



Great Experiences  
Exceptional Outcomes



**TATA ELXSI**

Annual Report 2016 - 17

FINANCIAL HIGHLIGHTS

TOTAL INCOME

1249.41 ₹ Crores

PROFIT AFTER TAX

173.29 ₹ Crores

BOOK VALUE

179.52 ₹/ Share

EARNINGS PER SHARE

55.65 ₹/ Share

Creating **great experiences**  
for consumers,  
and **exceptional outcomes**  
for brands and businesses.



We are poised at the beginning of a new era in the history of humankind, where technologies such as robotics, virtual and augmented reality, artificial intelligence and IoT are enabling completely new products, services and interactions, in ways never seen before.

While these technologies bear great promise, they also generate enormous complexity both in the creation and use of these new products and services.

Consumers are demanding simple and meaningful experiences in the use of product and services, transcending underlying technologies and going beyond features and functionality.

With the advent of Digital, these experiences are also increasingly becoming phygital – a hybrid or combination of the physical and digital.

Brands and businesses need to understand their end consumers deeply, derive insights into their needs and then translate these into products and services that allow simple, meaningful and great experiences, in order to drive strategic and sustainable growth.

Tata Elxsi's consumer insights and design thinking experience that has been honed over two decades of working with leading global brands across industries, coupled with deep technology expertise and specialist digital capabilities, allow us to harmonize not just form and function, but also the physical and digital aspects, creating new and great experiences for end users.

Our integrated Design and Technology teams help enterprises re-imagine their products and services - from strategy, consumer research and insights, to service and experience design, technology implementation, integration, launch and beyond.

With Design + Digital, we help companies deliver exceptional outcomes, for their customers, brands and businesses.

## Board Of Directors

as on 27th April, 2017

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**Mr. N Ganapathy Subramaniam**  
Chairman

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**Mr. P McGoldrick**

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**Mrs. S Gopinath**

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**Dr. Gopichand Katragadda**

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**Prof. M S Ananth**

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**Mr. Sudhakar Rao**

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**Mr. Madhukar Dev**  
Managing Director

## Committees

### Audit Committee

**Mrs. S Gopinath**  
Chairperson

**Mr. P McGoldrick**

**Prof. M S Ananth**

### Stakeholders' Relationship Committee

**Mr. Sudhakar Rao**  
Chairman

**Dr. Gopichand Katragadda**

### Nomination & Remuneration Committee

**Mrs. S Gopinath**  
Chairperson

**Mr. N G Subramaniam**

**Mr. P McGoldrick**

### Corporate Social Responsibility Committee

**Mrs. S Gopinath**  
Chairperson

**Mr. Sudhakar Rao**

**Mr. Madhukar Dev**

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### Company Secretary

**Mr. G Vaidyanathan**

### Registered & Corporate Office

**Tata Elxsi Limited**  
ITPB Road Whitefield Bangalore 560 048 India  
Email: [investors@tataelxsi.com](mailto:investors@tataelxsi.com)

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### Auditors

**Deloitte Haskins & Sells**  
Chartered Accountants

### Registrars & Share Transfer Agents

**TSR Darashaw Limited**  
6-10, Haji Moosa, Patrawala Ind. Estate 20, Dr. E. Moses Road  
Mahalaxmi, Mumbai - 400 011

## MESSAGE FROM THE CHAIRMAN



Dear Shareholder,

Your company delivered a strong performance across its business segments in FY16-17, reporting a 15% growth in total income and a 11% growth in PBT as compared to FY15-16.

This growth has been achieved despite considerable headwinds in the business environment and adverse currency volatility in major currencies.

Your company is in a growth industry where the demand for design and technology services continue to expand. Consumers are demanding simpler, meaningful experiences, from products and services, and businesses will need to humanize the complexity of underlying technologies and make them easy and simple to use. This has clearly put Experience as the distinctive differentiator which places Design at the forefront of every product and service delivered or consumed. Internet of Things (IoT) and Virtual Reality will further enable businesses to innovate completely new products and services.

Our integrated Design and Technology capability enables customers to reimagine their products and services. From understanding end-consumers and their needs, to delivering an exceptional experience by harmonizing not just form and function,

but also the physical and digital aspects, your company is well placed to serve the needs for brands and businesses to drive customer delight and sustainable growth.

The talent and intellect of the employees of your company are well respected by our customers. Needless to state that your company's performance during FY16-17 is largely due to the extraordinary commitment and passion of each and every one of the diverse and global pool of employees of your company.

We will continue to invest in new technology areas, building our talent pool and continuous skill development, to enhance our service capability and the value delivered to our customers.

On behalf of the entire Board of Directors and the management team, I would like to thank you for your continued support and encouragement.

I am pleased to inform you that our Board of Directors has recommended a final dividend of Rs.16 per share, the highest shareholder return in the history of your Company.

**N G Subramaniam**





5000+ Technologists,  
Engineers  
Global R&D Centers and  
Labs



# Technology Services and Product Engineering

Tata Elxsi provides technology consulting, new product design, development, and testing services for the broadcast, consumer electronics, healthcare, telecom and transportation industries.

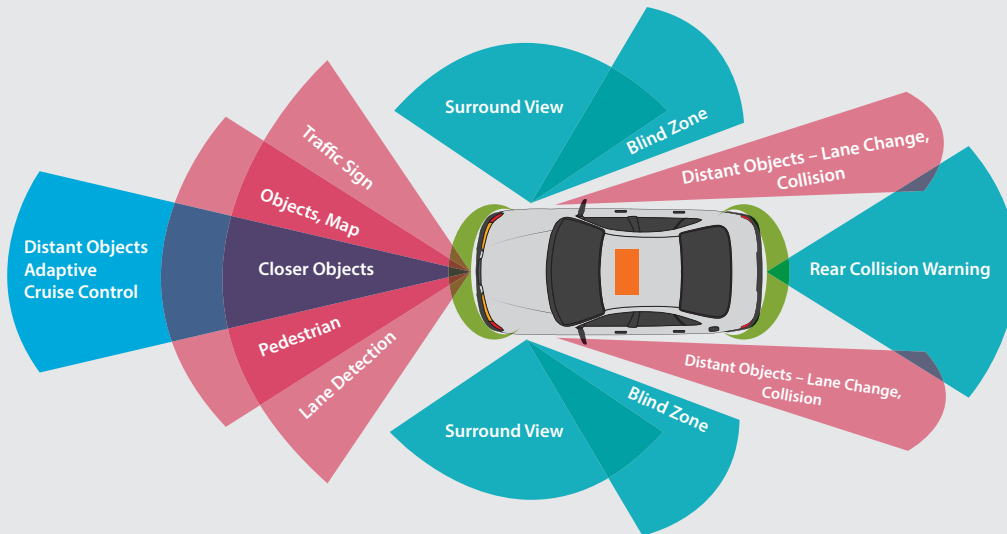
In the broadcast & communications industry, we engage with leading Broadcast and Communications service providers across the world for the development of value-added applications, and help them reduce engineering costs associated with development and deployment through cost-effective offshore services.

Emerging technologies such as IoT (Internet of Things) and Analytics are creating new opportunities to drive operational efficiency, reduce costs, deliver new services to consumers and enable new streams of revenues for operators and product manufacturers. We actively support customers in these new technologies and help them in their digital transformation journey.

*Feature rich applications and UI for  
Broadcast and TV*



autonomai



*Tata Elxsi's autonomous vehicle middleware platform with deep learning and AI capabilities*

We provide cross-technology expertise in multimedia, imaging, connectivity technologies and well-established processes for automotive software development, to support both car manufacturers and system suppliers in product development and engineering.

We are actively investing in developing solutions and software components that help accelerate time to market and innovation for our customers. This includes solutions for next-gen infotainment and driverless cars.

## AWARDS

'Best in Engineering Innovation' by Electronics Maker at the Best of Industry Awards 2016



*Health and Safety (EHS) wearable*



Award winning UX and  
Design team

Studios in London, Bangalore,  
Mumbai and Pune



# Industrial Design and Visualization



*Showcasing Augmented  
and Virtual Reality  
experience at the Tata  
Motors Pavilion,  
Geneva Motor Show*





*Full-scale Indian Multi-Role Helicopter (IMRH) mock-up for HAL for Aero India 2017*



*Delivering stellar VFX for blockbuster films*

Tata Elxsi brings together the best of technological and user centric design expertise to help customers deliver innovative solutions and ensure great consumer experiences.

We service a broad spectrum of industries including automotive, consumer electronics, retail & consumer goods and healthcare. We also offer visualization services (Augmented, Virtual & Immersive Reality) to help customers and marketing organizations communicate their product capabilities better to their end consumers.



*Brand Strategy, Identity and Innovative Pack Graphics*



*Immersive storytelling experience using Augmented Reality*

## AWARDS



**DESIGN  
AWARD  
2017**

**Service Design**

**WINNER OF BEST  
INDUSTRIAL  
DESIGN STUDIO  
AWARD 2016**



## KEY SERVICES



Expert team of integration specialists and support engineers for customers in India & overseas



# Systems Integration

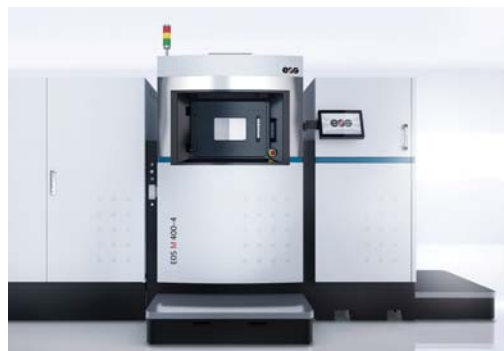


*Integration of Virtual Reality systems for R&D and manufacturing*

Tata Elxsi integrates and implements complete systems and solutions for Computer Aided Design, Virtual Reality, High-Performance Computing, Storage and Disaster Recovery. This includes Professional Services for maintenance and support.

We are expanding our solution portfolio, with technologies like 3D metal printing to cater to emerging industry needs.

We create state of the art Experience Centres, that enable our clients to provide an immersive and interactive experience of their solutions & services to their stakeholders - whether end consumers, investors, employees or partners.



*EOS M 400 Industrial 3D printer*

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## NOTICE

Notice is hereby given that the **TWENTY-EIGHTH ANNUAL GENERAL MEETING of TATA ELXSI LIMITED** will be held on Thursday 27<sup>th</sup> July, 2017 at 12:30 pm., at St John's Auditorium, John Nagar, Koramangala, Bengaluru - 560 034, to transact the following business:

### Ordinary Business

1. To consider and adopt the Audited Financial Statement of Profit and Loss for the year ended March 31, 2017 and the Audited Balance Sheet as at that date together with the Cash Flow Statement and the reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year 2016-17.
3. To appoint a Director in place of Dr. Gopichand Katragadda who retires by rotation and is eligible for re-appointment.
4. To appoint M/s. BSR & Co. LLP, Chartered Accountants (Regn No. 101248W/W-100022) as Statutory Auditors of the Company for a period of five years from the conclusion of this annual general meeting up to the conclusion of 33<sup>rd</sup> Annual General Meeting to be held in the year 2022.

### Special Business

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

**RESOVLED THAT** Mr. Sudhakar Rao (DIN: 00267211) who have been appointed as an Additional Director and, holds office upto the date of this Annual General Meeting of the Company, and is eligible for re-appointment and in respect of whom the company has received a notice u/s 160 of the Companies Act, 2013 proposing his candidature for the office of director, be and is hereby appointed as a Director.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder read with Schedule IV to the Act, as amended from time to time, Mr. Sudhakar Rao (DIN: 00267211) be and is hereby appointed as an Independent Director of the Company, to hold office from 1<sup>st</sup> August, 2016 upto 31<sup>st</sup> July, 2021.

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

**RESOLVED THAT** pursuant to the provisions of Section 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, the Company hereby approves the re-appointment of Mr. Madhukar Dev (DIN:00082103) as Managing Director & CEO of the Company for a period of 2 years, 8 months and 16 days commencing from January 16, 2017 up to October 01, 2019 on the terms and conditions, as contained in the draft agreement to be executed between the Company and Mr. Madhukar Dev as set out in the Explanatory Statement annexed to the Notice.

**RESOLVED FURTHER THAT** notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of Mr. Madhukar Dev the Company has no profits or its profits are inadequate, the Company will, subject to the approval of the Central Government, if any, continue to pay remuneration by way of salary, incentive remuneration and perquisites & allowances as set in the Explanatory Statement.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or a Committee thereof, be and is hereby authorized to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed and to do all such acts, deeds, matters and things as may be necessary, proper and expedient to give effect to this resolution.

Bengaluru, 27<sup>th</sup> April, 2017

By Order of the Board

### Registered Office:

ITPB Road, Whitefield,  
Bengaluru - 560 048.

CIN: L85110KA1989PLC009968

G. Vaidyanathan  
Company Secretary



**NOTES:**

- a) The relevant details of the persons seeking re-appointment/appointment as Director under Item Nos. 4,5 and 6 above, pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 are annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing proxy, in order to be effective, must be deposited, at the Company's Registered Office duly completed and signed, not less than FORTY-EIGHT hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions / authority as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as proxy for any other person or shareholder.
- c) Members desirous of getting any information in respect of Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the Meeting so that the required information can be made available at the Meeting.
- d) Members / Proxies attending the Meeting are requested to bring their copy of the Annual Report for reference at the Meeting as also the Attendance Slip duly filled in for attending the Meeting.
- e) Register of Members and Transfer Books of the Company will remain closed from 20<sup>th</sup> July, 2017 to 27<sup>th</sup> July, 2017 (both dates inclusive) for the purpose of determining the shareholders entitled to the payment of Dividend declared, at the Annual General Meeting on 27<sup>th</sup> July, 2017 for the year ended 31<sup>st</sup> March, 2017.

Dividend on shares, when declared, will be paid only to those members whose names are registered as such in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 19<sup>th</sup> July, 2017 and to the Beneficial Holders as per the Beneficiary List as on 19<sup>th</sup> July, 2017 provided by the NSDL and CDSL.

- f) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar & Share Transfer Agent.
- g) Electronic copy of the Annual Report 2016 – 17 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2016 - 17 are being sent in the permitted mode.
- h) Members may also note that the Notice of the 28<sup>th</sup> Annual General Meeting and the Annual Report 2016-17 will also be available on the Company's website [www.tataelxsi.com](http://www.tataelxsi.com) for their download. The physical copies of the aforesaid documents are also available in the Company's Registered Office in Bangalore for inspection during normal business hours on any working day. Members, who have registered their email IDs for receiving all communication by electronic means, are also entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's dedicated investor email-id: [investors@tataelxsi.com](mailto:investors@tataelxsi.com).
- i) Voting through electronic means:
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 24<sup>th</sup> July, 2017 (9:00 am) and ends on 26<sup>th</sup> July, 2017 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20<sup>th</sup> July, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
  - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
    - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
    - (iii) Click on Shareholder - Login
    - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
    - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
    - (vii) Select "**EVEN**" ("E-Voting Event Number") of "Tata Elxsi Limited". **EVEN 106267**
    - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
    - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
    - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
    - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [telscrutinizer@gmail.com](mailto:telscrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  - B. In case a Member receives physical copy of the Notice of AGM for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy :
    - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :
 

<b>EVEN (Remote e-voting Event Number)</b>	<b>USER ID</b>	<b>PASSWORD/PIN</b>
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    - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.

- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/ PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 20<sup>th</sup> July, 2017.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 20<sup>th</sup> July, 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com).
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Mrs. Jayashree Parthasarathy, Practicing Company Secretary (Membership No. 4610) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company at [www.tataelxsi.com](http://www.tataelxsi.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE and NSE.
- j) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days, up to and including the date of the Annual General Meeting of the Company.
- k) Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Ltd (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion / change of bank details already printed on dividend warrants as per information received from the concerned Depositories. In this regard, Members should contact their Depository Participant (DP) and furnish particulars of any changes desired by them.
- l) Members who have not received their dividend paid by the Company in respect of earlier years, are requested to check with the Company's Registrars & Transfer Agents i.e. M/s. TSR Darashaw Limited, 6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011. Members are requested to note that in terms of Section 125 of the Companies Act, 2013 any dividend unpaid / unclaimed for a period of 7 years from the date these first became due for payment, is to be transferred to the Central Government to the credit of the Investor Education & Protection Fund. Thereafter, no claim shall be entertained by the company in respect of the dividend transferred to the Fund.

Members who have not yet encashed their dividends for the financial year ended 31<sup>st</sup> March, 2010 onwards are being individually intimated and are requested to make their claims to the Company's Registrars & Transfer Agents accordingly, without delay. It may be noted that the unclaimed dividend for the financial year ended 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March, 2011 are due for transfer to the Investor Education & Protection Fund on August 31, 2017 and August 27, 2018 respectively. The details of unclaimed dividend for the financial years from 2009-10 to 2015-16 are uploaded on the Company's website at <http://www.tataelxsi.com/investors/unclaimed-divided-amount>.

It may be noted that the Ministry of Corporate Affairs (MCA) has recently notified a new Rules namely "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016" , which have come into force from September 7, 2016 as amended vide MCA notification dated February 28, 2017. The said Rules inter-alia provides for transfer of equity shares to the IEPF Authority in respect of those equity shares against which the dividends has remained unpaid or unclaimed for seven or more consecutive years. The cut-off date for determining those equity shares ought to be transferred to IEPF authority has been notified as May 31, 2017. In term of the said rules the Company has sent remainders to all the investors who have not encashed their dividend for 7 years on and from the dividend period 2009 to 2016 or before to claim their dividend so that their shares are not transferred to the IEPF demat account. The details of those equity shares alongwith the folio, name of the shareholders are available at the company's website at <http://www.tataelxsi.com/investors-relations.html>.

- m) Shareholder/s holding physical shares are requested to approach any of the Depository Participants (DP) for dematerialisation of their shares in the Company for ease and convenience.
- n) Sole shareholders, if they so desire, can file the nomination form, given at page no. 89. The duly filled in and executed form may please be sent to the Company or to the Registrar and Share Transfer Agent for further action.
- o) The route map for reaching the venue of the 28<sup>th</sup> Annual General Meeting is given at page no. 95.

Bengaluru, 27<sup>th</sup> April , 2017

By Order of the Board

**Registered Office:**

ITPB Road, Whitefield,  
Bengaluru - 560 048.

CIN: L85110KA1989PLC009968

**G Vaidyanathan**  
Company Secretary

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

The following Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, ('the Act') sets out all material facts relating to the business mentioned at Item Nos. 4,5 and 6 of the accompanying Notice:

### **Item No. 4 (Not mandatory)**

At the Annual General Meeting held on 18<sup>th</sup> July, 2014, M/s. Deloitte Haskins & Sells (Firm Registration No. 008072S), Chartered Accountants, were appointed as the Statutory Auditors of the Company for a period of Three (3) years upto the conclusion of 28<sup>th</sup> Annual General Meeting (AGM) of the Company to be held in the year 2017. Accordingly, M/s. Deloitte Haskins & Sells retires at the conclusion of this AGM, pursuant to the provisions of Section 139 of the Companies Act, 2013.

The Board has decided to recommend to the members for their approval the appointment of M/s. BSR & Co. LLP (Registration No. 101248W/W-100022), Chartered Accountants, as the statutory auditors of the Company for a period of 5 years from the conclusion of this AGM till the conclusion of the 33<sup>rd</sup> AGM to be held in the year 2022, subject to ratification of their re-appointment by the members at each Annual General meeting held between the above periods.

M/s. BSR & Co. LLP, Chartered Accountants, have given the necessary certificate under section 139(1) of the Companies Act, 2013 and has confirmed that they satisfy the criteria as required under section 141 of the Act.

The Board recommends the above for the approval of members, as set out at item No.4 of the Notice.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMPs is concerned or interested in the proposed business at Item No.4 of the Notice.

**Item No. 5**

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, had appointed Mr. Sudhakar Rao as an Additional Director (Independent Director) of the Company with effect from August 01, 2016. In terms of Section 161 (1) of the Companies Act, 2013, Mr. Sudhakar Rao holds office up to the date of this Annual General Meeting.

The Company has received a Notice in writing and the requisite amount under Section 160 of the Companies Act, 2013 proposing Mr. Sudhakar Rao's candidature for the office of Directorship of the Company as an Independent Director. Pursuant to the provisions of Section 149 read with Schedule IV of the Companies Act, 2013. Mr. Sudhakar Rao has given necessary declaration to the Board that he meets the criteria for independence as provided u/s. 149(6) of the Act. In the opinion of the Board, Mr. S. Rao fulfills the conditions specified in the Act and the Rules framed thereunder, for appointment as Independent Director and he is independent of the management. The appointment of Mr. S. Rao is now being placed before the Members for their approval.

**Brief profile of Mr. Sudhakar Rao is given below:**

Mr. Sudhakar Rao is a retired Indian Administrative Service (IAS) Officer of the 1973 batch. After initial postings at the field level in Karnataka, he went on deputation to the Union Government as Under Secretary in the Ministry of Power, where he was closely associated with the work of the path breaking Rajyadhyaksha Committee on Power. He was Deputy Commissioner & District Magistrate of Shimoga District (Karnataka) during 1982 and 1983. He proceeded on deputation to the Government of India (GoI) once again after completing his district assignment, and was Deputy Secretary in the Department of Economic Affairs, Ministry of Finance and thereafter Director in the Prime Minister's Office, dealing with policy matters covering social sectors. In his subsequent deputation to GoI he was Joint Secretary in the Ministry of Power, following which he was posted as Minister (Economic) in the Embassy of India in Washington for four years.

On his return to the State Government in 2000, he held various assignments, including Chairman & Managing Director of the Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC); Principal Secretary, Finance; Principal Secretary, Home; Principal Secretary to the Chief Minister of Karnataka; Development Commissioner and finally, Chief Secretary of Karnataka, from which post he retired from Government service on 30.09.2009.

On retirement, he was appointed as a Member of the Public Enterprises Selection Board (PESB), GoI from which post he resigned on 26.10.2010 to take up other engagements.

