds received for services rendered | 536,239 | - |
| | | C) | Outstanding receivable for services rendered | 228,810 | - |
| 37 | Dharamshala Ropeway Limited (Subsidiary of Tata Sons Limited) | A) | Services rendered and reimbursement of costs (Refer note below) | 497,225 | - |
| | | B) | Funds received for services rendered | 374,641 | - |
| | | C) | Outstanding receivable for services rendered | 122,584 | - |
| 38 | Key Management Personnel | | Remuneration to key management personnel | 1,641,471 | 2,841,401 |

Note: Services rendered and reimbursement of costs includes amounts billed to customers on account of amounts payable to principals.

24. The Exceptional Item in FY 15-16 amounting to ₹ 11,14,10,621/- represents impairment charge relating to goodwill created on acquisition of the Ticketing division of Inditravel Private Limited. The impairment charge was triggered due to increased competitive intensity in the business directly impacting margins and resulting in a loss and / or reduction in business volumes in some key accounts during the financial year. Considering all factors cumulatively, management concluded that there was a significant shift in the business model since acquisition and projections made at the time of acquisition would need to be modified downwards. As a result a full impairment of the carrying value of goodwill on the books was determined appropriate in the current financial year. The impairment is disclosed under the fixed assets schedule set out in note 10 in the financial statements.
25. Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹ 57,491/- (net of deferred tax of ₹ Nil) against the opening balance in the Statement of Profit and Loss under Reserves and Surplus.
26. 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:

Amount in ₹

| Lease Payments | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| – Within One Year | Nil | 5,085,000 |
| – Later than one year and not later than five years | Nil | Nil |

27. Earnings per share:

Amount in ₹

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Loss after tax | (136,301,459) | (5,333,621) |
| Weighted average number of equity shares used in computing basic earnings per share | 25,000,000 | 25,000,000 |
| Face value of equity shares | 10 | 10 |
| Basic and Diluted earnings per share | (5.45) | (0.21) |

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

For and on Behalf of Board of Directors

S. H. Rajadhyaksha
(Director)

G. Sankaranarayanan
(Director)

Puneet Sharma
(Director)

Mohini Dutta
(Director)

Sudhir Nadkarni
(Director)

Prabhakar Dalal
(Director)

MUMBAI
Date : April 27, 2016

Subash Mohanty
(Manager & CFO)

Pinal Zatakia
(Company Secretary)