Mr. Rao has a Master's Degree in Economics from the Delhi School of Economics and a Master's Degree in Public Administration from the Kennedy School of Government, Harvard University.

Mr. Rao is an Independent Director on the boards of several companies (including L&T IDPL, HCG and IFFCO-TOKIO). He completed his three year term as an Independent Director on the Board of Indian Oil Corporation Limited in 2014. Mr. Rao was the Group Advisor, Strategy and Development with the Manipal Educational and Medical Group (MEMG) for four years till the end of 2013.

Mr. Rao is also Chairman of BSE Limited, BSE Training Institute and BFSI Sector Skill Council of India.

Mr. Rao is involved with the work of several non-profits, including (Director) Public Affairs Centre, Bengaluru; (Chairman) Public Affairs Foundation, Bengaluru; (Chairman) Common Purpose (India); (Trustee) CMCA, Bengaluru; and (Trustee) Teacher Foundation, Bengaluru. Mr. Rao is also the current Chairman of the Advisory Committee for the National Gallery of Modern Art, Bengaluru and the Chairman of the Advisory Group of the Bangalore School of Music.

Mr. Rao was conferred the Kannada Rajyotsava Award under Public Service category by the Government of Karnataka on November 1, 2010.

Your Board considers that in view of the experience and expertise possessed by Mr. Sudhakar Rao, it would be in the interest of your Company to appoint Mr. Sudhakar Rao as an Independent Director of your Company to hold office upto July 31, 2021 with effect from August 01, 2016. The details of his directorship in other companies are given in the Annexure to the Notice.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMPs except Mr. Sudhakar Rao and his relatives is concerned or interested in the proposed business at Item No.5 of the Notice.



## Item No. 6

1. Members at the 25<sup>th</sup> Annual General Meeting held on July 18, 2014 had re-appointed, Mr. Madhukar Dev as the Managing Director & CEO of the Company for a period of 3 years effective January 16, 2014. His present term of appointment expired on January 15, 2017.
2. On the recommendation of the Nomination & Remuneration Committee (NRC), the Board of Directors at their meeting held on October 28, 2016, subject to the approval of the Members, has unanimously approved the re-appointment of Mr. Madhukar Dev, as the Managing Director & CEO of the Company for a period of 2 years, 8 months and 16 days from January 16, 2017 to October 01, 2019 on the terms and conditions as given below.
3. Mr. Madhukar Dev joined Tata Elxsi in 1991 as Regional Manager. After a very successful stint in the Regional Manager role, he moved to Bangalore to head the sales and support functions for domestic operations. Mr. Madhukar's contribution to the company both strategic and financial has led him to his current designation of Managing Director which position he holds since 2002. He transformed the Company from a System Integration Company to more diverse Company in the field of Engineering services, structuring the company into Business Divisions of Embedded Product Design, Industrial Design, System Integration and also VFX and Animation (VCL). Thus the positioning facilitated Tata Elxsi to reach this position over the years under his leadership. In a career spanning more than 30 years, Mr. Madhukar has held positions in diverse corporations spread across industries like power electronics, computer systems, and publishing. In his role, he is responsible overall for the Company's strategic direction and result.

Mr. Madhukar holds a Post-graduate degree, M.Sc, in Nuclear Physics from MS University of Baroda and is a Management Graduate (MBA) from The Indian Institute of Management, Bangalore (IIM-B).

The followings are the Highlights of the Company's growth from 2002 to 2017 during the tenure of Mr. Madhukar Dev as Executive Director / Managing Director & CEO:

	2001-2002 (₹ in Crs)	2016-2017 (₹ in Crs)
Turnover	132	1249
Profit Before Tax	20	261
Profit After Tax	17	173
Market Capitalisation	257	4624
No. of Employees	1000	5205

The terms of re-appointment of Mr. Madhukar Dev, Managing Director & CEO inter alia, include the following:

- i. **Nature of Duties:** Subject to the supervision and control of the Board of Directors of the Company, the Managing Director & CEO shall be in charge of the affairs of the Company and exercise such functions and powers as shall from time to time be entrusted to him by the Board of Directors.
- ii. **Period of Agreement:** From 16<sup>th</sup> January, 2017 to 1<sup>st</sup> October, 2019.
- iii. **Remuneration:** ₹ 7,68,066/- per month, up to a maximum of ₹ 15,00,000/- per month with authority to the Board or Committee of Board, on the recommendation of the NRC, to fix the salary within the above maximum amount from time to time. The annual increments which will be effective 1<sup>st</sup> April each year, will be decided by the Board, on the recommendation of NRC, and will be merit-based and take into account the Company's performance as well.

### iv. **Benefits, Perquisites, and Allowances:**

Details of Benefits, Perquisites, and Allowances are as follows:

- i. Rent-free residential accommodation (partly furnished or otherwise) with the Company bearing the cost of repairs, maintenance, society charges and utilities (e.g., gas, electricity, and water charges) for the said accommodation or house rent, house maintenance and utility allowances aggregating 85% of the Basic Salary (in case residential accommodation is not provided by the Company).
- ii. Hospitalisation and major medical expenses, Car facility, Telecommunication facility and Housing loan facility as per Rules of the Company.

- iii. Other perquisites and allowances given below subject to a maximum of 55% of the Basic Salary; this shall include medical allowance, leave travel concession / allowance and other allowances / personal accident insurance / club membership fees.
- iv. Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity Fund as per the Rules of the Company.
- v. Leave and encashment of unavailed leave as per the Rules of the Company.
- v. **Commission:** In addition to Salary, Benefits, Perquisites and Allowances, the MD&CEO would be paid 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 of the Company subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD&CEO will be based on his performance as evaluated by the Board or the NRC and approved by the Board and will be payable annually after the annual accounts have been approved by the Board.
- vi. **Minimum Remuneration:** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director & CEO, the Company has no profits or its profits are inadequate, the Company will pay Remuneration by way of salary, incentive remuneration and perquisites & allowances as specified above.
- vii. **Termination:** The appointment of the Managing Director & CEO may be terminated either by the Company or the Managing Director & CEO by giving six month notice or the Company paying six months remuneration in lieu of such notice.  
  
The employment of the Managing Director & CEO may be terminated by the Company without notice or payment in lieu of notice if (i) he is found guilty of any gross negligence, default or misconduct with or affecting the business of the Company, its subsidiaries or associates, (ii) in the event of any serious or repeated or continuing breach (after prior warning) or non-observance of any stipulations contained in the terms of his appointment, or (iii) in the event the Board loses confidence in him.
- viii. The terms and conditions of the said appointment and/or agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Managing Director & CEO.
- ix. If at any time the Managing Director & CEO ceases to be a Director for any cause whatsoever, he shall also cease to be the Managing Director & CEO of the Company.
- x. If at any time the Managing Director & CEO ceases to be the Managing Director of the Company for any cause whatsoever, he shall also cease to be a Director of the Company.
- xi. The Managing Director & CEO shall not be entitled to supplement his earnings under the agreement with any buying or selling commissions. He shall not also become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company, without prior approval of the Central Government.
- xii. All Personnel Policies of the Company and the related Rules which are applicable to other employees of the Company shall also be applicable to the Managing Director & CEO, unless specifically provided otherwise.
- xiii. The Managing Director & CEO is being appointed as a Director by virtue of his employment in the Company and his appointment shall be subject to the provisions of Section 167(c) & (d).
- xiv. The Managing Director shall not have the following powers:
  - i. to make calls on members in respect of moneys unpaid on shares in the Company;
  - ii. to issue debentures;
  - iii. to invest funds of the Company in shares, stocks and securities; and
  - iv. to buy back shares of the Company.

4. The Directors recommend the resolution at Item No. 6 of the accompanying Notice for approval of the Members of the Company.

5. The draft agreement to be entered into between the Company and Mr. Madhukar Dev is available for inspection at the registered office of the Company on any working day between 11.00 a.m. and 1.00 p.m.
6. None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMPs except Mr. Madhukar Dev and his relatives is concerned or interested in the proposed business at Item No.6 of the Notice.

Bengaluru, 27<sup>th</sup> April , 2017

By Order of the Board

**Registered Office:**  
ITPB Road, Whitefield,  
Bengaluru - 560 048.  
**CIN:** L85110KA1989PLC009968

**G Vaidyanathan**  
Company Secretary

## ANNEXURE

Information pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding appointment of a new Director/s or re-appointment of a Director/s;

Name of the Director	Dr. G. Katragadda	Mr. Sudhakar Rao	Mr. Madhukar Dev
Date of Birth	08.05.1968	03.09.1949	02.10.1954
Date of appointment	20.11.2014	01.08.2016	16.01.2002
Specialised Expertise	IT Industry and General Management	General Management & Administration	IT Industry and General Management
Qualifications	MS and PhD degrees in electrical engineering from Iowa State University, Ames, Iowa.	M.A (Economics) ,Delhi School of Economics ;	M.Sc. (Nuclear Physics);
		M.A (Public Administration) , Kennedy School of Government, Harvard University	MBA IIM (Bangalore)
Directorships of other companies* as at 31 <sup>st</sup> March, 2017	Tata Communications limited (Director)	1. Healthcare Global Enterprises Limited (Independent Director) 2. BSE Limited (Chairman)	Nil
Chairmanship/ Membership of other Committees** as at 31 <sup>st</sup> March, 2017		1. Member-Audit Committee (BSE Limited) 2. Member-SRC (BSE Limited) 3. Member-Audit Committee (Healthcare Global Enterprises Limited)	Nil
	Chairman of Committees - Nil	Chairman of Committees - Nil	Nil
No. of shares held in the Company as on 31 <sup>st</sup> March, 2017	Nil	Nil	1100

\* Excludes private/foreign companies

\*\* Only Audit and Stakeholders Relationship Committees are considered

## DIRECTORS' REPORT TO THE MEMBERS

1. Your Directors are pleased to present the Twenty Eighth Annual Report on the business and operations of the Company along with the Audited Statements of Accounts for the financial year ended March 31, 2017.

2. **Result of Operations - Extract**

₹ In Crores

	2016-17	2015-16
Revenue from Operations	1233.04	1075.21
Other income	16.37	11.86
<b>Total Income</b>	<b>1249.41</b>	<b>1087.07</b>
Profit before financial expenses, depreciation and exceptional items	288.42	258.95
Less: Financial expenses	-	-
Depreciation	26.92	22.61
<b>Profit for the year</b>	<b>261.50</b>	<b>236.34</b>
Less: Provision for Income tax	88.21	81.53
<b>Profit after tax</b>	<b>173.29</b>	<b>154.81</b>
Add: Profit brought forward	277.21	184.86
<b>Amount available for appropriation</b>	<b>450.50</b>	<b>339.67</b>
Dividend on Equity Shares	-	43.59
Tax on Dividend	-	8.87
General Reserve	10.00	10.00
<b>Balance Profit carried to Balance Sheet</b>	<b>440.50</b>	<b>277.21</b>

3. **Dividend**

Your Directors recommend for your approval, a dividend of 160% (₹ 16/- per share) for the year ended 31<sup>st</sup> March, 2017, compared to 140% (₹14 per share) in the previous year.

This will involve an outgo of ₹ 59.96 crores compared to ₹ 52.46 crores in the previous year, including dividend distribution tax.

The Company has adopted a Dividend Distribution Policy (DDP), a copy of which is available in the Investors section of the company website: <https://tataelxsi.com/investors/investor-relations.html>.

4. **Reserves**

Your Directors have approved a transfer of ₹ 10 crores to the General Reserves for the year ended 31<sup>st</sup> March, 2017, as against an amount of ₹10 crores in the previous year.

5. **Review of Operations**

The total income during the year under review increased by 15% from ₹ 1087.07 crores in the previous year to ₹ 1249.41 crores.

The Profit Before Tax (PBT) increased by 11% from ₹ 236.34 crores in the previous year to ₹ 261.50 crores. The Profit After Tax (PAT) increased by 12% from ₹ 154.81 crores in the previous year to ₹ 173.29. Crores.

During the year under review, your Company continued its momentum of growth despite the global slowdown in IT and R&D spend, and adverse currency impact, especially with the British Pound, which depreciated over 20%, during the year.

The growth was driven primarily by Your Company's concerted effort in growing its revenues from design and technology services, and focusing on select industry segments. This was supported by effective cost control and improved utilization.

## 6. MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Outlook

In FY2017, IT-BPM exports from India is expected to reach USD 117 billion, a 7.6% year-on-year growth. ER&D (Engineering Research & Development) continues to be the fastest growing segment at 10.5%, driven by global OEMs increasingly embedding software & services into their products.

### Business Analysis

Our operations are classified into two business segments, i.e. Software Development & Services and Systems Integration & Support.

#### Software Development and Services

This business segment grew by 15.7% from ₹ 1008.17 crores in the previous year to ₹ 1166.45 crores in FY17. The segment profit increased by 10.5% from ₹ 259.66 crores in the previous year to ₹ 286.97 crores during FY17.

The software development and services segment consists of two distinct business divisions:

#### Embedded Product Design

The Embedded Product Design (EPD) division provides technology consulting, new product design, development, and testing services for the broadcast, consumer electronics, healthcare, telecom and transportation industries.

We see an exponential increase in the technological complexity required to develop and deliver new products and services. In addition, advanced technologies like Artificial Intelligence, Virtual Reality, Cloud based applications and IoT (Internet of Things) are being integrated into consumer contexts, services and products.

Your company is actively investing in developing capabilities in these technologies and providing solutions and services for the emerging technologies such as IoT (Internet of Things), cloud, mobility, and artificial intelligence.

Customer experience is going to be the key differentiator for businesses of the future. The ability to provide users with products, solutions and services that humanize the complexity of the underlying technologies and make them intuitive and easy to use will drive customer delight, loyalty and business growth.

This presents us with a unique opportunity to leverage our technological capabilities, user centric design and creative experience, and position ourselves as an integrated design and technology services provider.

Tata Elxsi was awarded the 'Best in Engineering Innovation' award by Electronics Maker at the Best of Industry Awards ceremony 2016, in recognition of our excellence in delivering innovation to customers, including technology consulting, new product design, development, and testing services.

The key sectors addressed by EPD include:

#### Transportation

We offer electronics, software development and system design services for the automotive, rail and aerospace industry.

We leverage our cross-technology expertise in multimedia, imaging, connectivity technologies and well-established processes for automotive software development, to support both car manufacturers and system suppliers in product development and engineering.

We are also working on emerging requirements for mass transportation and urban mobility solutions for smart cities of the future.

We are actively investing in developing solutions and software components that help accelerate time to market and innovation for our customers. This includes solutions for next-gen infotainment, driverless cars and V2X.

We participated in leading trade shows and events such as the CES 2017 (Consumer Electronics Show) in Las Vegas and Car HMI Europe 2016 in Germany, where we showcased our capabilities and new product offerings for autonomous vehicles, connected cars and next-gen infotainment.



We are members of leading consortiums and technology standards bodies related to the automotive industry such as Genivi and AUTOSAR, and actively participate in associated events such as Genivi All Member Meet in California and Automotive Linux Summit in Japan.

**Broadcast and Communications**

We address the complete product development lifecycle from R&D, new product development and testing to maintenance engineering for Broadcast, Consumer Electronics and Communications.

We engage with leading Broadcast and Communications service providers across the world for the development of value-added applications, and help them reduce engineering costs associated with development and deployment through cost-effective offshore services.

Emerging technologies such as IoT (Internet of Things) and Analytics are creating new opportunities to drive operational efficiency, reduce costs, deliver new services to consumers and enable new streams of revenues for operators and product manufacturers.

We are investing in developing capability to support customers in these new technologies and help them in their digital transformation journey.

With the advent of a variety of screens, platforms and communication technologies, the complexity of test automation has scaled up exponentially for the broadcast industry.

We have developed a Test Automation solution that incorporates Artificial Intelligence to enable operators automate their entire testing.

We continue to participate in leading international industry events and standards bodies, to strengthen our leadership position and keep abreast of technology trends.

Tata Elxsi featured in the leading broadcast event IBC 2016 (International Broadcasting Convention), with a session on the topic "What Caught My Eye: Future business opportunities". We also featured in RDK Americas Summit 2017, with a session titled 'RDK + Machine Learning = Predictive Analytics That Satisfy', where we shared our insights on rise of Predictive Analytics fueled by Machine Learning.

**Industrial Design and Visualization**

Tata Elxsi helps customers develop endearing brands and products by using design and technology as a strategic tool for business success. It has supported the launch of multiple brands and products across the world, winning various international awards for design and innovation.

This division services a broad spectrum of industries including automotive, consumer electronics, retail & consumer goods and healthcare.

As an added offering, we offer visualization services to help customers & marketing organizations communicate their product capabilities better to their end consumers.

Tata Elxsi has won the coveted international iF Design Award 2017, for Kochi Metro Rail Limited. Our comprehensive passenger experience design to develop India's first seamless and integrated transport system for Kochi Metro, impressed the 58 professional judges from around the world.

Tata Elxsi was awarded the 'Best Industrial Design Studio' award 2016 by Pool Magazine - India's first International Design Magazine. The jury recognized our overall approach to work and business and appreciated our work ethics, teamwork, customer response, organizational response and open & transparent methodologies.

**Systems Integration and Support**

During the year under review, our Systems Integration & Support segment reported a turnover of ₹ 66.58 crores and profit of ₹ 8.35 crores.

We implement and integrate complete systems and solutions for High-Performance Computing, Computer Aided Design, Virtual Reality, Storage, and Disaster Recovery. We also provide Professional Services for maintenance and support of IT infrastructure in India and overseas.

We continue to focus on increasing the share of software sales and support services in this segment, for improved margins.

We are also expanding our solution portfolio, with technologies like 3D printing to cater to emerging industry needs.

#### Threats, concerns and risks

Protectionist government policies and tightening of Visa rules, especially in the US, may create barriers for on-site deployment of India-based talent. We are focusing on maximizing offshore project execution, and hiring locally wherever necessary and possible, in order to mitigate the impact of such policies.

Currency volatility continues to be a risk. Our revenues are well distributed amongst various currencies and geographies, thereby reducing the impact from any single geography or currency to some extent.

As a technology-led design company, we continue to invest in acquiring and retaining the best talent, as well as continuous skill development, to help absorb the rapid changes in technologies and deliver greater value to our customers.

We constantly endeavor to stay ahead of the technology curve by building capabilities and solutions to meet the current and future needs of our customers.

For example, in the area of autonomous driving, we have developed an indigenous autonomous vehicle middleware platform 'Autonomai', that integrates futuristic technologies such as AI and deep learning to help OEMs (Original Equipment Manufacturers) and system suppliers rapidly build driverless cars of the future.

#### Internal Control Systems and their adequacy

We believe that internal control and risk management are necessary prerequisites of the principle of governance. Our Management is committed to ensuring an effective internal control environment, commensurate with the size and complexity of the business, which provides assurance on the efficiency of operations and security of assets. We have an effective internal control system, which ensures that all our assets are safeguarded and protected against any losses.

We have co-sourced the internal audit function. We have entrusted quarterly internal audits to an external Audit firm of repute. In addition, the in-house internal audit team also regularly carries out audits of specific processes. Their annual audit plans are approved by the Audit Committee of the Board. Based on the internal audit reports, process owners undertake corrective actions in their respective areas and thereby strengthen the controls. Internal Audit Reports along with corrective actions are discussed with the Management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of our internal controls.

#### Financial Analysis

	20016-17 ₹ Crores	2015-16 ₹ Crores	Change over previous year %	Percentage of Income	
				2016-17	2015-16
Sales and services	1233.04	1075.21	14.68	98.69	98.91
Other income	16.37	11.86	38.03	1.31	1.09
Total Revenues	1249.41	1087.07	14.93	100.00	100.00
Cost of sales	74.72	69.98	6.77	5.98	6.44
Personnel expenses	669.34	576.49	16.11	53.57	53.03
Financial expenses	-	-	-	-	-
Depreciation/ Amortization	26.92	22.61	19.06	2.15	2.08
Other expenses	216.93	181.65	19.42	17.36	16.71
Total Expenditure	987.91	850.73	16.13	79.06	78.26
Profit before tax and exceptional items	261.50	236.34	10.64	20.94	21.74
Tax expenses	88.21	81.53	8.19	7.06	7.50
Profit after tax for the year	173.29	154.81	11.94	13.88	14.24

**Analysis of Overheads**

Items	2016-17 ₹ crores	2015-16 ₹ crores	Variance %
Operating lease rent	15.84	15.73	0.70
Communication expenses	10.79	9.70	11.24
Inland travel and conveyance	8.24	8.03	2.61
Overseas travel	54.13	50.23	7.76
Consultant fees for software development	53.06	45.13	17.57
Provision for doubtful debts/ advances	0.58	0.82	-29.27

**Significant Ratio Analysis**

Sl. No.	Particulars	Unit	31.03.17	31.03.16
1	Earnings before interest, depreciation and tax/Sales	%	23.39	24.08
2	Profit before taxes/ Sales	%	21.21	21.98
3	Profit after taxes/ Sales	%	14.05	14.40
4	Current Ratio	No. of times	4.14	2.32
5	Debt Equity Ratio	Ratio		
6	Earnings per share	₹	55.65	49.72

**Human Resources**

Your Company recognizes the critical importance of its human capital. As a technology-led design company, we continue to attract and retain top talent. Capacity addition, through the induction of fresh engineers and lateral hires are driven by the annual business planning exercise. Your Company takes significant initiatives to increase efficiency through Leadership training, Performance management, Talent development, Employee engagement and Succession planning.

Our total headcount including consultants was 5205 as of March 31, 2017.

**Quality initiatives**

We have instituted very strong quality processes in the execution of our software development projects, and implemented robust information security management processes to assure our global customer base of the required level of confidentiality and protection of data and information. We have also been assessed and certified organization wide for industry-specific standards such as ISO 9001:2008 and ISO 27001:2013. Additionally, for Medical Engineering BU we have ISO 13485:2012 certification and for Automotive and Transportation BU we have Transportation SPICE OML5 certification.

**Tata Business Excellence Model (TBEM)**

Tata Business Excellence Model (TBEM) is a 'customized-to-Tata' adaptation of the globally renowned Malcolm Baldrige model. The TBEM philosophy has been molded to deliver a combination of strategic direction and concerted effort to maximize business performance. This is managed through an annual process of assessment and assurance.

TBEM is administered and coordinated through TBExG, a division of Tata Sons. Its criterion is designed to help Tata organizations use an integrated approach to organizational performance management that results in:

- Delivery of ever-improving value to customers and stakeholders, contributing to organizational sustainability
- Improvement of overall organizational performance practices, effectiveness and capabilities
- Organizational and personal learning

As one of the key companies within Tata group, Tata Elxsi is covered under TBEM and assessed on an annual basis by a select team constituted by TQMS.

During this year's assessment we crossed an important milestone and have been recognized as an 'Emerging Industry Leader'.

## 7. Directors and Key Managerial Personnel

In terms of Section 152 of the Companies Act, 2013 Dr. Gopichand Katragadda retires by rotation and being eligible offers himself for re-appointment.

Mr. Piyush Mankad, Independent Director, retired from the Board with effect from November 19, 2016 in terms of his appointment. The Board placed on record their appreciation for the valuable contributions and guidance rendered by Mr. Mankad during his tenure on the Board and the Committees in which he was member.

The Board, on the recommendation of the Nomination & Remuneration Committee, had at its meeting held on July 26, 2016 appointed Mr. Sudhakar Rao as an Additional Director (Independent Director) of the Company with effect from August 01, 2016. In terms of section 161(4) of the Companies Act, 2013 Mr. Sudhakar Rao holds office up to the date of the ensuing Annual General meeting and being eligible offers himself for re-appointment. Notice has been received from a member u/s 161 of the Companies Act, 2013, proposing Mr. Sudhakar to the office of the Directorship of the Company. The Board recommends the appointment of Mr. Sudhakar Rao as an Independent Director to hold office up to July 31, 2021.

The Board, on the recommendation of Nomination & Remuneration Committee, at its meetings held on October 27, 2016 and April 27, 2017 has, subject to the approval of the members, re-appointed Mr. Madhukar Dev as the Managing Director & Chief Executive Officer (MD&CEO) of the Company for a period of 2 years 8 months and 16 days with effect from 16.01.2017 up to 1.10.2019.

During the year under review, Five (5) Board meetings were held and have been well attended by the Directors. The calendar of meetings for the year 2017-18 has been circulated to all the directors detailing the schedule of Board and Committee meetings during 2017-18.

The Independent Directors have submitted their declaration that they fulfill the requirements as stipulated in Section 149 (6) of the Companies Act, 2013. Pursuant to Clause VII (1) of Schedule IV of the Companies Act, 2013 the Independent Directors had separate meetings on 28<sup>th</sup> April, 2016 during 2016-17.

Pursuant to the provisions of section 203 of the Companies Act, 2013, the Key Managerial Personnel (KMP) of the company are Mr. Madhukar Dev, MD & CEO, Mr. K. Ramaseshan, CFO and Mr. G. Vaidyanathan, Company secretary. There is no change in the KMP during the year.

## 8. Directors' Responsibility Statement

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2016-17.

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) In the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanations relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of our state of affairs at the end of the financial year and of our profit and loss for that period.
- (c) The Directors had taken proper and sufficient care, for the maintenance of adequate accounting records, in accordance with the provisions of Companies Act 2013, for safeguarding our assets and for preventing and detecting fraud and other irregularities;
- (d) The Directors have prepared the annual accounts on a going concern basis;
- (e) The directors had laid down internal financial controls to be followed by us and that such internal Controls are adequate and were operating effectively;
- (f) The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

**9. Particulars on Remuneration**

The statement showing the names of the top ten employees in terms of remuneration drawn and the information required under Section 197(12) of the Companies Act 2013 Read with Rule 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 forms part of the Directors' Report and have not been attached. However, in terms of first proviso to Section 136(1) the particulars as referred above are available for inspection at our Registered office during business hours on working days, up to the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

**Particulars pursuant to Section 197(12) of the Companies Act 2013 Read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are provided as under.**

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

<b>Non-Executive Director</b>	<b>Ratio to median remuneration</b>
Mr. N G Subramaniam	9.17
Mr. Patrick McGoldrick	5.59
Mrs. S. Gopinath	9.39
Dr. G Katragadda	2.68
Pro. M.S. Ananth	3.13
Mr. Sudhakar Rao*	-
Mr. Piyush Mankad *	-
<b>Executive Director</b>	
Mr. Madhukar Dev, MD & CEO	78.33

\*since the information is part of the year, the same is not comparable

(For Non-Executive Directors (NEDs) only commission is considered).

- (ii) Percentage increase in the remuneration of the Directors and KMPs for the financial year:

<b>Directors, Managing Director &amp; CEO, Chief Financial Officer and Company Secretary</b>	<b>% increase in the remuneration of Directors/ KMP in the Financial year</b>
Mr. N G Subramaniam	31.68
Mr. Patrick McGoldrick	14.36
Mrs. S. Gopinath	26.80
Dr. G Katragadda	6.50
Prof. M.S. Ananth*	-
Mr. Sudhakar Rao*	-
Mr. Piyush Mankad*	-
Mr. Madhukar Dev, MD & CEO	25.25
Mr. K. Ramaseshan, CFO	13.69
Mr. G Vaidyanathan, Company Secretary	42.35

\*since the information is part of the year either current or past, the same is not comparable

- (iii) The percentage increase in the median remuneration of employees in the financial year: (-) 3.57%
- (iv) The number of permanent employees on the rolls of company: 5205



- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The average increase in salaries of employees other than managerial personnel in 2016-17 was 11.5 %. Percentage increase in the managerial remuneration for the year was 20%.

- (vi) The Company hereby affirms that the remuneration is as per the remuneration policy of the company.

The Board has adopted a Remuneration Policy as also the Charter for the Nomination & Remuneration Committee (NRC). The Policy covers the Policy on remuneration to our Managing Director, Key Managerial Personnel and other officers. The Charter lays down the Rights, Roles and Responsibilities of the NRC. A Policy on Board diversity has also been adopted by the Board. A comprehensive Governance Guidelines for Board effectiveness has also been adopted by the Board on the recommendation of NRC. The Guidelines lay down the following:

- Composition and Role of the Board (Role of the Chairman, Directors, size of the Board, Managing Director, Executive Director, Non-Executive Directors, Independent Directors, their term, tenure and Directorship).
- Board appointment, Industrial Development.
- Directors' remuneration (Guided by Remuneration policy).
- Subsidiary oversight.
- Code of Conduct (Managing Director, Executive Director, Non-Executive Directors, Independent Directors).
- Board effectiveness review.
- Mandate of the Board Committee.

The Remuneration Policy and the Charter for NRC are available at <http://www.tataelxsi.com/company/board-of-directors/related links/Policies>

#### 10. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars pursuant to section 134 (m) of the Companies Act, 2013 is attached with this report as Annexure-A.

#### 11. Business Responsibility Report (BRR)

In terms of the regulation 34(2) (f) Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ('Listing Regulations') the Business Responsibility Report is attached as Annexure-B.

#### 12. Risk Management Policy

The Board has adopted a Risk Management Policy to identify and categorize various risks, implement measures to minimize impact of these risks where it is deemed necessary and possible, and a process to monitor them on a regular basis. More details are given under Section-6 of Corporate Governance Report.

#### 13. Corporate Social Responsibility

Corporate Social Responsibility (CSR) committee has been constituted for the purposes of recommending and monitoring the CSR initiatives of the Company.

The Board on the recommendation of CSR Committee adopted a CSR Policy. The same is available on Company's website at (<http://www.tataelxsi.com/company/corporate-sustainability>). The CSR objectives are designed to serve societal, local and national goals in the locations that we operate in, create a significant and sustained impact on local communities and provide opportunities for our employees to contribute to these efforts through volunteering.

The Annual Report on the CSR initiatives undertaken by the Company as per the Companies (Corporate Social Responsibilities Policy) Rules, 2014 is annexed as Annexure-C. The detail of the CSR Committee and its composition is given in section-7 of the Corporate Governance Report.

#### 14. Corporate Governance

In terms of Regulation 34(3) and 53(f) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the Corporate Governance Report, the Management Discussion & Analysis Statement, and the Auditors' Certificate regarding Compliance of Conditions of Corporate Governance are part of this Annual Report.

**15. Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Ms. Jayashree Parthasarthy, a Company Secretary-in-Practice, was appointed to undertake the Secretarial Audit. The Report of the Secretarial Audit for the year ended 31<sup>st</sup> March, 2017 is attached to the Directors' Report at page No. 39.

**16. Prevention of Sexual Harassment**

We have zero tolerance for sexual harassment at workplace and have adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and Redressal of complaints of sexual harassment at workplace.

No concerns have been raised under POSH during the year 2016-17.

**17. Vigil Mechanism**

Our company has established a "Vigil Mechanism" for its employees and Directors, enabling them to report any concerns of unethical behavior, suspected fraud or violation of the Company's 'Code of Conduct'.

To this effect, the Board has adopted a 'Whistle Blower Policy' (WBP), which is overseen by the Audit Committee. The policy provides safeguards against victimization of the Whistle Blower. Employees and other stakeholders have direct access to the Chairperson of the Audit Committee for lodging concerns if any, for review.

The said policy has been posted on our intranet where all the employees have access. Our Company conducts 'Policies Awareness Campaign' regularly for its employees at its various centers, and the WBP also features in the campaign amongst others.

**18. Others**

There are no loans, guarantees and investments made by us u/s 186 of the Companies Act, 2013 during the year under review.

The extract of Annual Return in MGT-9 is attached and forms part of the Directors' report. We have neither accepted nor renewed any deposit during the year under review.

The Unclaimed Dividend in respect to the financial year 2009-10 is due for remittance to Investors' Education & Protection Fund (IEPF) on August 31, 2017 in terms of Section 125 of the Companies Act, 2013.

There are no material changes and commitments affecting the Company's financial position between the end of the financial year to which this financial statement relate and the date of this report.

**19. Auditors**

Deloitte Haskins & Sells (DHS), Chartered Accountants, the Statutory Auditors, who have been appointed at the Annual General Meeting, held on 18<sup>th</sup> July, 2014 for a period of 3 years retires at the conclusion of the ensuing Annual General Meeting. The Board places on record their appreciation for the valuable contribution on the Audit and review front made by Deloitte Haskins & Sells (DHS) during their long association with the Company.

The Board has consented to recommend to the members the appointment of M/s BSR & Co. LLP, Chartered Accountants, as the statutory auditors of the company for a period of 5 years from the conclusion of 28<sup>th</sup> Annual General Meeting up to the conclusion of the 33<sup>rd</sup> Annual General meeting to be held in the year 2022 subject to ratification of their re-appointment by the members at each AGM to be held between the above periods. M/s. BSR & Co. LLP has confirmed vide their certificate dated April 12, 2017 that they in compliance to the conditions provided in Section 139(1) read with Section 141 of the Companies Act, 2013.

**20. Acknowledgements**

Your Directors wish to thank employees, customers, partners, suppliers, and above all, our shareholders and investors for their continued support and co-operation.

On behalf of the Board of Directors

**N.G. Subramaniam**  
Chairman

Bengaluru, 27<sup>th</sup> April, 2017

## ANNEXURE "A" TO DIRECTORS' REPORT

Particulars pursuant to Section 134(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

### 1. Conservation of Energy

We are in a knowledge intensive industry, and do not operate industrial machinery, production facilities, or other such energy intensive operations. However, as a responsible corporate citizen, we continue to pursue and adopt appropriate energy conservation measures.

Active measures taken by us towards energy conservation and carbon footprint reduction include using technology to monitor and control power consumption of air conditioning and other related equipment, use of energy efficient light bulbs, using technology for switching off computer monitors, motion sensors for lighting controls, etc.

We undertake regular reviews of energy requirements and consumption patterns, with action plans for effective utilization of power, during peak and non-peak seasons.

We also undertake continuous education and awareness programs among all employees on energy conservation measures that can be adopted at individual levels, to help conserve power and energy.

### 2. Technology absorption, adaption and innovation

Our key services include software and electronic system development for industries such as automotive, broadcast and communications. Certain portion of our talent base is dedicated to developing expertise in emerging technologies and standards.

This is achieved through training and in-house R&D projects, and supported by technology partnerships, subscriptions and active participation in standards and technology forums, trade shows. These help in enabling new technology familiarity for the engineering teams, as part of the continuous training and human resource development.

Internal Intellectual Property (IP) programs facilitate us in training and preparing its design and engineering teams for upcoming projects in terms of delivery capability and capacity. The outcomes of these programs also help showcase technology and development capability to potential customers without violating confidentiality of work being executed for existing customers in the same area.

Further, certain programs are focused on creating reusable software components and frameworks which have the potential to generate future revenue streams through commercialization and licensing.

#### R&D Activities and Expenditure

During the year, we invested 1.9% of revenue towards in-house R&D projects. We intend to continue investing in technology IP development, especially those related to automotive, broadcast and communications.

Expenditure incurred in the R&D centers and innovation centers during the financial year 2016-17 are given below:

- i. Capital : ₹ 6.44 crores
- ii. Recurring : ₹ 16.90 crores
- iii. Total : ₹ 23.34 crores
- iv. Total R & D expenditure as a percentage total turnover : 1.9%

### 3. Foreign Exchange earnings and outgo

Export revenue constituted 85% of the total revenue in financial year 2016-17

	(₹ Crores)
Foreign exchange earnings	1050.58
CIF Value of imports	26.88
Expenditure in foreign currency	375.70

**ANNEXURE "B" TO DIRECTORS' REPORT****BUSINESS RESPONSIBILITY REPORT (BRR)  
[Regulation 34(2)(f)]****SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

1. Corporate Identity Number (CIN) of the Company: L85110KA1989PLC009968
2. Name of the Company: Tata Elxsi Limited
3. Registered address: ITPB Road, Whitefield, Bangalore 560048, India
4. Website: [www.tataelxsi.com](http://www.tataelxsi.com)
5. E-mail id: [investors@tataelxsi.com](mailto:investors@tataelxsi.com)
6. Financial Year reported: April 1, 2016 to March 31, 2017
7. Sector(s) that the Company is engaged in (industrial activity code-wise): 620
8. List three key products/services that the Company manufactures/provides (as in balance sheet):
  - Software Development & Services
    - o Technology consulting, new product design, development, and testing services
    - o Consumer Insights & Strategy, Visual Design & Branding, Product & Packaging design, User Experience design, Service Experience Design & Transportation Design
    - o High-end content and 3D Animation services
  - Systems Integration & Support
    - o Implement and integrate complete systems and solutions for High-Performance Computing, CAD/CAM/CAE/PLM, Broadcast, Virtual Reality, Storage, and Disaster Recovery
    - o Professional Services for maintenance and support of IT infrastructure in India and overseas
9. Total number of locations where business activity is undertaken by the Company
  - a) Number of International Locations (Provide details of major 5): Sales operations are located in fourteen international locations including France, Germany, Japan, UAE, UK, and USA.
  - b) Number of National Locations: The Company is headquartered in Bengaluru, and operates through nine design and development centers and seven sales offices.
10. Markets served by the Company – The Company delivers design and engineering services, catering to both national and international markets.

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

1. Paid up Capital (INR): ₹ 3113.82 Lakhs
2. Total Turnover (INR): ₹ 124941.29 Lakhs
3. Total profit after taxes (INR): ₹ 17329.14 Lakhs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): Two (2)

5. List of activities in which expenditure in 4 above has been incurred:

Description	Expenditure (INR Lakhs)
Healthcare	200.00
Disaster Relief	57.30
Promotion of Road Safety	9.30
Education for students from financially backward communities	1.40

\* Please refer to the CSR Report in Page No. 29 of this Annual Report

### SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies? No.
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): Not Applicable.
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]: No.

### SECTION D: BR INFORMATION

#### 1. Details of Director/Directors responsible for BR

- a) Details of the Director/Director responsible for implementation of the BR policy/ policies

- DIN Number: 00082103
- Name: Mr. Madhukar Dev
- Designation: Managing Director & Chief Executive Officer

- b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	-
2	Name	Mr. Sajiv Madhavan
3	Designation	Joint General Manager
4	Telephone number	+91 80 2297 9302
5	E-mail id	sajiv@tataelxsi.co.in

#### 2. Principle-wise (as per National Voluntary Guidelines (NVG)) BR Policy/policies

- (a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)*	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?#	Y	Y	Y	Y	Y	Y	Y	Y	Y

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online? ( <a href="http://www.tataelxsi.com/company/Tata%20Code%20of%20Conduct.pdf">http://www.tataelxsi.com/company/Tata%20Code%20of%20Conduct.pdf</a> )	Y	Y	Y	Y	Y	Y	Y	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders? <sup>§</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?*	Y	Y	Y	Y	Y	Y	Y	Y	Y

\* Our BRR is formulated based on NVG guidelines on Social, Environmental and Economic Responsibilities of Business.

# Tata Code of Conduct (TCoC) and CSR policy is approved by the board of directors and is monitored by the Managing Director.

\$ The policies are accessible to the employees at all times and are available on the intranet. The policies that are relevant to other stakeholders are communicated to them, time-to-time.

### 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.

Annually

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company's Business Responsibility Report is part of the Annual Report. It is also hosted on the company's website – <http://www.tataelxsi.com/investors/BRR0617.pdf>.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Tata Code of Conduct that the company has adopted is applicable to its employees, business partners and suppliers.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

No concerns / complaints were received relating to ethics, bribery and corruption from any of our stakeholders during 2016-17.



## Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
  - a) Product Design: Products designed by us have been awarded the I Mark (India Design Mark) which signifies good design not only in terms of form and aesthetic appeal, but also in terms of product quality, functionality, safety, sustainability, usability and social responsibility. We also work with leading FMCG and product companies in creating sustainable packaging design and environmentally friendly products that lowers carbon footprint and is recyclable and biodegradable.
  - b) Sustainable Transport: In the automotive industry, we work with leading OEMs and suppliers in mechanical and electronic design for electric / hybrid vehicle, to help reduce pollution and fossil fuel consumption.
  - c) Restriction of Hazardous Substances (RoHS): We work with our customers in building RoHS (Restriction of Hazardous Substances) compliant hardware design and testing RoHS compliance. The RoHS directive restricts the use of certain hazardous substances, namely Lead, Mercury, Cadmium, Hexavalent chromium, Polybrominated biphenyls, Polybrominated diphenyl ether, Bis (2-ethylhexyl) phthalate, Butyl benzyl phthalate, Dibutyl phthalate and Diisobutyl phthalate in electrical and electronic equipments.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
  - (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
  - (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?  
We work with our customers in developing these products and we function as an enabler for designing products that fulfill social or environmental concerns. Hence, we are not in a position to directly measure the resource use.
3. Does the company have procedures in place for sustainable sourcing (including transportation)?
  - (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.  
The company emphasizes on sustainable procurement practices as much as possible. Suppliers are selected based on TCoC and are constantly evaluated against the same. All our suppliers conform to our norms on code of conduct, safety, ethics and other good practices.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
  - (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?  
The Company engages with multiple suppliers, local and international. Preference is always given to local suppliers. Proximity to the company's location is one significant consideration for selection of suppliers. We also consolidate our imports from various ports to optimize on transport. Preference is given to MSME vendors. The Company also employs local service providers for housekeeping, security, gardening, maintenance and transport.
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.  
The Company has in place policies and guidelines to set a direction that addresses environmental protection. The company has systems and processes that take measures in up keeping the environment and our specific actions include recharging ground water using rainwater, and effluent treatment and re-use of treated water for gardening. Our e-waste recycling process takes care of computers, monitors, computer accessories and other electronic office equipments and specialized agencies are hired to carry out the e-waste disposal. We encourage reduced use of printing papers and thus reduce the use of paper, wherever feasible. Our resource usage and processes enable optimal use of equipments and sharing or transferring of equipments based on their needs and utility.

## Principle 3

1. Please indicate the Total number of employees: 5205
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 374 consultants
3. Please indicate the Number of permanent women employees: 1429

4. Please indicate the Number of permanent employees with disabilities: 4
5. Do you have an employee association that is recognized by management? No
6. What percentage of your permanent employees is members of this recognized employee association? Not applicable
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	The company does not employ child labour. There were no complaints relating to child labor, forced labor and involuntary labor	
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?
  - (a) Permanent Employees - 73%
  - (b) Permanent Women Employees – 83%
  - (c) Casual/Temporary/Contractual Employees – 54%
  - (d) Employees with Disabilities – Safety and skill upgradation training is an ongoing process in the company. This data is not separately maintained.

#### Principle 4

1. **Has the company mapped its internal and external stakeholders?**

Yes. The Company has mapped its stakeholders and they include, but are not limited to, shareholders, employees, customers, business partners, suppliers, and the wider communities that we serve.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

The company is an equal opportunity employer. It has policies instituted to prevent sexual harassment, aid safety of employees, mandate travel guidelines for women employees, obtain the voice of employees' opinions and grievances through employee touch base, periodic employee satisfaction surveys and code of conduct.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

The company engages with each of its stakeholders through multiple channels and includes engagement initiatives, feedback process, code of conduct briefings and investor meetings. Our CSR initiatives engage the disadvantaged, vulnerable and marginalized by promoting healthcare, socio-economic development and education.

#### Principle 5

1. **Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

The company's TCoC covers its employees, contractors and extends to its suppliers.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Our processes enable our stakeholders to voice their grievances and complaints. Dedicated emails are instituted and communicated to each of our stakeholders. Helpdesks are made available to our employees and SLAs put in place for timely closure. During this period, we have received 20 complaints from our investors and 95% stands resolved. There were no other complaints from any other stakeholders.

#### Principle 6

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others?**

The Company's Code of Conduct applies to its business partners, contractors and suppliers.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

The Company strives for environmental sustainability and complies with all applicable laws and regulations, in all its services. It also seeks to prevent the wasteful use of natural resources and is committed to improving the environment, particularly with regard to the emission of greenhouse gases, consumption of water and energy, and the management of waste and hazardous materials. A few examples are our initiatives on deployment of mass transport for our employees by getting into an arrangement with Bengaluru Metropolitan Transport Corporation for buses, procurement of star rated electric and electronic equipments and tree plantations inside and outside our premises. In our development process, our initiatives include adopting India Mark Design, mechanical and electronic design of electric/ hybrid vehicle and building RoHS compliance.

3. **Does the company identify and assess potential environmental risks?**

The nature of your business does not entail assets or processes with significant environmental footprints, and hence, the company does not have a specific process to identify environmental risks. However, there are ongoing initiatives on energy, emissions and waste which is outlined in question 5 below. Our nature of work requires us to operate in workstations and hence office environment and safety is paramount to us. We have instituted safety policy and procedures to govern the same. We regularly train employees and monitor these in order to overcome hazards and threats. We take the help of external agencies to provide us with guidance for the upkeep of our process to industry standards.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

This is not applicable.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

We are in a knowledge intensive industry, and do not operate industrial machinery, production facilities, or other such energy intensive operations. However, as a responsible corporate citizen, we continue to pursue and adopt appropriate energy conservation measures.

Active measures taken by us towards energy conservation and carbon footprint reduction include using technology to monitor and control the power consumption of air conditioning and other related equipment, use of energy efficient light bulbs, using technology for switching off computer monitors, motion sensors for lighting controls, etc.

We undertake regular reviews of energy requirements and consumption patterns, with action plans for effective utilization of power, during peak and non-peak seasons.

We also undertake continuing education and awareness programs among all employees on energy conservation measures that can be adopted at individual levels, to help conserve power and energy.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/ SPCB for the financial year being reported?**

Yes, the emissions and waste generated by the company are within the limits prescribed by Pollution Control Board.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

None.

#### Principle 7

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is not a member of any trade and chamber or association.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

No.

**Principle 8**

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

We have constituted a CSR committee for the purposes of recommending and monitoring the CSR initiatives of the Company. The Board on the recommendation of CSR Committee adopted a CSR Policy. The CSR objectives are designed to serve societal, local and national goals in the locations that we operate in, create a significant and sustained impact on local communities and provide opportunities for our employees to contribute to these efforts through volunteering.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures /any other organization?**

The programs / projects chosen are a mix of in-house, external and group level initiatives.

3. **Have you done any impact assessment of your initiative?**

Assessments are carried out as a part of the planning and review process.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

The Company has spent an amount of ₹ 282.09 lakhs during this financial year. The programs have been mainly directed towards healthcare and disaster relief. Healthcare has been provided in the form of financial assistance to poor patients suffering from life-threatening Cancer, Cardiac and Neurological ailments. In this program, we are working with three reputed institutions such as Kidwai Memorial Institute of Oncology and Sri Jayadeva Hospital in Bangalore and Sree Chitra Thirunal Hospital in Trivandrum.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

We work closely with institutions that mediate these initiatives in order to ensure that the benefits are passed on to the target community. Examples of such institutions are Kidwai Memorial Institute of Oncology, Sree Chitra Thirunal Hospital, Sri Jayadeva Hospital, National PM Relief fund and FAEA (Foundation for Academic Excellence and Access).

**Principle 9**

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

The Company has a process of obtaining customer queries, complaints and satisfaction by means of periodic interactions, emails, dedicated relationship managers, established SLAs and escalation mechanisms. These processes help the Company to resolve any dissonance with our customers in a timely manner.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

Not Applicable

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

There are no cases filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising, and/or anti-competitive behavior during the last five years.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

The Company carries out periodic customer satisfaction surveys. This provide us an index of our customers' satisfaction levels along with qualitative feedback on our services.

## ANNEXURE "C" TO DIRECTORS' REPORT

### Annual Report on Corporate Social Responsibility (CSR)

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Our CSR activities will be designed to:

- Serve – societal, local and national goals in all the locations where we operate.
- Create a significant and sustained impact on communities affected by our businesses.
- Provide opportunities for Tata employees to contribute to these efforts through volunteering.

CSR Policy has been adopted and the same is available on the Company's Website at the following link:<http://www.tataelxsi.com/company/corporate-sustainability/CSR-policy>.

2. The Composition of the CSR Committee:

Mrs. S. Gopinath, Chairperson (Independent Director)

Mr. P. G. Mankad, Member (Independent Director) up to 18.11.2016

Mr. Sudhakar Rao, Member (Independent Director) w.e.f. 19.11.2016

Mr. Madhukar Dev, Member (MD & CEO)

3. Average net profit of the Company for last three financial years: ₹ **14,104.70 lakhs**
4. Prescribed CSR Expenditure (two percent of the amount as in Item No. 3 above) : ₹ **282 lakhs**
5. Details of CSR spent during the financial year:
  - (a) Total amount to be spent for the financial year : ₹ **282 lakhs**
  - (b) Amount unspent , if any : Nil
  - (c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs 1) Local area or other 2) Specify the state and districts where projects or programs was/were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub heads: 1) Direct expenditure on projects or programs 2) Over heads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1.	Disaster relief	Socio-economic development and Relief	National PM Relief Fund	₹ 56.90 lakhs	Direct – ₹ 57.30 lakhs	₹ 57.30 lakhs	Direct
2	Providing Aid to Cancer Patients those who could not afford the medical expenditure	Promoting Health Care	Kidwai Memorial Institute of Oncology Bengaluru (Karnataka)	₹ 60.00 lakhs	Direct – ₹ 60.00 lakhs	₹ 60.00 lakhs	Direct- A sum of ₹ 50,000/- per patient who does not have means to provide for the treatment. The impact is expected to aid at least 120 patients.

3	Providing Aid to Heart Patients those who could not afford the medical expenditure	Promoting Health Care	Sri Jayadeva Institute of Cardiovascular Sciences and Research, Bengaluru (Karnataka)	₹ 60.00 lakhs	Direct- ₹ 60.00 lakhs	₹ 60.00 lakhs	Direct- A sum of ₹ 50,000/- per patient who does not have means to provide for the treatment. The impact is expected to aid at least 120 patients.
4	Providing Aid to Heart Patients those who could not afford the medical expenditure	Promoting Health Care	Sree Chitra Tirunal Institute for Medical Science & Technology (SCTIMST) under DST, Trivandrum (Kerala)	₹ 80.00 lakhs	Direct- ₹ 80.00 lakhs	₹ 80.00 lakhs	Direct- A sum of ₹ 50,000/- per patient who does not have means to provide for the treatment. The impact is expected to aid at least 160 patients.
5.	Promotion for road Safety	Education (promotion of road safety)	Bengaluru (Karnataka)	₹ 9.60 lakhs	Direct – ₹ 9.30 lakhs	₹ 9.30 lakhs	Direct –  The Company assisted the Traffic Police by reimbursing the salary of Traffic Wardens deployed in different road crossings for control of vehicular traffic, ensuring road safety.
6.	Education for Engineering and Medicine	Promoting Education	India	₹ 1.40 lakhs	Direct- ₹ 1.40 lakhs	₹ 1.40 lakhs	FAEA (Implementing Agency)- Contributed to support 2 (two) Students for professional education.
	<b>TOTAL</b>					<b>₹ 268 lakhs</b>	
	Allowable expenditure (overheads) towards personnel & administration expenses for CSR team			₹ 14.10 lakhs	Overheads- ₹ 14.10 lakhs	₹ 14 lakhs	Apportioned compensation for CSR staff, travel expenses for CSR activities and the working hours utilized by TE personnel for supervision of the CSR activities.
	<b>Total CSR budget and spent for FY 2016-17</b>			<b>₹ 282 lakhs</b>		<b>₹ 282 lakhs</b>	

1. Foundation for Academic Excellence and Access (FAEA) – Assistance for professional education for needy students from disadvantaged communities.

Responsibility statement: The CSR Committee hereby confirms that the implementation and monitoring of the Company CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**Madhukar Dev**  
Managing Director

**Shyamala Gopinath**  
Chairperson, CSR Committee

Bengaluru, 27<sup>th</sup> April, 2017



## Form No. MGT -9

### EXTRACT OF ANNUAL RETURN as on the financial year ended 31<sup>st</sup> March 2017

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

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L85110KA1989PLC009968
ii)	Registration Date	30.03.1989
iii)	Name of the company	Tata Elxsi Limited
iv)	Category/ Sub-Category of the Company	Public Company Limited by Shares
v)	Address of the Registered office and Contact Details	ITPB Road , Whitefield, Bangalore-560048 Tel: 080 2297 9123 email: investors@tataelxsi.co.in website:www.tataelxsi.com
vi)	Whether listed or unlisted Company (Yes/No)	Yes-Listed
vii)	Name, Address and Contact details of Registrar and Share transfer Agents	TSR DARASHAW LIMITED 6-10, Haji Moosa Patrawala Industrial Estate, #20 Dr. E. Moses Road, Mahalaxmi, Mumbai-400011 Tel: 022 6656 8484

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sl. No.	Name and Description of the main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	Design and Development of Computer Hardware and Software	NA	93.77

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	TATA SONS LIMITED, BOMBAY HOUSE, 24 HOMI MODY STREET, MUMBAI 400001	U99999MH1917PLC000478	Associate	42.22	2(6)

**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 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	13947632	0	13947632	44.79	13897632	0	13897632	44.63	-0.16
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (1)</b>	<b>13947632</b>	<b>0</b>	<b>13947632</b>	<b>44.79</b>	<b>13897632</b>	<b>0</b>	<b>13897632</b>	<b>44.63</b>	<b>-0.16</b>
<b>(2)</b>	<b>Foreign</b>									<b>0.00</b>
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>13947632</b>	<b>0</b>	<b>13947632</b>	<b>44.79</b>	<b>13897632</b>	<b>0</b>	<b>13897632</b>	<b>44.63</b>	<b>-0.16</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds / UTI	457169	200	457369	1.47	1387125	200	1387325	4.46	2.99
(b)	Financial Institutions / Banks	32471	200	32671	0.10	61423	200	61623	0.20	0.09
(c)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	432998	0	432998	1.39	388787	0	388787	1.25	-0.14
(f)	Foreign Institutional Investors	1563473	0	1563473	5.02	30535	0	30535	0.10	-4.92
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Foreign Financial Institutions	0	2300	2300	0.01	0	2300	2300	0.01	0.00
(j)	Foreign Portfolio Investors (Corporate)	2618274	0	2618274	8.41	2759910	0	2759910	8.86	0.45
(k)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (B) (1)</b>	<b>5104385</b>	<b>2700</b>	<b>5107085</b>	<b>16.40</b>	<b>4627780</b>	<b>2700</b>	<b>4630480</b>	<b>14.87</b>	<b>-1.53</b>
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	1317098	3701	1320799	4.24	1322118	3501	1325619	4.26	0.02
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	7651207	1438876	9090083	29.19	8551776	1382276	9934052	31.90	2.71
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1656910	0	1656910	5.32	1315182	0	1315182	4.22	-1.10
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
i	Trusts	14611	0	14611	0.05	34155	0	34155	0.11	0.06
ii	Directors & Relatives	1100	0	1100	0.00	1100	0	1100	0.00	0.00
	<b>Sub-total (B) (2)</b>	<b>10640926</b>	<b>1442577</b>	<b>12083503</b>	<b>38.81</b>	<b>11224331</b>	<b>1385777</b>	<b>12610108</b>	<b>40.50</b>	<b>1.69</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>15745311</b>	<b>1445277</b>	<b>17190588</b>	<b>55.21</b>	<b>15852111</b>	<b>1388477</b>	<b>17240588</b>	<b>55.37</b>	<b>0.16</b>
	<b>TOTAL (A)+(B)</b>	<b>29692943</b>	<b>1445277</b>	<b>31138220</b>	<b>100.00</b>	<b>29749743</b>	<b>1388477</b>	<b>31138220</b>	<b>100.00</b>	
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>29692943</b>	<b>1445277</b>	<b>31138220</b>	<b>100.00</b>	<b>29749743</b>	<b>1388477</b>	<b>31138220</b>	<b>100.00</b>	

ii) Share Holding of Promoters (Including promoter group)

Sl. No	Shareholder's Name	Shareholding at the beginning of the year 01.04.2016			Shareholding at the end of the year 31.03.2017			% change in shareholding 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 SONS LIMITED	13147632	42.22	0.00	13147632	42.22	0.00	0.00
2	TATA INVESTMENT CORPORATION LIMITED	800,000	2.57	0.00	750,000	2.41	0.00	-0.16
		13947632	44.79	0.00	13897632	44.63	0.00	-0.16

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

Sl. No	Name of the Shareholder	Date	Reason	Shareholding at the beginning of the year 1.04.2016		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Tata Investment Corporation Limited	01-Apr-2016	At the beginning of the year	800000	2.57	800000	2.57
		20-May-2016	Decrease	-10500	-0.03	789500	2.54
		27-May-2016	Decrease	-39500	-0.13	750000	2.41
		31-Mar-2017	At the end of the year	0	0.00	750000	2.41
2	Tata Sons Limited	01-Apr-2016	At the beginning of the year	13147632	42.22		
		31-Mar-2017	At the end of the year			13147632	42.22

iv) Shareholding Pattern of Top 10 shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No	Name of the Shareholder	Date	Reason	(+/-) in Shareholding	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	J P Morgan Funds	1-Apr-2016		At the beginning of the year	0	0.00	0	0.00
		9-Dec-2016	Transfer	Increase	378652	1.22	378652	1.22
		16-Dec-2016	Transfer	Increase	241276	0.77	619928	1.99
		6-Jan-2017	Transfer	Increase	47300	0.15	667228	2.14
		3-Mar-2017	Transfer	Increase	27680	0.09	694908	2.23
		17-Mar-2017	Transfer	Increase	29080	0.09	723988	2.33
		31-Mar-2017		At the end of the year	30270	0.10	754258	2.42

Sl. No	Name of the Shareholder	Date	Reason	(+/-) in Shareholding	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
2	Motilal Oswal Most Shares Midcap 100 Etf (Most Shares M100)	1-Apr-2016		At the beginning of the year	265507	0.85	265507	0.85
		8-Apr-2016	Transfer	Increase	4172	0.01	269679	0.87
		15-Apr-2016	Transfer	Decrease	-25000	-0.08	244679	0.79
		22-Apr-2016	Transfer	Decrease	-10	0.00	244669	0.79
		22-Apr-2016	Transfer	Increase	2571	0.01	247240	0.79
		29-Apr-2016	Transfer	Increase	2225	0.01	249465	0.80
		6-May-2016	Transfer	Decrease	-2	0.00	249463	0.80
		6-May-2016	Transfer	Increase	12469	0.04	261932	0.84
		13-May-2016	Transfer	Increase	1479	0.00	263411	0.85
		20-May-2016	Transfer	Increase	8668	0.03	272079	0.87
		27-May-2016	Transfer	Increase	18664	0.06	290743	0.93
		3-Jun-2016	Transfer	Decrease	-10	0.00	290733	0.93
		3-Jun-2016	Transfer	Increase	4237	0.01	294970	0.95
		10-Jun-2016	Transfer	Decrease	-11	0.00	294959	0.95
		17-Jun-2016	Transfer	Decrease	-11	0.00	294948	0.95
		24-Jun-2016	Transfer	Increase	1117	0.00	296065	0.95
		30-Jun-2016	Transfer	Decrease	-11	0.00	296054	0.95
		30-Jun-2016	Transfer	Increase	2473	0.01	298527	0.96
		15-Jul-2016	Transfer	Decrease	-2861	-0.01	295666	0.95
		26-Jul-2016	Transfer	Decrease	-75011	-0.24	220655	0.71
		5-Aug-2016	Transfer	Decrease	-11	0.00	220644	0.71
		2-Sep-2016	Transfer	Decrease	-11	0.00	220633	0.71
		2-Sep-2016	Transfer	Increase	5000	0.02	225633	0.72
		9-Sep-2016	Transfer	Decrease	-264	0.00	225369	0.72
		23-Sep-2016	Transfer	Decrease	-121	0.00	225248	0.72
		30-Sep-2016	Transfer	Decrease	-11	0.00	225237	0.72
		7-Oct-2016	Transfer	Increase	2045	0.01	227282	0.73
		11-Nov-2016	Transfer	Increase	10000	0.03	237282	0.76
		18-Nov-2016	Transfer	Increase	1	0.00	237283	0.76
		25-Nov-2016	Transfer	Increase	43349	0.14	280632	0.90
		2-Dec-2016	Transfer	Increase	268792	0.86	549424	1.76
		9-Dec-2016	Transfer	Increase	4339	0.01	553763	1.78
		16-Dec-2016	Transfer	Decrease	-4912	-0.02	548851	1.76
		16-Dec-2016	Transfer	Increase	9899	0.03	558750	1.79
		23-Dec-2016	Transfer	Increase	2575	0.01	561325	1.80
		31-Dec-2016	Transfer	Decrease	-12	0.00	561313	1.80
		6-Jan-2017	Transfer	Increase	4929	0.02	566242	1.82
		13-Jan-2017	Transfer	Decrease	-24	0.00	566218	1.82
		20-Jan-2017	Transfer	Increase	18447	0.06	584665	1.88
		31-Mar-2017		At the end of the year	-27	0.00	586793	1.88
3	Morgan Stanley Mauritius Company Limited	1-Apr-2016		At the beginning of the year	600	0.00	600	0.00
		8-Apr-2016	Transfer	Decrease	-554	0.00	46	0.00
		15-Apr-2016	Transfer	Decrease	-46	0.00	0	0.00
		30-Jun-2016	Transfer	Increase	30600	0.10	30600	0.10

Sl. No	Name of the Shareholder	Date	Reason	(+/-) in Shareholding	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-Jul-2016	Transfer	Increase	24000	0.08	54600	0.18
		8-Jul-2016	Transfer	Increase	19800	0.06	74400	0.24
		15-Jul-2016	Transfer	Increase	69900	0.22	144300	0.46
		18-Jul-2016	Transfer	Increase	1800	0.01	146100	0.47
		22-Jul-2016	Transfer	Increase	21422	0.07	167522	0.54
		26-Jul-2016	Transfer	Increase	25060	0.08	192582	0.62
		29-Jul-2016	Transfer	Decrease	-18600	-0.06	173982	0.56
		5-Aug-2016	Transfer	Increase	49641	0.16	223623	0.72
		12-Aug-2016	Transfer	Increase	58031	0.19	281654	0.90
		19-Aug-2016	Transfer	Decrease	-3093	-0.01	278561	0.89
		26-Aug-2016	Transfer	Increase	7902	0.03	286463	0.92
		2-Sep-2016	Transfer	Decrease	-1200	0.00	285263	0.92
		9-Sep-2016	Transfer	Decrease	-13682	-0.04	271581	0.87
		16-Sep-2016	Transfer	Decrease	-3383	-0.01	268198	0.86
		23-Sep-2016	Transfer	Decrease	-1162	0.00	267036	0.86
		30-Sep-2016	Transfer	Decrease	-21300	-0.07	245736	0.79
		7-Oct-2016	Transfer	Increase	4479	0.01	250215	0.80
		14-Oct-2016	Transfer	Increase	2139	0.01	252354	0.81
		21-Oct-2016	Transfer	Decrease	-5973	-0.02	246381	0.79
		28-Oct-2016	Transfer	Increase	17379	0.06	263760	0.85
		4-Nov-2016	Transfer	Increase	2100	0.01	265860	0.85
		11-Nov-2016	Transfer	Decrease	-2764	-0.01	263096	0.84
		18-Nov-2016	Transfer	Decrease	-10855	-0.03	252241	0.81
		25-Nov-2016	Transfer	Decrease	-201825	-0.65	50416	0.16
		2-Dec-2016	Transfer	Decrease	-1334	0.00	49082	0.16
		9-Dec-2016	Transfer	Increase	5041	0.02	54123	0.17
		16-Dec-2016	Transfer	Increase	7596	0.02	61719	0.20
		23-Dec-2016	Transfer	Increase	26361	0.08	88080	0.28
		31-Dec-2016	Transfer	Increase	17560	0.06	105640	0.34
		6-Jan-2017	Transfer	Increase	18724	0.06	124364	0.40
		13-Jan-2017	Transfer	Increase	8525	0.03	132889	0.43
		20-Jan-2017	Transfer	Decrease	-4899	-0.02	127990	0.41
		27-Jan-2017	Transfer	Increase	10813	0.03	138803	0.45
		3-Feb-2017	Transfer	Increase	132092	0.42	270895	0.87
		10-Feb-2017	Transfer	Increase	18831	0.06	289726	0.93
		17-Feb-2017	Transfer	Increase	21468	0.07	311194	1.00
		24-Feb-2017	Transfer	Decrease	-949	0.00	310245	1.00
		3-Mar-2017	Transfer	Increase	42459	0.14	352704	1.13
		10-Mar-2017	Transfer	Increase	1459	0.00	354163	1.14
		17-Mar-2017	Transfer	Decrease	-14471	-0.05	339692	1.09
		24-Mar-2017	Transfer	Increase	198934	0.64	538626	1.73
		31-Mar-2017		At the end of the year	6078	0.02	544704	1.75
4	Life Insurance Corporation Of India	1-Apr-2016		At the beginning of the year	430432	1.38	430432	1.38
		8-Apr-2016	Transfer	Decrease	-37771	-0.12	392661	1.26
		15-Apr-2016	Transfer	Decrease	-6440	-0.02	386221	1.24
		31-Mar-2017		At the end of the year	0	0.00	386221	1.24

Sl. No	Name of the Shareholder	Date	Reason	(+/-) in Shareholding	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
5	Tata Retirement Savings Fund- Progressive Plan  Tata Trustee Co. Ltd A/C Tata Mutual Fund - Tata Equity P/E Fund  Tata Digital India Fund	1-Apr-2016		At the beginning of the year	0	0.00	0	0.00
		11-Nov-2016	Transfer	Increase	5050	0.02	5050	0.02
		25-Nov-2016	Transfer	Increase	2700	0.01	7750	0.02
		2-Dec-2016	Transfer	Increase	96400	0.31	104150	0.33
		20-Jan-2017	Transfer	Increase	63200	0.20	167350	0.54
		10-Feb-2017	Transfer	Increase	5400	0.02	172750	0.55
		17-Feb-2017	Transfer	Decrease	-800	0.00	171950	0.55
		3-Mar-2017	Transfer	Increase	4000	0.01	175950	0.57
		17-Mar-2017	Transfer	Increase	5200	0.02	181150	0.58
		17-Mar-2017	Transfer	Increase	700	0.00	181850	0.58
		24-Mar-2017	Transfer	Decrease	-200	0.00	180950	0.58
		31-Mar-2017		At the end of the year	0	0.00	181650	0.58
6	Chetan Jayantilal Shah	1-Apr-2016		At the beginning of the year	175000	0.56	175000	0.56
		31-Mar-2017		At the end of the year	0	0.00	175000	0.56
7	Global Emerging Markets Discovery Fund, Llc	1-Apr-2016		At the beginning of the year	0	0.00	0	0.00
		9-Dec-2016	Transfer	Increase	97878	0.31	97878	0.31
		16-Dec-2016	Transfer	Increase	75292	0.24	173170	0.56
		31-Mar-2017		At the end of the year	0	0.00	173170	0.56
8	Emerging Markets Core Equity Portfolio (The Portfolio) Of Dfa Investment Dimensions Group Inc. (Dfaidg)	1-Apr-2016		At the beginning of the year	129187	0.41	129187	0.41
		31-Mar-2017		At the end of the year	0	0.00	129187	0.41
9	Asia Vision Fund	1-Apr-2016		At the beginning of the year	85000	0.27	85000	0.27
		24-Jun-2016	Transfer	Increase	25000	0.08	110000	0.35
		9-Dec-2016	Transfer	Increase	15000	0.05	125000	0.40
		31-Mar-2017		At the end of the year	0	0.00	125000	0.40
10	Ups Group Trust	1-Apr-2016		At the beginning of the year	60000	0.19	60000	0.19
		18-Nov-2016	Transfer	Increase	63600	0.20	188600	0.61
		31-Mar-2017		At the end of the year	0	0.00	60000	0.19

v) Shareholding of Directors and Key Managerial Personnel :

Sl. No	Name of the Shareholder	Date	Reason	Shareholding at the beginning of the year		Reason in change in shareholding	Shareholding at the end of the year	
				No.of Shares	% of total Shares of the company		No.of Shares	% of total Shares of the company
1	MADHUKAR RAJENDRA DEV	1-Apr- 2016	At the beginning of the year	1100	0.00		1100	0.00
		31-Mar- 2017	At the End of the year	0	0.00		1100	0.00
2	G. VAIDYANATHAN	1-Apr- 2016	At the beginning of the year	0	0.00		0	0.00
		15-June 2016	Increase	2	0.00		2	0.00
		31-Mar- 2017	At the End of the year	0	0.00		2	0.00

Note: None of the Directors and KMPs other than the above hold any shares in the company.



## V. INDEBTEDNESS

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

	Secured Loan excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	NIL	NIL	NIL	NIL
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i + ii + iii)</b>	NIL	NIL	NIL	NIL
<b>Change in Indebtedness during the financial year</b>	NIL	NIL	NIL	NIL
i) Addition	NIL	NIL	NIL	NIL
ii) Reduction	NIL	NIL	NIL	NIL
<b>Net Change</b>	NIL	NIL	NIL	NIL
	Secured loan excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the end of the financial year</b>	NIL	NIL	NIL	NIL
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i + ii + iii)</b>	NIL	NIL	NIL	NIL

## VI. REMUNERATION OF DIRECTORS AND KEY MANEGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Madhukar Dev (MD & CEO)	
		Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
1	Gross Salary		
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	226.59	226.59
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961		
	c) Profits in Lieu of Salary u/s 17(3) of the Income tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission	275.00	275.00
	as % of profit		
	others, specify		
5	Others, specify	27.19	27.19
	<b>Total (A)</b>	<b>528.78</b>	<b>528.78</b>
	Ceiling as per Act (5% of the profit calculated u/s 198 of the Companies Act, 2013)		1350.04

**B. Remuneration to other Directors :**

₹ In Lakhs

Sl. No.	Particulars of Remuneration	Name of the Directors							Total Amount
		Mr. P.G. Mankad	Mr. P. McGoldrick	Mrs. Shyamala Gopinath	Prof. M.S. Ananth	Mr. Sudhakar Rao	Mr. N.G. Subramaniam	Dr.G. Katragadda	
1	<b>Independent Directors</b>								
	Fee for attending Board / Committee Meetings	1.05	1.50	2.40	1.05	1.20	NA	NA	7.20
	Commission	29.62	37.74	63.40	21.13	18.11			170.00
	Others, Please Specify								
	<b>Sub Total (1)</b>								177.20
2	<b>Other Non - Executive Directors</b>								
	Fee for attending Board / Committee Meetings	NA	NA	NA	NA	NA	1.20	1.05	2.25
	Commission						61.89	18.11	80.00
	Others, Please Specify								
	<b>Sub Total (2)</b>								82.25
	<b>Total (1) + (2)</b>								259.45
	<b>Total Managerial Remuneration</b>								250.00
	<b>Overall Ceiling as per the Act(1% of the profit calculated u/s 198 of the Companies Act, 2013)</b>								270.00

**C. Remuneration to KMPs other than MD / Manager / WTD**

SL. No.	Particulars of Remuneration	Mr. G. Vaidyanathan (Company Secretary)	Mr. K. Ramaseshan (CFO)	Total
		Amount (₹ In Lakhs)	Amount (₹ In Lakhs)	Amount (₹ In Lakhs)
1	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	50.49	109.57	160.06
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.22	0.22	0.44
	c) Profits in Lieu of Salary u/s 17(3) of the Income tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	as % of profit			
	others, specify			
5	Others, specify	7.47	1.92	9.39
	<b>Total</b>	<b>58.18</b>	<b>111.71</b>	<b>169.89</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

There were no Penalties, Punishments or Compounding of Offences during the year ended March 31, 2017.

## SECRETARIAL AUDIT REPORT

**For the financial year ended 31<sup>st</sup> March, 2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

### **TO THE MEMBERS OF TATA ELXSI LIMITED**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Tata Elxsi Limited, (Hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Tata Elxsi Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit and as per the explanations given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 generally complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes' books, forms and returns filed and other records made available to me and maintained by Tata Elxsi Limited for the financial year ended on 31<sup>st</sup> March, 2017 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulations) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insiders Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Prohibition of Insiders Trading) Regulations, 2015
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- (vi) Other Laws as informed and certified by the management of the company which are specifically applicable to the company based on their sector/industry are:
  - (a) The Information Technology Act, 2000 and the Rules made thereunder
  - (b) Policy relating to the Software Technology Park of India Rules and Regulations
  - (c) The Indian Copyright Act, 1957
  - (d) The Patents Act, 1970
  - (e) The Trade Marks Act, 1999
  - (f) The Special Economic Zones Act, 2005 & the Rules made thereunder.
- (vii) Other Laws:
  - (a) The Shops and Establishment Act 1953
  - (b) The Water (Prevention and Control of Pollution) Act, 1974 & Rules there under
  - (c) The Sexual harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013
  - (d) The Payment of Bonus Act 1965
  - (e) The Payment of Gratuity Act 1972

(f) The Employees Provident Funds and Miscellaneous Provisions Act 1952

(g) The Contract Labour (Regulations & Abolition) Act 1970

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.

During the period under review and as per the explanation and clarifications given to me and the representations made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provision of the Act.

Adequate notice was given to all Directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at the Board meeting and committee meeting are carried out unanimously.

**I further report that** as per the explanations given to me and the representations made by the Management and relied upon by me there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Jayashree Parthasarathy**  
Practicing Company Secretary  
FCS No 4610; CP NO. 1988

Place: Bengaluru

Date: 27<sup>th</sup> April, 2017

Note: This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

**ANNEXURE: A**

TO THE MEMBERS OF TATA ELXSI LIMITED

My report on even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on their secretarial records based on my Audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The Verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed provide a reasonable basis for my opinion.
3. The correctness and appropriateness of the financial records and Books of accounts of the company have not been verified.
4. Wherever required, I have obtained the Management representation about the compliances of laws, Rules, Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination is limited to verification of procedure on random test basis.
6. The Secretarial Audit is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Jayashree Parthasarathy**  
Practicing Company Secretary  
FCS No 4610; CP NO. 1988

Place: Bengaluru

Date: 27<sup>th</sup> April, 2017

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE

### Mandatory Requirements:

#### 1. A brief statement on the Company's philosophy on code of governance.

Your Company believes in conducting its affairs with the highest levels of integrity, with proper authorisations, accountability and transparency. The business operations of your Company are conducted not to benefit any particular interest group but for the benefit of all stakeholders.

#### 2. Board of Directors

The Board comprises members having varied skills, experience and knowledge. The Board has a mix of both Independent and Non-independent directors where Independent directors constitute more than half the strength of the Board. The Chairman of the Company is Non-Executive, Non-Independent. None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified under Regulation 26 (1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, across all the companies in which they are Directors. Necessary disclosures regarding Committee positions have been made by the Directors.

**Performance evaluation of Board and Directors:** The Company has laid down a process for evaluation of the Board and Committees of Board as also evaluation of the performance of each of the directors. The evaluation is conducted and monitored by the Chairman, Nomination & Remuneration Committee (NRC) in consultation with the members of the committee. Each of the Directors are given a self-assessment Questionnaire, covering Degree of Fulfillment of their responsibilities, Board structure and Composition, Responsibilities of Committee, Effectiveness of Board process, Information and Functioning, Board Culture and Dynamics, Quality of relationship between the Board and Management etc. The Chairman, NRC on the basis of the Feedback received from each of the Directors has one to one meeting with them. At the end, He/She briefs the Chairman of the Board on the outcome, which was in turn discussed in the Board meeting. The performance of the Independent Directors was also reviewed at the Board meeting.

**Meeting of Independent Directors:** A separate meeting of Independent Directors for the Financial Year 2016-17 as per Clause VII (1) of Schedule IV under Section 149 (8) of the Companies Act, 2013 was held on April 28, 2016 wherein the Independent Directors reviewed the performance of the Managing Director, Non-Independent directors and other matters. The Independent Directors have confirmed that they satisfy the criteria of Independence as stipulated under Section 149 (6) of the Companies Act, 2013.

**Familiarisation:** The Independent Directors immediately on appointment are issued a formal letter of Appointment covering their Rights, Roles; Committee Positions etc. The Independent Director/s on appointment are also provided a welcome docket containing the Business overview of the company, policies etc. The directors before their appointment are briefed about the Company by the Chairman and Managing Director individually. At each of the Business plan meeting, normally held in the month of March every year, the Directors are briefed on the different business units of the company, the industry as a whole and other details like customers, market etc. During the year the Annual Business Plan meeting was held on 24<sup>th</sup> March, 2017. Prior to the Board meeting the Board on 23<sup>rd</sup> March, 2017 had a full day interactive session with the management team, wherein they were walked through the market of different business units, the customers, the future prospects etc. The future strategy of the Company was also discussed.

The Board has adopted a Governance guideline, enumerating the rights and roles of the Directors. A copy of the same has been circulated to all the directors. The in-house magazine of the Company is also sent to the Directors periodically keeping them abreast with the recent happenings and developments. The familiarization program for the Independent Directors is available at <http://www.tataelxsi.com/company/board-of-directors.html>.

Five Board Meetings were held during the year 2016-17 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings held were 28<sup>th</sup> April, 2016; 26<sup>th</sup> July, 2016; 27<sup>th</sup> October, 2016; 25<sup>th</sup> January, 2017 and 24<sup>th</sup> March 2017.

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

The name and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships held by them in other companies are given below:

Name	Category	No. of Board Meetings attended during 2016-17	Whether attended AGM held on 26 <sup>th</sup> July, 2016	No. of Chairmanships/Directorships in other Boards/Committees* of Companies**			
				Chairman/Chairperson of the Board	Chairman/Chairperson of the Committee	Member of the Board	Member of the Committee
Mr. N.G. Subramaniam [DIN 07006215]	Not Independent/ Non-executive	5	Yes	-	-	1	-
Mr. P. McGoldrick [DIN 00407203]	Independent / Non-executive	3	Yes	-	-	-	-
Mrs. Shyamala Gopinath [DIN 02362921]	Independent / Non-executive	5	Yes	1	-	2	3
Dr. Gopichand Katragadda [DIN 02475721]	Non Independent/ Non-executive	4	Yes	-	-	2	2
Prof. M.S. Ananth [DIN 00482391]	Independent / Non-executive	3	Yes	-	-	2	2
Mr.Sudhakar Rao [DIN 00267211]	Independent/ Non-executive	3 <sup>^</sup>	No	2	2	3	4
Mr.Madhukar Dev [DIN 00082103]	Not Independent/ Managing Director	5	Yes	-	-	-	-
Mr.P.G.Mankad (DIN00005001)	Independent/ Non-Executive	3 <sup>#</sup>	Yes	-	1	7	6

\* Only Audit and Stakeholders' Relationship Committees are considered.

\* Excludes private/foreign/non-profit companies with charitable objects.

<sup>^</sup> Mr.Sudhakar Rao was appointed as an Additional Director (Independent Director) on the Board of the Company w.e.f. 01.08.2016.

<sup>#</sup> Mr.P.G.Mankad relinquished the office of Directorship of the Company w.e.f. 19.11.2016 in terms of his appointment. The Committee positions and directorship of Mr.P.G.Mankad has been ascertained as per the records available with the Company as on date of his relinquishment.

The information as required under Schedule II of Part A to Clause 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being made available to the Board.

None of the Non-Executive Directors hold any shares and/or convertible instruments in the company as at 31<sup>st</sup> March, 2017.



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

### 3. Audit Committee

The terms of reference of the Audit Committee mandated by the statutory and regulatory requirements, which are also in line with the mandate given by your Board of Directors, are:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report, if any.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### Review of information by Audit Committee

The Audit Committee reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee) submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
6. Statement of deviation(s) or variation(s):
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee is also responsible for giving guidance and directions under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Audit Committee reviewed the reports of the internal auditors, the reports of the statutory auditors arising out of the quarterly, half-yearly, and annual audit of the accounts; considered significant financial issues affecting the Company and held discussions with the Internal and Statutory Auditors and the Company Management during the year.

Six Audit Committee Meetings were held during the year 2016-17. The dates on which the Audit Committee Meetings held were 28<sup>th</sup> April, 2016; 25<sup>th</sup> July, 2016; 26<sup>th</sup> July, 2016; 27<sup>th</sup> October, 2016; 25<sup>th</sup> January, 2017 and 24<sup>th</sup> March, 2017.

The composition, name of the members, chairperson, particular of the Meetings, and attendance of the members during the year are as follows:

Sl. No.	Name of Members	Category	No. of Meetings attended during the year 2016-17
1	Mrs. Shyamala Gopinath, Chairperson	Independent / Non-executive	6
2	Prof. M.S. Ananth	Independent / Non-executive	4
3	Mr. Patrick McGoldrick	Independent / Non-executive	4

### 4. Nomination and Remuneration Committee

The Remuneration Committee which was constituted in 1999 was rechristened as Nomination and Remuneration Committee (NRC) with effect from 22.04.2014 and the terms of reference of the Committee are:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. The Nomination and Remuneration Committee is responsible for Board composition and succession related; Evaluation of every Director. To recommend remuneration policy for the directors, KMP, executives and other employees of the Company.
6. To oversee familiarization programme for Directors, Review of HR strategy, Philosophy and Practices and any other activities related to change as requested by the Board from time to time.

The Board has also adopted a charter for the Nomination and Remuneration Committee covering its Rights, Roles and Responsibilities.

All Non-Executive Directors of your Company receive sitting fees for each meeting of the Board or Committee thereof attended by them. The net profits of the Company, not exceeding 1% are distributable as commission amongst the Non-Executive Directors considering the special services and efforts rendered.

Other than sitting fees and commission on the net profits of the Company, no other remuneration is payable to the Non-Executive Directors for 2016-17.

Three Nomination and Remuneration Committee (NRC) Meetings were held during the year 2016-17. The dates on which the Nomination and Remuneration Committee Meetings held were 28<sup>th</sup> April, 2016, 25<sup>th</sup> July 2016 and 27<sup>th</sup> October, 2016.

The composition, name of the members, chairperson, particulars of the Meetings, and attendance of the members during the year are as follows:

Sl. No	Name of Members	Category	No. of Meetings attended during the year 2016-17
1	Mrs. Shyamala Gopinath, Chairperson	Independent / Non-executive	3
2	Mr. N.G. Subramaniam	Not Independent / Non-executive	3
3	Mr. Patrick McGoldrick	Independent / Non-executive	2

Details of remuneration for the year ended 31<sup>st</sup> March, 2017.

### Non-Executive Directors (NEDs):

Sl. No.	Name of the Non-Executive Director	Sitting Fees (₹)	Commission* (₹)
1	Mr. N.G. Subramaniam	1,20,000	61,89,000
2	Mr. P. McGoldrick	1,50,000	37,74,000
3	Mrs. Shyamala Gopinath	2,40,000	63,40,000
4	Dr. Gopichand Katragadda	1,05,000	18,11,000
5	Prof. M.S. Ananth	1,05,000	21,13,000
6	Mr. Sudhakar Rao	1,20,000	18,11,000
7	Mr. P. G. Mankad	1,05,000	29,62,000

### Managing Director:

Name	Salary (₹)	Commission* (₹)	Contribution to Provident & other Funds (₹)	Other Allowances & Perquisites (₹)	Total (₹)
Mr. Madhukar Dev*	92,16,792	2,75,00,000	27,18,954	1,34,42,355	5,28,78,101

\* Subject to approval of the annual accounts at the forthcoming Annual General Meeting. The Remuneration paid to Mr. Madhukar Dev for the period from 16.01.2017 to 31.03.2017 is subject to approval of his re-appointment for the period from 16.01.2017 to 01.10.2019 by the Shareholders.

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

The service of Managing Director may be terminated by either party giving other party six months' notice or the Company paying six months' salary in lieu thereof.

The Board on the recommendation of the Nomination & Remuneration Committee adopted the Remuneration policy for Directors, Key Managerial Personnel (KMP) and other employees of the company. The Board has also adopted a policy on Board diversity. The said Policies are available at <http://www.tataelxsi.com/company/board-of-directors.html>.

### 5. Stakeholders' Relationship Committee (Rechristened w.e.f. 22.4.2014)

The terms of reference mandated by your Board, which is also in line with the statutory and regulatory requirements are:

- To look into the Redressal of grievances of shareholders, debenture holders and other security holders;
- To expedite the process of share transfers;
- To look into the complaints related to transfer of shares, non receipt of balance sheet, non receipt of declared dividends.

Three Stakeholders' Relationship Committee Meetings were held during the year 2016-17. The dates on which the Stakeholders' Relationship Committee Meetings held were 20<sup>th</sup> May, 2016; 27<sup>th</sup> October, 2016 and 25<sup>th</sup> January, 2017.

The composition, name of the members, chairperson, particulars of the Meetings and attendance of the members during the year are as follows:

Sl. No.	Name of Members	Category	No. of Meetings attended during the year 2016-17
1	Mr. Sudhakar Rao@ Chairman	Independent/ Non-executive	2
2	Dr. Gopichand Katragadda	Independent / Non-executive	3
3	Mr. P.G. Mankad, @@	Independent / Non-executive	2

@Mr.Sudhakar Rao was appointed as a member of the Committee w.e.f 01.08.2016 and Chairman of the Committee w.e.f. 19.11.2016.

@@ Mr.P.G.Mankad, ceased to be the member of the Committee w.e.f. 19.11.2016 due to his retirement from the Board.

Name, designation & address of the Compliance Officer:

Mr. G. Vaidyanathan

Company Secretary

Tata Elxsi Ltd.,

ITPB Road, Whitefield

Bangalore – 560 048.

Phone : +91-80-22979316

Fax : +91-80-28411474

E-mail : [gynathan@tataelxsi.co.in](mailto:gynathan@tataelxsi.co.in)

Details of complaints received and redressed during 2016-17:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
1	20	20	1

Complaints/correspondences are usually dealt with within 15 days of receipt and are completely resolved, except in cases where litigation is involved.

Share transfer lodgements are processed within 15 days and returned, except in cases where litigations are involved. The following persons can also be contacted in case of investor grievances:

a. Mr. Imran (e-mail: [investors@tataelxsi.com](mailto:investors@tataelxsi.com)); Phone: +91-080-2297-9166; Fax: +91-080-28411474.

b. TSR Darashaw Ltd. (e-mail: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)); Phone: +91-022-66568484; Fax: +91-022-66568494.

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

### 6. Risk Management Committee

The Board has constituted a Risk management committee (RMC) in line with the provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, which is responsible to provide oversight in achieving the Company's Enterprise Risk Management (ERM) objectives. The ERM helps these objectives by creating a comprehensive approach to anticipate, identify, prioritize and manage material risks attached to the Company's operations.

The primary responsibility of the Committee is to ensure that sound policies, procedures and practices are in place for the enterprise-wide management of the Company's material risks and to report the results of the Committee's activities to the Company's Audit Committee. The terms of reference of the Committee are:

1. Provide ongoing guidance and support for the refinement of the overall risk management
2. Ensure that management understands and accepts its responsibility for identifying, assessing and managing risk.
3. Determine which enterprise risks are most significant.
4. Assign risk owners and approve action plans.
5. Approve company-wide Risk Assessment & Risk Profile.
6. Update the leadership team from time to time on the on-going ERM progress/changes.
7. Review & report to the Company's Audit Committee/Board.

Two Risk Management Committee (RMC) meetings were held during the year 2016-17 i.e. on 15.11.2016 and 24.03.2017.

The composition, name of the members, chairperson, particulars of the meeting and attendance of the members during the year are as follows:

Sl. No.	Name of Members	Category	No. of Meetings attended during the year 2016-17
1	Mr. Patrick McGoldrick, Chairman	Independent / Non-executive	1
2	Mr. Sudhakar Rao @	Independent / Non-executive	2
3	Mr. K. Ramaseshan	Company Executive (CFO)	2
3	Mr. P.G. Mankad @@	Independent / Non-executive	1

@ Mr. Sudhakar Rao was appointed as a member of the Committee w.e.f. 01.08.2016.

@@ Mr. P.G. Mankad, ceased to be the member of the Committee w.e.f. 19.11.2016 due to his retirement from the Board.

Mr. Patrick McGoldrick was appointed as the Chairman of the RMC w.e.f. 19.11.2016.

The Company has set up an internal compliance management tool to periodically review compliance requirements under different statutes as applicable to the company.

### 7. Corporate Social Responsibility (CSR) Committee

The Board has constituted Corporate Social Responsibility (CSR) Committee in line with the provisions of Section 135 of the Company's Act, 2013 with maximum members being Independent Directors to recommend to the Board the CSR initiatives of the Company and also to monitor the implementation of the CSR initiatives.

Two Corporate Social Responsibility (CSR) Committee Meetings were held during the year 2016-17. The dates on which the Corporate Social Responsibility (CSR) Meetings held were 27<sup>th</sup> April, 2016 and 25<sup>th</sup> January, 2017.

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

The composition, name of the members, chairperson, particulars of the meeting and attendance of the members during the year are as follows:

Sl. No.	Name of Members	Category	No. of Meetings attended during the year 2016-17
1	Mrs. Shyamala Gopinath, Chairperson	Independent / Non-executive	2
2	Mr. Sudhakar Rao @	Independent / Non-executive	1
3	Mr. Madhukar Dev	Managing Director	2
4	Mr. P.G. Mankad@@	Independent / Non-executive	1

@Mr. Sudhakar Rao was appointed as a member of the Committee w.e.f. 01.08.2016.

@@ Mr. P.G. Mankad, ceased to be the member of the Committee w.e.f. 19.11.2016 due to his retirement from the Board

The Board has also constituted an Executive Committee. The terms of reference of Executive committee are to review the capital expenditure, Long term strategy, long term financial projections and cash flow.

### 8. General Body Meetings

Particulars about the last three Annual General Meetings (AGM's) of the Company are:

Sl. No.	AGM Particulars	Date	Venue	Time
1	27 <sup>th</sup> AGM in respect of the year 2015-16	26 <sup>th</sup> July, 2016	St.John's Auditorium, John Nagar, Kormangala, Bangalore- 560 034	12.30 p.m.
2	26 <sup>th</sup> AGM in respect of the year 2014-15	24 <sup>th</sup> July, 2015	Devraj Urs Bhavan, (behind Dr. Ambedakar Bhavan), 16D, Millers Tank Bed Area, Vasanthnagar, Bangalore-560052	12.30 p.m.
3	25 <sup>th</sup> AGM in respect of the year 2013-14	18 <sup>th</sup> July, 2014	Devraj Urs Bhavan, (behind Dr. Ambedakar Bhavan), 16D, Millers Tank Bed Area, Vasanthnagar, Bangalore-560052	12.30 p.m.

A Special resolution for approval for payment of Commission to Non-Executive Directors, pursuant to provisions of section 197 of the Companies Act, 2013 was passed at the 27<sup>th</sup> AGM held on 26<sup>th</sup> July, 2016.

### 9. Disclosures

- There are no materially significant related party transactions during the year that have potential conflict with the interests of the Company at large;
- The Company has formulated a policy on Related Party Transactions and the same is available on company's website [www.tataelxsi.com/investors/corporate\\_governance/policies](http://www.tataelxsi.com/investors/corporate_governance/policies);
- The guidelines/accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) and prescribed under Section 133 of the Companies Act, 2013 have been followed in the preparation of the financial statements of the Company;



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

- There has been no non-compliance or penalties, or strictures imposed on your Company by any of the Stock Exchanges or SEBI, or any statutory authority on any matter related to capital markets during the last three years;
- The Company has adopted a Whistle Bowler Policy and has established the necessary mechanism in line with the requirements under the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:-
  - a) For employees to report concerns about unethical behaviour;
  - b) To establish a mechanism to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the integrity policy;
  - c) To ensure that adequate safeguards are provided to the Whistle blower against any victimization or vindictive practices like retaliation, threat or any adverse (direct or indirect) action on their employment.

The policy also ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination is meted out to any person for a genuinely raised concern.

No personnel/person has been denied access to the Audit Committee.

- Your Company has comprehensive guidelines on prohibiting Insider trading and the Company has adopted the code of internal procedures and conduct for listed Companies as mandated by SEBI.
- The Company has formulated a policy on determination of materiality of event /information as required under Regulation 30 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The same is available on company's website at: <http://www.tataelxsi.com/investors/investor-relations.html>
- The Company has complied with all the mandatory requirements and most of the non- mandatory requirements specified in Part E of Schedule II under Regulation 27 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 10. Means of Communication

- Your Company uses several modes for communicating with its external stakeholders, such as announcements and press releases in newspapers, circular letters and other reports to the members, posting information on its Website ([www.tataelxsi.com](http://www.tataelxsi.com)), intimation to the Stock Exchanges, responding to analyst's queries etc.
- Your Company's quarterly results are disseminated through all the modes mentioned above. Financial Express (English daily) and Sanjevani (vernacular daily) are usually the papers in which the quarterly results are published.
- Your Company's Management Discussion & Analysis of the Business for the year ended 31<sup>st</sup> March, 2017 forms part of the Directors' Report and is given under the Section so captioned.
- The transcripts and audio of the Company's investors/analysts concalls are available at: <http://www.tataelxsi.com/investors/investor-relations.html>.

## Affirmation regarding Compliance with the Code of Conduct

The Company has adopted a Code of Conduct for all its employees, including the Managing Director. In addition, the company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's website ([www.tataelxsi.com](http://www.tataelxsi.com)).

I hereby confirm that all Board members and Senior Management personnel have affirmed compliance with the Code of Conduct applicable to them in respect of the year ended 31<sup>st</sup> March, 2017.

**Madhukar Dev**  
Managing Director

Bengaluru, 27<sup>th</sup> April, 2017

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

### 11. General Shareholders Information

Sl. No.	Salient Items of Interest	Particulars
i.	AGM Date, Time, and Venue	On 27 <sup>th</sup> July, 2017, Thursday at 12:30 pm at St. John's Auditorium, John Nagar, Koramangala, Bangalore - 560 034, Karnataka.
ii.	Financial Calendar	27 <sup>th</sup> April, 2017 – Q4 & FY16 Results
		27 <sup>th</sup> July, 2017– Q1 Results & AGM
		25 <sup>th</sup> Oct, 2017 – Q2 Results
		24 <sup>th</sup> Jan, 2018 – Q3 Results
iii.	Date of Book Closure	20 <sup>th</sup> July to 27 <sup>th</sup> July, 2017 (both days inclusive)
iv.	Dividend Payment Date	On and after 27 <sup>th</sup> July, 2017
v.	Listing on Stock Exchanges	<b>Bombay Stock Exchange Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, India Tel. : +91-22-22721234 Fax : +91-22-22722041
		<b>The National Stock Exchange of India Limited</b> Exchange Plaza Plot No.C/1, G Block Bandra-Kurla Complex Bandra (East) Mumbai – 400 051, India Tel. : +91-22-26598100 Fax : +91-22-26598237
vi.	Listing Fees	The listing fee has been paid to BSE & NSE for the FY 2016-17.
vii.	Stock Code	Bombay Stock Exchange Ltd.: 500408 National Stock Exchange Ltd.: TATAELXSI
viii.	Registrar & Share transfer Agent	TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011
ix.	Share Transfer System	Shares lodged in physical form with the Company/its Registrars & Share Transfer Agents are processed and returned, duly transferred within 15 days normally, except in cases where litigation is involved.  In respect of shares held in dematerialised mode, the transfer takes place instantaneously between the transferor, transferee, and the Depository Participant through electronic debit/credit of the accounts involved.
x.	Dematerialisation of shares and liquidity	2,97,49,743 shares were held in dematerialised mode, as at 31 <sup>st</sup> March, 2017. The Company's equity shares are actively traded on BSE and NSE.
xi.	Outstanding GDRs /ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	There are no outstanding instruments and hence there will be no dilution of the equity.

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

Sl. No.	Salient Items of Interest	Particulars
xii.	Development Centre Locations	<p>Your Company's software development centres are located at the following addresses:</p> <ul style="list-style-type: none"> <li>a. ITPB Road, Whitefield, Bangalore – 560 048;</li> <li>b. Crescent-4, 9<sup>th</sup> Floor, Prestige Shantiniketan, ITPB Road, White field, Bangalore - 560 048;</li> <li>c. IITM Research Park, 4<sup>th</sup> Floor, Kanagam Road, Taramani, Chennai – 600 113;</li> <li>d. Giga Space IT Park, No. 201, 2<sup>nd</sup> Floor, Alpha – 1 Building, Viman Nagar, Pune – 411 014;</li> <li>e. Giga Space IT Park, No. 201, 3<sup>rd</sup> Floor, Alpha – 2 Building, Viman Nagar, Pune – 411 014;</li> <li>f. SEZ Tower IX, A Wing, Level – 2, Magarpatta City, Hadapsar, Pune – 411 013;</li> <li>g. Gayathri, 1<sup>st</sup> Floor, Technopark Campus, Kariyavattom, Thiruvananthapuram– 695 581;</li> <li>h. Neyyar, Technopark Campus, Kariyavattom, Thiruvananthapuram– 695 581;</li> <li>i. Leela Infopark, 5<sup>th</sup> Floor, Plot No. 2, Technopark Campus, Thiruvananthapuram– 695 581;</li> <li>j. Boston House, 2<sup>nd</sup> Floor, No. 201, Suren Road, Gondivali, Village, Off Andheri- Kurla Road, Andheri East, Mumbai – 400 093</li> </ul>
xiii.	Address for correspondence	ITPB Road, Whitefield, Bangalore – 560 048
xiv.	CIN	L85110KAI989PLC009968

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

Market Price Data: High/Low during each month of 2016-17 on the following exchanges:

Month	BSE			NSE		
	High ₹	Low ₹	Vol (No. of shares)	High ₹	Low ₹	Vol (No. of shares)
April 2016	2064.00	1857.50	1958171	2065.00	1855.20	443724
May 2016	1940.75	1775.00	1484140	1941.75	1776.15	329613
June 2016	1839.50	1612.15	1111540	1835.45	1611.45	230964
July 2016	1783.00	1595.40	1319966	1781.90	1595.00	311990
August 2016	1755.00	1538.00	1173610	1757.80	1538.00	298974
September 2016	1589.45	1371.70	821250	1589.70	1368.00	190437
October 2016	1436.25	1224.00	1370030	1435.00	1222.05	292913
November 2016	1353.75	1021.65	1936028	1354.90	1021.25	377550
December 2016	1498.80	1264.00	1949346	1498.00	1263.10	498497
January 2017	1557.80	1372.05	2006317	1555.00	1372.20	385175
February 2017	1533.20	1394.45	1039845	1533.00	1394.05	260149
March 2017	1545.00	1426.25	798732	1544.20	1426.00	215744

Distribution of Shareholding as on 31<sup>st</sup> March, 2017

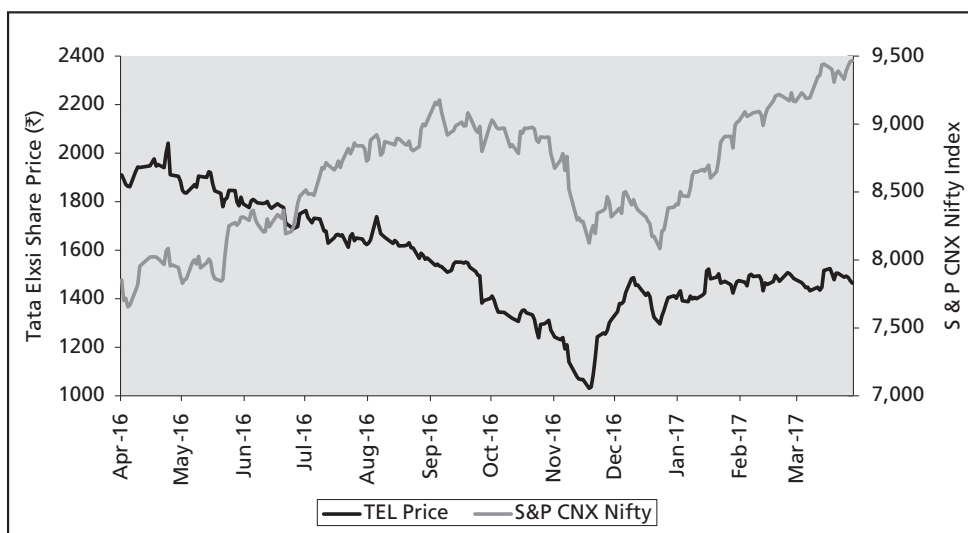
Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 – 500	83042	96.88	6854016	22.01
501 – 1000	1462	1.71	1147612	3.69
1001- 2000	612	0.71	916676	2.94
2001– 3000	206	0.24	526575	1.69
3001– 4000	92	0.11	332366	1.07
4001– 5000	75	0.09	345282	1.11
5001– 10000	101	0.12	709846	2.28
Over 10,000	118	0.14	20305847	65.21
<b>Total</b>	<b>85708</b>	<b>100.00</b>	<b>31138220</b>	<b>100.00</b>

Categories of Shareholding as on 31<sup>st</sup> March, 2017

Category	No. of Shareholders	No. of Shares held	% of Shareholding
Individuals	84371	11249234	36.13
Trusts	14	34155	0.11
Companies	1229	1776029	5.70
Tata Group	2	13897632	44.63
Mutual Funds, FI's, FII's	91	4180070	13.42
Directors & Relatives	1	1100	0.00
<b>Total</b>	<b>85708</b>	<b>31138220</b>	<b>100</b>

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

Tata Elxsi Share Price Vs. S&P CNX Nifty Index



## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
Tata Elxsi Limited

1. We, Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of **TATA ELXSI LIMITED** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the

Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purpose issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagement.

### Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm Registration No. 0080725  
**S. Ganesh**  
Partner  
Membership No. 204108

Place: Bangalore  
Date: April 27, 2017

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF TATA ELXSI LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **TATA ELXSI LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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.

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.

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

We conducted our audit of the 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 obtained by us 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, 2017, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by 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.
  - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016; and such disclosures are in accordance with the books of accounts maintained by the Company. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm Registration No. 0080725

Place: Bangalore  
Date : April 27, 2017

**S. Ganesh**  
Partner  
Membership No. 204108



## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S 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 **TATA ELXSI LIMITED** ("the Company") as of March 31, 2017 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 notes") 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 respective 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 Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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, 2017, based on "the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm Registration No. 0080725

Place: Bangalore  
Date : April 27, 2017

**S. Ganesh**  
Partner  
Membership No. 204108

## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations 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 conveyance deed/ approved building plan provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold as at the balance sheet date, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act, with respect to the investments made.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and does not have any unclaimed deposits.
- (vi) Having regard to the nature of the Company's business/ activities, reporting under clause (vi) of the Order with regard to cost records is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount (₹ in lakhs)*
Finance Act	Service Tax	Customs Excise Service Tax Appellate Tribunal	Financial years 2006-07, 2007-08 and 2008-09	782.26

\*Net of ₹ 60 lakhs paid under protest

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm Registration No. 0080725

Place: Bangalore  
Date : April 27, 2017

**S. Ganesh**  
Partner  
Membership No. 204108

## Balance Sheet as at March 31, 2017

	Note	As at March 31, 2017	₹ lakhs As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	3,113.82	3,113.82
Reserves and surplus	4	<u>52,784.62</u>	<u>35,455.48</u>
		<b>55,898.44</b>	<b>38,569.30</b>
<b>Non-current liabilities</b>			
Long-term provisions	5	<u>1,910.67</u>	<u>1,824.31</u>
		<b>1,910.67</b>	<b>1,824.31</b>
<b>Current liabilities</b>			
Trade payables		-	-
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	6	<b>7,520.86</b>	7,652.92
Other current liabilities	7	<b>4,499.19</b>	4,851.84
Short-term provisions	8	<u>1,638.67</u>	<u>7,066.72</u>
		<b>13,658.72</b>	<b>19,571.48</b>
<b>Total</b>		<b><u>71,467.83</u></b>	<b><u>59,965.09</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	9	<b>9,227.96</b>	8,768.51
Intangible assets	9	<b>1,552.52</b>	1,928.02
Capital work-in progress		<u>103.36</u>	<u>187.83</u>
		<b>10,883.84</b>	<b>10,884.36</b>
Non-current investments	10	-	-
Deferred tax assets (net)		<b>323.00</b>	126.64
Long-term loans and advances	11	<u>3,696.89</u>	<u>3,578.11</u>
		<b>14,903.73</b>	<b>14,589.11</b>
<b>Current assets</b>			
<b>Inventories</b>			
Trade receivables	12	<b>24,481.08</b>	21,521.09
Cash and cash equivalents	13	<b>25,152.49</b>	18,245.45
Short-term loans and advances	14	<b>1,978.91</b>	2,276.65
Other current assets	15	<u>4,951.62</u>	<u>3,332.79</u>
		<b>56,564.10</b>	<b>45,375.98</b>
<b>Total</b>		<b><u>71,467.83</u></b>	<b><u>59,965.09</u></b>

See the accompanying notes forming part of the financial statements

1 - 28

In terms of our report attached

 For **Deloitte Haskins & Sells**  
*Chartered Accountants*
**S. Ganesh**  
*Partner*

Bengaluru, April 27, 2017

For and on behalf of the Board of Directors

**N G Subramaniam**  
**Shyamala Gopinath**  
**Madhukar Dev**  
**Ramaseshan K**  
**G. Vaidyanathan**
*Chairman*  
*Director*  
*Managing Director*  
*Chief Financial Officer*  
*Company Secretary*

Bengaluru, April 27, 2017

## Statement of Profit and Loss for the year ended March 31, 2017

	Note	Year ended March 31, 2017	₹ lakhs Year ended March 31, 2016
<b>REVENUE</b>			
Revenue from operations	16	123,303.97	107,520.61
Other income	17	1,637.32	1,185.91
<b>Total Revenue</b>		<b>124,941.29</b>	<b>108,706.52</b>
<b>EXPENSES</b>			
Purchases	18	7,472.23	6,968.97
Changes in inventories - (increase) / decrease	19	-	28.90
Employee benefits expense	20	66,934.20	57,648.74
Finance costs		-	-
Depreciation/ amortisation expense	9	2,692.13	2,260.42
Other expenses	21	21,692.95	18,165.18
<b>Total Expenses</b>		<b>98,791.51</b>	<b>85,072.21</b>
<b>Profit before tax</b>		<b>26,149.78</b>	<b>23,634.31</b>
<b>Tax expense</b>			
i) Current tax		9,017.00	8,236.30
ii) Deferred tax		(196.36)	(83.00)
	Total	8,820.64	8,153.30
<b>Net Profit for the year</b>		<b>17,329.14</b>	<b>15,481.01</b>
Earnings per equity share of ₹ 10/- each (Refer Note 23.7)			
Basic and diluted		55.65	49.72

See the accompanying notes forming part of the financial statements 1 - 28

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**S. Ganesh**  
Partner

Bengaluru, April 27, 2017

For and on behalf of the Board of Directors

**N G Subramaniam**  
**Shyamala Gopinath**  
**Madhukar Dev**  
**Ramaseshan K**  
**G. Vaidyanathan**

Bengaluru, April 27, 2017

*Chairman*  
*Director*  
*Managing Director*  
*Chief Financial Officer*  
*Company Secretary*

## Cash Flow Statement for the year ended March 31, 2017

	Year ended March 31, 2017	₹ lakhs Year ended March 31, 2016
<b>A. Cash flows from operating activities</b>		
Net profit before tax	26,149.78	23,634.31
Adjustment for:		
Depreciation and amortisation	2,692.13	2,260.42
Intangibles written off	-	373.30
Interest income	(1,339.49)	(848.44)
Net (gain) / loss on closure of investments in subsidiary	-	(10.54)
Liabilities / provision no longer required, written back	(22.63)	(118.39)
Provision for doubtful debts/advances	57.89	81.85
Loss/(profit) on sale of assets	(1.20)	(62.68)
Unrealised exchange loss/(gains)	1,160.37	68.98
Operating profit before working capital changes	28,696.85	25,378.81
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	-	28.90
Trade receivables	(3,230.99)	(6,145.66)
Short-term loans and advances	131.68	(750.39)
Long-term loans and advances	(35.21)	79.69
Other current assets	(1,540.83)	(706.42)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	93.37	1,159.50
Other current liabilities	(355.86)	359.33
Short-term provisions	88.66	119.44
Long-term provisions	203.79	138.29
Cash generated from operations	24,051.46	19,661.49
Net Income tax paid	(9,618.72)	(7,555.23)
Net cash flow from / (used in) operating activities	14,432.74	12,106.26
<b>B. Cash flows from investing activities</b>		
Capital expenditure on of fixed assets/ capital advances	(2,614.82)	(3,817.99)
Proceeds from sale of fixed assets	10.06	71.21
Proceeds from closure of investments in subsidiary	-	39.21
Interest received	1,261.49	816.99
Net cash flow from / (used in) investing activities	(1,343.27)	(2,890.58)
<b>C. Cash flows from financing activities</b>		
Dividend paid	(4,359.35)	(3,425.20)
Tax on dividend paid	(887.46)	(681.66)
Net cash flow from / (used in) financing activities	(5,246.81)	(4,106.86)
<b>Net increase/(decrease) in cash and cash equivalents</b>	7,842.66	5,108.82
Cash and cash equivalents as at beginning of the year	17,933.98	12,999.76
Exchange gain/(loss) on restatement of foreign currency cash and cash equivalents	(984.00)	(174.60)
Cash and cash equivalents as at end of the year	24,792.64	17,933.98
<b>Reconciliation of cash and cash equivalents with the Balance Sheet:</b>		
Cash and bank balances as per Balance Sheet (Refer Note 13)	25,152.49	18,245.45
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 Cash Flow Statements:		
(i) In earmarked accounts (Refer Note (i) below)		
Unpaid dividends accounts	(359.85)	(311.47)
<b>Cash and cash equivalents at the end of the year *</b>	24,792.64	17,933.98
*comprises:		
(a) Cash on hand	0.74	0.65
(b) Cheques on hand	86.93	7.94
(c) Balances with banks		
i) in current accounts	7,534.33	2,268.70
ii) in EEFC accounts	7,770.64	1,356.69
iii) in deposit accounts	9,400.00	14,300.00
	24,792.64	17,933.98

(i) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See the accompanying notes forming part of the financial statements

1-28

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board of Directors

**N G Subramaniam**  
**Shyamala Gopinath**  
**Madhukar Dev**  
**Ramaseshan K**  
**G. Vaidyanathan**

*Chairman*  
*Director*  
*Managing Director*  
*Chief Financial Officer*  
*Company Secretary*

**S. Ganesh**  
*Partner*

Bengaluru, April 27, 2017

Bengaluru, April 27, 2017



## Notes forming part of the financial statements

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Corporate information

Tata Elxsi Limited was incorporated in 1989. The Company provides product design and engineering services to the consumer electronics, communications & transportation industries and systems integration and support services for enterprise customers. It also provides digital content creation for media and entertainment industry.

The company is headquartered in Bengaluru, and operates through delivery centres in Bengaluru, Chennai, Pune, Mumbai and Tiruvananthapuram.

Its sales operations are located in multiple cities in India, and in multiple international locations including Dubai, France, Germany, Japan, UK, Ireland, Netherlands and USA.

#### 2. Significant accounting policies

##### 2.1. 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, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 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.

##### 2.2. Use of estimates

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

##### 2.3. Inventories

Components and spares are valued at lower of cost and net realizable value. Cost is determined on the basis of specific identification method.

Computer systems and software, components and spares intended for customer support are written off over the effective life of the systems maintained, as estimated by the management.

##### 2.4. 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.

##### 2.5. 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.

##### 2.6. Depreciation and amortisation

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

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets,

## Notes forming part of the financial statements

in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Asset Class	Useful life in years
Air conditioners	6
Plant and machinery	6
Furniture and fixtures	6
Electrical equipments	6

Leasehold land is amortised over the duration of the lease

Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalization.

Intangible assets are amortised over their estimated useful life as follows:

In-house technical know-how – 3 years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

### 2.7. Revenue recognition

#### Sale of goods

Income from sale of goods is recognised upon transfer of risks and rewards of ownership to the goods, which generally coincide with the despatch. Sales exclude taxes and levies.

#### Income from services

- Income from services is recognised upon rendering of the services. Income from maintenance contracts relating to the year is recognised when the contracts are entered into on a time proportionate basis. The income excludes taxes and levies.
- Revenue from software development on fixed price, fixed time frame contracts is recognised as per the proportionate completion method. On time and materials contracts, revenue is recognised as the related services are rendered.
- In respect of orders procured, for which sales are effected directly to the customers by the vendors, the Company accounts only for the commission, installation and other charges to which it is entitled.

### 2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established. Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

### 2.9 Fixed Assets (Tangible / Intangible)

Fixed assets, are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

#### Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work- in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

## Notes forming part of the financial statements

### Intangible assets under development:

Expenditure on research and development (Refer Note 2.17) eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.

### **2.10. Foreign currency transactions and translations**

#### Initial recognition

- a) Company: Transactions in foreign currencies entered into by the Company and its integral foreign operations 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.
- b) Integral foreign operations: Transactions in foreign currencies entered into by the Company's integral foreign operations 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.
- c) Non-integral foreign operations: Transactions of non-integral foreign operations are translated 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 of foreign currency monetary items at the Balance Sheet date

- a) Company: Foreign currency monetary items (other than derivative contracts) 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.
- b) Integral foreign operations: Foreign currency monetary items (other than derivative contracts) of the Company's integral foreign operations outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company's integral foreign operations are carried at historical cost.
- c) Non-integral foreign operations: All assets and liabilities of non-integral foreign operations are translated at the year-end rates.

#### Treatment of exchange differences.

- a) Company: Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.
- b) Integral foreign operations: Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company's integral foreign operations are recognised as income or expense in the Statement of Profit and Loss.
- c) Non-integral foreign operations: The exchange differences on translation of balances relating to non-integral foreign operations are accumulated in a "Foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same period in which the gain or loss on disposal is recognised.

#### Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

Refer Note 2.21 for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

## Notes forming part of the financial statements

### 2.11. Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

### 2.12. Employee benefits

Employee benefits include contribution to provident fund, superannuation fund, gratuity fund, compensated absences and employee state insurance scheme.

#### Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by 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. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

#### 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 period when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such 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.

### 2.13. Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

## Notes forming part of the financial statements

### 2.14. Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

### 2.15. 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 period. 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 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.

### 2.16. Taxes on income

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

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

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

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

### 2.17. Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure

## Notes forming part of the financial statements

that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for tangible fixed assets and intangible assets. Disclosure of aggregate of research and development expenses charged to Profit and Loss account as per AS 26.

### 2.18. Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

### 2.19. Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

### 2.20. Provision for warranty

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

### 2.21. Derivative contracts

The Company enters into derivative contracts in the nature of foreign currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

### 2.22. Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

### 2.23. Service tax input credit/VAT.

Service tax/VAT input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

## Notes forming part of the financial statements

	As at March 31, 2017	₹ lakhs As at March 31, 2016
<b>3 SHARE CAPITAL</b>		
Authorised : 35,000,000 equity shares of ₹ 10/- each with voting rights	<u>3,500.00</u>	<u>3,500.00</u>
Issued : 31,165,620 equity shares of ₹ 10/- each with voting rights	<u>3,116.56</u>	<u>3,116.56</u>
Subscribed and fully paid up : 31,138,220 equity shares of ₹ 10/-each, with voting rights	<u>3,113.82</u>	<u>3,113.82</u>
Total	<u>3,113.82</u>	<u>3,113.82</u>
<b>Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:</b>		
<b>Equity shares with voting rights</b>	<b>Opening balance</b>	<b>Closing balance</b>
<b>Year ended March 31, 2017</b>		
- Number of shares	31,138,220	31,138,220
- Amount in ₹ lakhs	<u>3,113.82</u>	<u>3,113.82</u>
<b>Year ended March 31, 2016</b>		
- Number of shares	<u>31,138,220</u>	<u>31,138,220</u>
- Amount in ₹ lakhs	<u>3,113.82</u>	<u>3,113.82</u>

### Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of share holder	As at March 31, 2017		As at March 31, 2016	
	Number of shares held	% of holding in that class of shares	Number of shares held	% of holding in that class of shares
Equity shares with voting rights				
Tata Sons Limited	13,147,632	42.22%	13,147,632	42.22%

The Company has only one class of Equity Share, having a par value of ₹10/-. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amount. However, as on date no such preferential amounts exist. The distribution will be in proportion to number of equity shares held by the shareholders.

	As at March 31, 2017	As at March 31, 2016
<b>4 RESERVES AND SURPLUS</b>		
Capital reserve:		
Subsidy received from Kerala state Government	25.00	25.00
General reserve:		
Opening balance	7,709.82	6,709.82
Add: Transferred from surplus in Statement of Profit and Loss	<u>1,000.00</u>	<u>1,000.00</u>
	8,709.82	7,709.82
Surplus in statement of profit and loss		
Opening balance	27,720.66	18,486.46
Add: Net profit for the year	17,329.14	15,481.01
Balance available for appropriation	45,049.80	33,967.47
Less:		
- Dividend proposed to be distributed to equity shareholders at ₹Nil/- per share (previous year ₹14/- per share)	-	4,359.35
- Dividend tax:	-	887.46
- Transfer to general reserve	<u>1,000.00</u>	<u>1,000.00</u>
Closing balance	<u>44,049.80</u>	<u>27,720.66</u>
<b>Total</b>	<u>52,784.62</u>	<u>35,455.48</u>



## Notes forming part of the financial statements

	As at March 31, 2017	₹ lakhs As at March 31, 2016
<b>5 LONG-TERM PROVISIONS</b>		
a) Provision for employee benefits		
Provision for compensated absences	901.62	697.83
b) Provision others		
Provision for taxation	5,284.81	6,856.04
Advance tax	<u>(4,275.76)</u>	<u>(5,729.56)</u>
	1,009.05	1,126.48
<b>Total</b>	<u><u>1,910.67</u></u>	<u><u>1,824.31</u></u>
<b>6 TRADE PAYABLES</b>		
Trade payables		
- Acceptances	132.92	171.57
- Other than acceptances	7,387.94	7,481.35
<b>Total</b>	<u><u>7,520.86</u></u>	<u><u>7,652.92</u></u>
<b>7 OTHER CURRENT LIABILITIES</b>		
Advance from customers	585.83	1,148.88
Unpaid dividend [will be transferred to Investor Education and Protection Fund when due]	359.85	311.47
Unearned revenue	693.22	820.32
Statutory remittances (contributions to PF and ESIC, withholding taxes, VAT, service tax, etc.)	1,927.46	1,814.55
Payables on purchase of fixed assets	243.36	288.53
Gratuity	686.47	433.32
Other payables	3.00	34.77
<b>Total</b>	<u><u>4,499.19</u></u>	<u><u>4,851.84</u></u>
<b>8 SHORT-TERM PROVISIONS</b>		
a) Provision for employee benefits		
Provision for compensated absences	604.64	526.83
b) Provision others;		
Provision for warranty	51.94	41.09
Provision for taxation	17,162.17	8,232.85
Less: Advance tax	<u>(16,180.08)</u>	<u>(6,980.86)</u>
	982.09	1,251.99
Provision for proposed equity dividend	-	4,359.35
Provision for tax on proposed equity dividend	-	887.46
<b>Total</b>	<u><u>1,638.67</u></u>	<u><u>7,066.72</u></u>

## Notes forming part of the financial statements

### 9 - FIXED ASSETS

₹ lakhs

DESCRIPTION	GROSS BLOCK			ACCUMULATED DEPRECIATION					NET BLOCK		
	As at April 1, 2016	Additions	Disposals / Adjustment/ Retirals	As at March 31, 2017	As at April 1, 2016	Depreciation/ Amortisation expense for the year	Intangibles written off	Eliminated on disposal/ Retiral of assets/ Adjustment	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
<b>a. Tangible fixed Assets</b>											
Land - Freehold	924.89	5.01	-	929.90	-	-	-	-	-	929.90	924.89
Land - Leasehold	85.01	-	-	85.01	35.04	3.40	-	-	38.44	46.57	49.97
Buildings	4,537.25	138.96	-	4,676.21	811.37	152.48	-	-	963.85	3,712.36	3,725.88
Improvements to leasehold premises	580.19	76.19	7.93	648.45	218.70	102.60	-	7.93	313.37	335.08	361.49
Plant and machinery	61.39	-	-	61.39	21.22	8.04	-	-	29.26	32.13	40.17
Computer equipment	6,794.91	1,508.03	157.65	8,145.29	4,547.90	1,343.62	-	156.51	5,735.01	2,410.28	2,247.01
Furniture and fixtures	1,431.31	316.42	9.35	1,738.38	1,146.71	100.80	-	9.19	1,238.32	500.06	284.60
Office equipment	1,390.77	293.28	20.35	1,663.70	869.81	176.40	-	14.16	1,032.05	631.65	520.96
Electrical installations	1,629.36	95.19	3.60	1,720.95	1,360.84	63.84	-	3.36	1,421.32	299.63	268.52
Air conditioners	1,017.33	61.75	-	1,079.08	739.23	66.45	-	-	805.68	273.40	278.10
Vehicles	82.82	-	-	82.82	15.90	10.02	-	-	25.92	56.90	66.92
<b>TOTAL</b>	<b>18,535.23</b>	<b>2,494.83</b>	<b>198.88</b>	<b>20,831.18</b>	<b>9,766.72</b>	<b>2,027.65</b>	<b>-</b>	<b>191.15</b>	<b>11,603.22</b>	<b>9,227.96</b>	<b>8,768.51</b>
Previous year	(16,100.37)	(2,808.59)	(373.73)	(18,535.23)	(8,549.08)	(1,590.78)	(-)	(373.14)	(9,766.72)	(8,768.51)	(7,551.29)
<b>b. Intangible assets</b>											
i) Internally generated:											
Technical know-how	2,263.21	-	-	2,263.21	2,263.21	-	-	-	2,263.21	-	-
ii) Acquired intangibles:											
Computer software	5,236.09	290.11	264.19	5,262.01	3,308.07	664.48	-	263.06	3,709.49	1,552.52	1,928.02
<b>TOTAL</b>	<b>7,499.30</b>	<b>290.11</b>	<b>264.19</b>	<b>7,525.22</b>	<b>5,571.28</b>	<b>664.48</b>	<b>-</b>	<b>263.06</b>	<b>5,972.70</b>	<b>1,552.52</b>	<b>1,928.02</b>
Previous year	(6,826.31)	(681.40)	(8.41)	(7,499.30)	(4,528.81)	(669.64)	(373.30)	(0.47)	(5,571.28)	(1,928.02)	(2,297.50)
<b>GRAND TOTAL</b>	<b>26,034.53</b>	<b>2,784.94</b>	<b>463.07</b>	<b>28,356.40</b>	<b>15,338.00</b>	<b>2,692.13</b>	<b>-</b>	<b>454.21</b>	<b>17,575.92</b>	<b>10,780.48</b>	<b>10,696.53</b>
Previous year	(22,926.68)	(3,489.99)	(382.14)	(26,034.53)	(13,077.89)	(2,260.42)	(373.30)	(373.61)	(15,338.00)	(10,696.53)	(9,848.79)

Note: Unless otherwise stated all the assets are owned by the company and no assets are given on lease.

## Notes forming part of the financial statements

	As at March 31, 2017	₹ lakhs As at March 31, 2016
<b>10 NON-CURRENT INVESTMENTS</b>		
Other non-current investments:		
Investments in companies (Refer Note 24)	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
<b>11 LONG-TERM LOANS AND ADVANCES</b> (Unsecured, considered good unless otherwise stated)	As at March 31, 2017	As at March 31, 2016
Capital advances	14.00	144.82
Deposits		
Considered good	1,096.05	1,100.35
Considered doubtful	<u>15.98</u>	<u>36.65</u>
	1,112.03	1,137.00
Less: Provision for doubtful deposits	<u>15.98</u>	<u>36.65</u>
	1,096.05	1,100.35
Tax deducted at source/advance tax paid	7,546.14	9,530.38
Provision for taxation	<u>(5,057.40)</u>	<u>(7,256.03)</u>
	2,488.74	2,274.35
Prepaid expenses	98.10	58.59
<b>Total</b>	<u><u>3,696.89</u></u>	<u><u>3,578.11</u></u>
<b>12 TRADE RECEIVABLES (UNSECURED)</b>		
a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	56.58	110.24
Considered doubtful	<u>224.82</u>	<u>146.34</u>
	281.40	256.58
Less: Provision for doubtful trade receivables	<u>224.82</u>	<u>146.34</u>
	56.58	110.24
b) Other trade receivables		
Considered good	24,424.50	21,410.85
<b>Total</b>	<u><u>24,481.08</u></u>	<u><u>21,521.09</u></u>

## Notes forming part of the financial statements

	As at March 31, 2017	As at March 31, 2016
	₹ lakhs	
<b>13 CASH AND CASH EQUIVALENTS</b>		
<b>A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)</b>		
Cash on hand	0.74	0.65
Cheques on hand	86.93	7.94
Balances with banks		
i) in current accounts	7,534.33	2,268.70
ii) in EEFC accounts	7,770.64	1,356.69
iii) in deposit accounts	<u>9,400.00</u>	<u>14,300.00</u>
<b>Total Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)</b>	<u><b>24,792.64</b></u>	<u><b>17,933.98</b></u>
<b>B. Other bank balances</b>		
i) in earmarked accounts		
- Unpaid dividends account	<u>359.85</u>	<u>311.47</u>
<b>Total - Other bank balances (B)</b>	<u><b>359.85</b></u>	<u><b>311.47</b></u>
<b>Total Cash and Cash Equivalents (A+B)</b>	<u><b>25,152.49</b></u>	<u><b>18,245.45</b></u>
<b>14 SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
a) Loans and advances to employees	353.65	376.36
b) Prepaid Expenses	1,162.66	898.78
c) Balances with Govt authorities:		
i) VAT credit receivable	40.40	24.18
ii) Service tax credit receivable	49.80	69.80
d) Advance to suppliers / vendors	368.36	902.22
e) Deposits	4.04	5.31
<b>Total</b>	<u><b>1,978.91</b></u>	<u><b>2,276.65</b></u>
<b>15 OTHER CURRENT ASSETS</b>		
Unbilled revenue	4,534.67	3,214.12
Claims Receivable	220.28	-
Interest accrued but not due	196.67	118.67
<b>Total</b>	<u><b>4,951.62</b></u>	<u><b>3,332.79</b></u>

## Notes forming part of the financial statements

	₹ lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>16 REVENUE FROM OPERATIONS</b>		
Rendering of services	120,100.98	104,146.28
Sale of traded goods	3,202.99	3,374.33
<b>Total</b>	<b>123,303.97</b>	<b>107,520.61</b>
(i) Sale of traded goods include sales of computers, networking and storage systems.		
(ii) Rendering of services comprises:		
(a) Product design	114,413.53	99,734.06
(b) Graphics animation and gaming	2,231.60	1,083.02
(c) System integration and support	3,455.85	3,329.20
	<b>120,100.98</b>	<b>104,146.28</b>
<b>17 OTHER INCOME</b>		
Interest from banks on deposits	954.69	848.44
Interest - others	384.80	-
Net gain on closure of investments in subsidiary	-	10.54
Net gain on foreign currency transactions and translation	-	49.55
Profit / (Loss) on sale of asset	1.20	62.68
Other non-operating income:		
a) Hire charges	5.32	5.19
b) Liabilities/provision no longer required written back	22.63	118.39
c) Miscellaneous income	268.68	91.12
<b>Total</b>	<b>1,637.32</b>	<b>1,185.91</b>
<b>18 PURCHASES</b>		
Spares, consumables and others	5,186.98	4,404.38
Purchase of traded goods - computers, networking and storage systems and components and parts	2,285.25	2,564.59
<b>Total</b>	<b>7,472.23</b>	<b>6,968.97</b>
<b>19 CHANGES IN INVENTORIES</b>		
Inventories at the end of the year:		
Stock-in-trade - components and spares	-	-
Inventories at the beginning of the year:		
Stock-in-trade - components and spares	-	28.90
<b>Net (increase) / decrease</b>	<b>-</b>	<b>28.90</b>

## Notes forming part of the financial statements

		₹ lakhs	
		Year ended March 31, 2017	Year ended March 31, 2016
<b>20</b>	<b>EMPLOYEE BENEFITS EXPENSES</b>		
	Salaries & wages	61,780.74	53,265.98
	Contribution to provident and other funds	2,270.32	1,797.95
	Staff welfare expenses	2,883.14	2,584.81
	<b>Total</b>	<b>66,934.20</b>	<b>57,648.74</b>
<b>21</b>	<b>OTHER EXPENSES</b>		
	Operating lease rentals	1,584.17	1,573.43
	Rates and taxes	102.39	90.11
	Power and fuel	865.12	885.64
	Repairs and maintenance : Building	366.61	306.17
	: Plant and machinery	385.90	434.40
	: Others	485.94	424.52
	Communication expenses	1,079.43	969.61
	Inland travel and conveyance	823.97	803.35
	Overseas travel	5,413.25	5,023.32
	Advertisement and sales promotion expenses	749.33	653.75
	Commission on sales	146.61	145.14
	Hire charges	14.22	7.84
	Printing and stationery	58.98	65.38
	Motor vehicle expenses	363.17	417.67
	Recruitment	154.16	181.99
	Training	79.39	71.06
	Consultant fees for software development	5,306.20	4,512.79
	Expenditure on corporate social responsibility	267.99	158.35
	Legal and professional charges	659.09	481.57
	Secretarial charges	16.53	14.70
	Intangibles written off	-	373.30
	Insurance	166.14	107.00
	Bank and other charges	75.89	63.27
	Net loss on foreign currency transactions and translation	2,118.78	-
	Commission to non-executive directors	250.00	223.00
	Auditors' remuneration	58.20	45.00
	Provision for doubtful debts/ advances	57.89	81.85
	Provision for warranty (net)	10.85	10.05
	General expenses	32.75	40.92
	<b>Total</b>	<b>21,692.95</b>	<b>18,165.18</b>

## Notes forming part of the financial statements

### OTHER EXPENSES (Contd.)

₹ lakhs

Year ended March 31, 2017	Year ended March 31, 2016
------------------------------	------------------------------

**Note (i): Payments to the auditors excluding service tax, comprises:**

As auditors - statutory audit	52.20	39.00
Company law matters	1.00	1.00
Other services	0.50	0.50
Reimbursement of expenses	4.50	4.50
<b>Total</b>	<b>58.20</b>	<b>45.00</b>

### 22. CONTINGENT LIABILITIES:

As at March 31, 2017	As at March 31, 2016
₹ lakhs	₹ lakhs

#### 22.1 Contingent liabilities and commitments (to the extent not provided for)

Contingent liabilities

(a) Claims against the Company not acknowledged as debt		
1. Disputed demands for income tax aggregates	1,973.56	1,556.19
2. Disputed demands for wealth tax aggregates	-	25.89
3. Service tax matters	842.26	842.26
(b) Guarantees- Guarantees given to a housing finance company for housing loans availed by employees during their employment with the company	16.81	29.91

As at March 31, 2017	As at March 31, 2016
₹ lakhs	₹ lakhs

Capital commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for

Tangible fixed assets	167.50	457.49
Intangible assets	29.74	25.05

#### 22.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars

As at March 31, 2017	As at March 31, 2016
₹ lakhs	₹ lakhs

(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	137.06	158.47
(iv) The amount of interest due and payable for the year	0.69	1.36
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-



## Notes forming part of the financial statements

- (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid - -

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

### 22.3 Details on derivatives instruments and unhedged foreign currency exposures

- I. The following derivative positions are open as at 31 March, 2017. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in Notes 2.10 and 2.21
- II. Forward exchange contracts and options [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

#### (i) Outstanding option contracts entered into by the Company as on 31 March, 2017

Currency	Amount	Buy / Sell	Remarks
USD	47.50 lakhs (20.00 lakhs)	Sell	₹ 3178.45 lakhs (₹ 1235.90 lakhs)
EUR	12.50 lakhs (5.00 lakhs)	Sell	₹ 894.36 lakhs (₹ 361.2 lakhs)
GBP	77.50 lakhs (22.50 lakhs)	Sell	₹ 6490.05 lakhs (₹ 2155.50 lakhs)

Note: Figures in brackets relate to the previous year

- III. (a) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at March 31, 2017			As at March 31, 2016		
Receivable in foreign currency	Receivable		Receivable in foreign currency	Receivable	
lakhs	₹ lakhs		lakhs	₹ lakhs	
EUR	51.53	3,570.42	EUR	28.86	2,171.49
GBP	93.48	7,564.63	GBP	87.09	8,311.16
USD	205.56	13,344.54	USD	92.41	6,122.23
JPY	2,430.35	1,410.09	JPY	2052.34	1,211.49
ZAR	225.99	1,102.84	ZAR	130.26	578.26
KRW	20.54	1.19	KRW	20.54	1.19
CAD	-	-	CAD	1.48	75.71
AED	1.52	26.92	AED	3.45	62.41
MYR	0.24	3.52	MYR	-	-

## Notes forming part of the financial statements

(b) Amount payable in foreign currency on account of purchase of goods, services and borrowings

As at March 31, 2017			As at March 31, 2016		
Payable in foreign currency	Payable		Payable in foreign currency	Payable	
lakhs	₹ lakhs		lakhs	₹ lakhs	
EUR	5.29	366.86	EUR	3.53	265.23
GBP	1.07	86.37	GBP	1.95	186.26
USD	11.27	731.32	USD	18.61	1,232.80
JPY	27.76	16.10	JPY	37.12	21.91
ZAR	21.29	103.90	ZAR	0.28	1.24
CAD	-	-	CAD	0.02	1.01
MYR	0.17	2.50	MYR	0.20	3.38

### 22.4 Value of imports calculated on CIF basis :

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ lakhs	₹ lakhs
Computer systems, peripherals, software etc.,	1,555.88	1,473.77
Capital goods	1,132.30	1,022.29
	<u>2,688.18</u>	<u>2,496.06</u>

### 22.5 Expenditure in foreign currency:

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ lakhs	₹ lakhs
Overseas office expenses	30,588.35	26,262.62
Foreign travel	3,125.38	2,944.93
Other expenditure	3,855.85	2,141.38
	<u>37,569.59</u>	<u>31,348.93</u>

### 22.6 Earnings in foreign currency :

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ lakhs	₹ lakhs
Service income	104,582.12	90,739.65
Sales and support	475.95	467.53
	<u>105,058.09</u>	<u>91,207.18</u>

## Notes forming part of the financial statements

### 23.1 Employee benefit plans

#### 23.1a Defined contribution plans

The Company makes Provident Fund, Superannuation Fund and contributions Employee State Insurance as defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹,170.26 lakhs (Year ended 31 March, 2016 ₹902.21 lakhs) for Provident Fund contributions, ₹ 476.91 lakhs (Year ended 31 March, 2016 ₹ 434.13 lakhs) for Superannuation Fund contributions and Employee State Insurance Scheme ₹4.77 lakhs (Year ended 31 March, 2016 ₹3.62 lakhs) in the Statement of Profit and Loss. Company also had contributed towards Employee Insurance Schemes outside India amounting to ₹ 130.87 lakhs (Year ended 31<sup>st</sup> March, 2016 ₹87.56 lakhs). The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### 23.1b Defined benefit plans

The Company offers gratuity (included as part of Contribution to Provident and other funds in Note 20 Employee benefits expense) to its employees under defined benefit plans.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	Year ended 31 March, 2017 ₹ lakhs	Year ended 31 March, 2016 ₹ lakhs
<b>Components of employer expense</b>		
Current service cost	223.74	178.86
Interest cost	33.45	20.47
Expected return on plan assets	-	-
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	-	-
Actuarial losses/(gains)	365.95	262.28
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>623.14</b>	<b>461.61</b>
<b>Actual contribution and benefit payments for year</b>		
Actual benefit payments	208.57	148.49
Actual contributions	370.00	285.70
<b>Net asset / (liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	(2281.20)	(1765.27)
Fair value of plan assets	1594.73	1331.95
Funded status [Surplus / (Deficit)]	(686.47)	(433.32)
Unrecognised past service costs		
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(686.47)</b>	<b>(433.32)</b>
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	1765.27	1310.17
Current service cost	223.74	178.86
Interest cost	136.28	104.16

## Notes forming part of the financial statements

Particulars	Year ended 31 March, 2017 ₹ lakhs	Year ended 31 March, 2016 ₹ lakhs
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains) / losses financial assumptions	88.64	26.67
Actuarial (gains) / losses Experience	275.84	293.90
Past service cost	-	-
Benefits paid	(208.57)	(148.49)
Present value of DBO at the end of the year	2281.20	1765.27
<b>Change in fair value of assets during the year</b>		
Plan assets at beginning of the year	1331.95	1052.75
Acquisition adjustment	-	-
Expected return on plan assets	102.83	83.69
Actual company contributions	370.00	285.71
Actuarial gain / (loss)	(1.47)	58.29
Benefits paid	(208.57)	(148.49)
Plan assets at the end of the year	1594.73	1331.95
Actual return on plan assets	101.35	141.98

Particulars	Year ended March 31, 2017 ₹ lakhs	Year ended March 31, 2016 ₹ lakhs
<b>Composition of the plan assets is as follows:</b>		<b>LIC- Mortality (1994-96)Table</b>
Government bonds	54.63%	54.63% 21-30 years 10%
Debentures and Bonds	29.89%	29.89% 31-40 years 5%
Equity	8.91%	8.91% 41-50 years 3%
Others	6.57%	6.57% 51 & above 2%
<b>Actuarial assumptions</b>		
Discount rate	7.14%	7.72%
Expected return on plan assets	7.14%	7.72%
Salary escalation	5.00%	5.00%
Attrition : If past service <5 years	10.00%	10.00%
: If past service >5 years	8.00%	8.00%
<b>Estimates of amount of contribution in the immediate next year</b>	<b>839.26</b>	<b>657.06</b>

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

## Notes forming part of the financial statements

### 23.2 Experience adjustments

	₹ lakhs				
	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Gratuity</b>					
Present value of DBO	(2281.20)	(1765.27)	(1310.17)	(953.90)	(827.18)
Fair value of plan assets	1594.73	1331.95	1052.75	784.97	584.05
Funded status [Surplus / (Deficit)]	(686.47)	(433.32)	(257.42)	(168.93)	(243.13)
Experience (gain) / loss adjustments on plan liabilities	275.84	293.90	123.22	(32.24)	59.76
Experience gain / (loss) adjustments on plan assets	1.47	(58.28)	(15.46)	(32.13)	3.57
			For the year ended 31 March, 2017	For the year ended 31 March, 2016	
<b>Actuarial assumptions for long-term compensated absences</b>					
Discount rate			7.14%	7.72%	
Expected return on plan assets			7.14%	7.72%	
Salary escalation			5.00%	5.00%	
Attrition : If past service <5 years			10.00%	10.00%	
: If past service >5 years			8.00%	8.00%	

### 23.3 Segment information

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily System integration & support and Software development & services. Revenues and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. Geographical revenues are allocated based on the location of the customer. Geographic segments of the Company are India, Europe, US, Japan and others.

	₹ lakhs		
Particulars	For the year ended 31 March, 2017		
	Business segments		Total
	System Integration & Support	Software Development & Services	
Revenue	6,658.84	116,645.13	123,303.97
	(6,703.53)	(100,817.08)	(107,520.61)
Segment result	835.67	28,697.10	29,532.77
	(672.41)	(25,965.63)	(26,638.04)
Unallocable expenses (net)			3,382.99
			(3,003.73)
Operating income			26,149.78
			(23,634.31)

## Notes forming part of the financial statements

Segment information (Contd.)			₹ lakhs
Particulars	For the year ended 31 March, 2017		Total
	Business segments		
	System Integration & Support	Software Development & Services	
Interest			- (-)
Profit before taxes			26,149.78 (23,634.31)
Tax expense			8,820.64 (8,153.30)
Net profit for the year			17,329.14 (15,481.01)

Segment assets include all assets relating to the segment and consist principally of fixed assets, receivables, other current assets and non-current assets.

Segment liabilities include all liabilities relating to the segment and consist principally of trade payables and other operating liabilities

			₹ lakhs
Particulars	For the year ended 31 March, 2017		Total
	Business segments		
	System Integration & Support	Software Development & Services	
Segment assets	2,439.01 (2,462.17)	43,391.90 (28,073.48)	45,830.91 (30,535.65)
Unallocable assets			22,825.19 (27,028.45)
Total assets			68,656.10 (57,564.10)
Segment liabilities	1,621.75 (1,583.81)	6,808.97 (7,779.04)	8,430.72 (9,362.85)
Unallocable liabilities			5,147.53 (9,654.47)
Total liabilities			13,578.25 (19,017.32)
Other information			
Capital expenditure (unallocable)			2,784.94 (3,489.99)
Depreciation and amortisation	34.25 (36.36)	2,657.88 (2,224.06)	2,692.13 (2,260.42)
Provision for doubtful debts	13.49 (17.41)	44.40 (64.44)	57.89 (81.85)

## Notes forming part of the financial statements

The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:

₹ lakhs

Geographic Segment	Revenues for the year ended 31 March, 2017	Segment assets as at 31 March, 2017	Capital expenditure incurred during the year ended 31 March, 2017
India	18,761.02 (16,853.46)	38,706.09 (29,301.89)	2,770.71 (3,466.66)
US	40,646.99 (34,064.77)	8,780.71 (6,943.34)	7.44 (6.86)
Europe	53,783.69 (49,042.75)	17,031.66 (11,682.60)	6.79 (9.09)
Others	10,112.26 (7,559.63)	4,137.64 (9,636.27)	- (7.38)
<b>Total</b>	<b>123,303.96</b> (107,520.61)	<b>68,656.10</b> (57,564.10)	<b>2,784.94</b> (3,489.99)

Note: Figures in bracket with respect to statement of profit and loss items pertain to year ended 31<sup>st</sup> Mar 2016. Segment revenue in India comprises revenue from System Integration and Software development and services. Segment revenue outside India predominantly comprises revenue from software development and services. Segment assets include all assets relating to the segment and consist principally of fixed assets, receivables, inventory, other current and non-current assets. Assets located outside India primarily relate to trade receivables.

### 23.4 Related party transactions

Description of relationship	Names of related parties
Company with significant influence	Tata Sons Limited
Key Management Personnel (KMP)	Mr. Madhukar Dev- Managing Director

### 23.5. Details of related party transactions during the year ended 31 March, 2017 and balances outstanding as at 31 March, 2017:

₹ lakhs

Particulars	Company with Significant Influence	KMP	Total
Rendering of services	0.20 (18.63)		0.20 (18.63)
Dividend paid	1840.67 (1446.24)		1840.67 (1446.24)
Receiving of services- Brand fee and other Services	344.98 (317.18)		344.98 (317.18)
Remuneration and commission		528.93 (422.19)	528.93 (422.19)
Balances outstanding at the end of the year:			
Trade payable	297.60 (249.50)	275.00 (225.00)	572.60 (474.50)

Note: Figures in brackets relate to the previous year.



## Notes forming part of the financial statements

### 23.6. Details of leasing arrangements

Particulars	₹ lakhs	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>Details of leasing arrangements</b>		
The Company has entered into operating lease arrangements for certain facilities and office premises. Some of these leases are non-cancellable and are for a period of one to three years and may be renewed based on mutual agreement of the parties. These lease agreements provide for an increase in the lease payments upto 15 % as per lease agreements.		
Future minimum lease payments		
not later than one year	487.68	761.15
later than one year and not later than five years	266.04	751.57
Lease payments recognised in the Statement of Profit and Loss	1,584.17	1,573.43

### 23.7 Earnings per share

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>Earnings per share</b>		
Basic		
Net profit / (loss) for the year attributable to the equity shareholders (₹ lakhs)	17,329.14	15,481.01
Weighted average number of equity shares	31,138,220	31,138,220
Par value per share (₹)	10	10
Earnings per share - basic and diluted (₹)	55.65	49.72

### 23.8 Taxes

		₹ lakhs	
Note	Particulars	As at 31 March, 2017	As at 31 March, 2016
a)	Current tax is determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. Provision for tax includes ₹730.76 lakhs (31 March, 2016 : ₹ 680.06 lakhs) in respect of overseas operations.		
b)	<b>Deferred tax (liability) / asset</b>		
	Tax effect of items constituting deferred tax liability		
	On difference between book balance and tax balance of fixed assets	(519.29)	(570.80)
	Tax effect of items constituting deferred tax liability	(519.29)	(570.80)
	Tax effect of items constituting deferred tax assets		
	Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961, etc.	842.29	697.44
	Tax effect of items constituting deferred tax assets	842.29	697.44
	<b>Net deferred tax (liability) / asset</b>	<b>323.00</b>	<b>126.64</b>

## Notes forming part of the financial statements

### 23.9 Details of provisions

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

₹ lakhs					
Particulars	As at 31 March, 2016	Additions	Utilisation	Reversal (withdrawn as no longer required)	As at 31 March, 2017
Provision for warranty	41.09	192.20	-	181.35	51.94
	(31.04)	(153.65)	(-)	(143.60)	(41.09)

Note: - Figures in brackets relate to the previous year.

Of the above, the following amounts are expected to be incurred within a year:

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
Provision for warranty	51.94	41.09

24. The Company has entered into incubation agreement for providing services pertaining to promotion of business of the entrepreneurs and also providing infrastructure facilities and resources. In consideration for the services rendered shares has been allocated /transferred as under.

Name of the Company	No shares allotted /transferred	Face value of shares (₹)
Big V Telecom Pvt. Ltd	22250	10
Sismatik Solutions Private Limited	1000	10
Street Smart Mobile Technologies Private Limited	2000	10

Considering probability of successful outcome of such development and the ability of these entities to commercialise the product being developed, as a matter of prudence the company has recorded these investments at Re.1/-. Any gain on such investment will be recognized on its disposal.

25. The aggregate amount of research and development expenditure recognised as an expense during the year is ₹ 1689.82 lakhs (Previous year ₹ 1556.00 lakhs )

## Notes forming part of the financial statements

### 26. Details of specified bank notes.

₹ lakhs

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.23	0.89	1.12
(+) Permitted receipts till 30.12.2016	-	1.04	1.04
(-) Permitted payments till 30.12.2016	-	1.44	1.44
(-) Amount deposited in Banks	0.23	-	0.23
Closing cash in hand as on 30.12.2016	-	0.49	0.49

**27** The Board of Directors at its meeting held on April 27, 2017 have recommended a dividend of 160% (₹ 16 per equity share of par value ₹10/- each) which is subject to approval of shareholders. If approved, this would result in a cash outflow of approximately ₹5,996.36 lakhs, inclusive of dividend distribution tax.

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

#### For and on behalf of the Board of Directors

N G Subramaniam	Chairman
Shyamala Gopinath	Director
Madhukar Dev	Managing Director
Ramaseshan K	Chief Financial Officer
G. Vaidyanathan	Company Secretary

Bengaluru, April 27, 2017

## Significant three years Highlight

(₹ lakhs)

	31.03.2017	31.03.2016	31.03.2015
<b>Income</b>			
Revenue from operations	123303.97	107520.61	84940.11
Other Income	1637.32	1185.91	414.03
<b>Total</b>	<b>124941.29</b>	<b>108706.52</b>	<b>85354.14</b>
<b>Expenditure</b>			
Cost of sales	7472.23	6997.87	7520.72
Personnel expenses	66934.20	57648.74	46061.12
Finance costs	-	-	0.25
Depreciation / amortisation expense	2692.13	2260.42	2472.81
Other expenses	21692.95	18165.18	13701.53
<b>Total</b>	<b>98791.51</b>	<b>85072.21</b>	<b>69756.43</b>
Profit before tax	26149.78	23634.31	15597.71
Provision for tax	(8820.64)	(8153.30)	(5307.72)
Profit for the year	17329.14	15481.01	10289.99

## Significant Ratio Analysis

Sl. No.	Particulars	Unit	31.03.2017	31.03.2016	31.03.2015
1	Earning before interest, depreciation and tax/Sales	%	23.39	24.08	21.27
2	Profit before taxes/Sales	%	21.21	21.98	18.36
3	Profit after taxes/Sales	%	14.05	14.40	12.11
4	Current Ratio	No. of Times	4.14	2.32	1.91
5	Debt Equity Ratio	%	-	-	-
6	Earning per share	₹	55.65	49.72	33.05
7	Book Value per share	₹	179.52	123.86	91.00
8	Return on Net Worth	%	31.00	40.14	36.32
9	Return on Capital Employed	%	31.00	40.14	36.35



TSR Darashaw Limited  
Unit: Tata Elxsi Limited  
6-10 Haji Moosa Patrawala Industrial Estate,  
20 Dr. E. Moses Road, Mahalaxmi, Mumbai-400011

### Updation of Shareholder Information

I / We request you to record the following information against my / our Folio No.:

#### General Information:

Folio No.:	
Name of the first named Shareholder:	
PAN: *	
CIN / Registration No.: *	
(applicable to Corporate Shareholders)	
Tel No. with STD Code:	
Mobile No.:	
Email Id:	

\*Self attested copy of the document(s) enclosed

#### Bank Details:

IFSC:	
(11 digit)	
MICR:	
(9 digit)	
Bank A/c Type:	Savings/ Current/ Other
Bank A/c No.: *	
Name of the Bank:	
Bank Branch Address:	

\* A blank cancelled cheque is enclosed to enable verification of bank details

I / We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I / we would not hold the Company/ RTA responsible. I / We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I / We understand that the above details shall be maintained till I / we hold the securities under the above mentioned Folio No./ beneficiary account.

Place:  
Date:

\_\_\_\_\_  
Signature of Sole / First holder





## Form No. SH-13

### Nomination Form

[Pursuant to Section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014]

**Tata Elxsi Limited**

ITPB Road, Whitefield, Bengaluru - 560 048

I/We the holder(s) of the securities, particulars of which are given hereunder, wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive No.

(2) PARTICULARS OF NOMINEE/S –

- (a) Name :
- (b) Date of Birth:
- (c) Father's/Mother's/Spouse's name:
- (d) Occupation:
- (e) Nationality:
- (f) Address:
- (g) E-mail Id:
- (h) Relationship with the security holder:

(3) IN CASE NOMINEE IS A MINOR –

- (a) Date of birth:
- (b) Date of attaining majority:
- (c) Name of guardian:
- (d) Address of guardian

Name:

Address:

Name of the Security holder (s)

Signature

Witness with name, address and signature



**TATA****TATA ELXSI LIMITED**

Corporate Identification No. L85110KA1989PLC009968  
Registered Office: ITPB Road, Whitefield, Bangalore - 560 048.  
Ph. No. 080 22979123 Fax No. 080 28411474  
Email id: investors@tataelxsi.com Website: www.tataelxsi.com

**PROXY FORM**

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

Name of the member(s):	E-mail Id:
Registered address:	Folio No/Client Id*:
	DP Id*:

\*Applicable to shareholders holding shares in electronic form

I/We.....of.....being a Member(s) of

Tata Elxsi Limited, hereby appoint:

- 1) ..... of ..... having e-mail i.d ..... or failing him
- 2) ..... of ..... having e-mail i.d ..... or failing him
- 3) ..... of ..... having e-mail i.d ..... and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me /us and on my/our behalf at the 28<sup>th</sup> Annual General Meeting of the Company, to be held at St. John's Auditorium, John Nagar, Koramangala, Bengaluru- 560 034, on Thursday the 27<sup>th</sup> July, 2017 at 12.30 PM and any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	FOR	AGAINST
1.	Adoption of financial statements for the year ended 31 <sup>st</sup> March, 2017 together with Directors' Report and Auditors' Report		
2.	Declaration of dividend for the financial year 2016-17		
3.	Appointment of Dr. G.Katragadda as a Director of the Company, liable to retire by rotation		
4.	Appointment of M/s. BSR & Co., LL.P, Chartered Accountants as Statutory Auditors of the Company		
5.	Appointment of Mr. Sudhakar Rao as a Director of the Company		
6.	Re-Appointment of Mr. Madhukar Dev as Managing Director & CEO of the Company		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Signature of Shareholder: \_\_\_\_\_

Signature of Proxy holder \_\_\_\_\_

Please affix  
Revenue  
Stamp

Notes:

1. This form of Proxy , in order to be effective, should be duly completed and deposited at the Registered Office of the Company, at ITPB Road, Whitefield Bangalore - 560 048, not less than Forty-Eight (48) hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of Twenty Eighth Annual General Meeting.

**TATA ELXSI LIMITED**

Corporate Identification No. L85110KA1989PLC009968  
Registered Office: ITPB Road, Whitefield, Bangalore - 560 048.  
Ph. No. 080 22979123 Fax No. 080 28411474  
Email id: investors@tataelxsi.com Website: www.tataelxsi.com

**ATTENDANCE SLIP**

(Please hand over the filled Attendance slip at the Entrance of the Meeting Hall)

DP.Id*:	
Client Id*:	

\*Applicable to shareholders holding shares in electronic form

Folio No.	
No. of Shares	

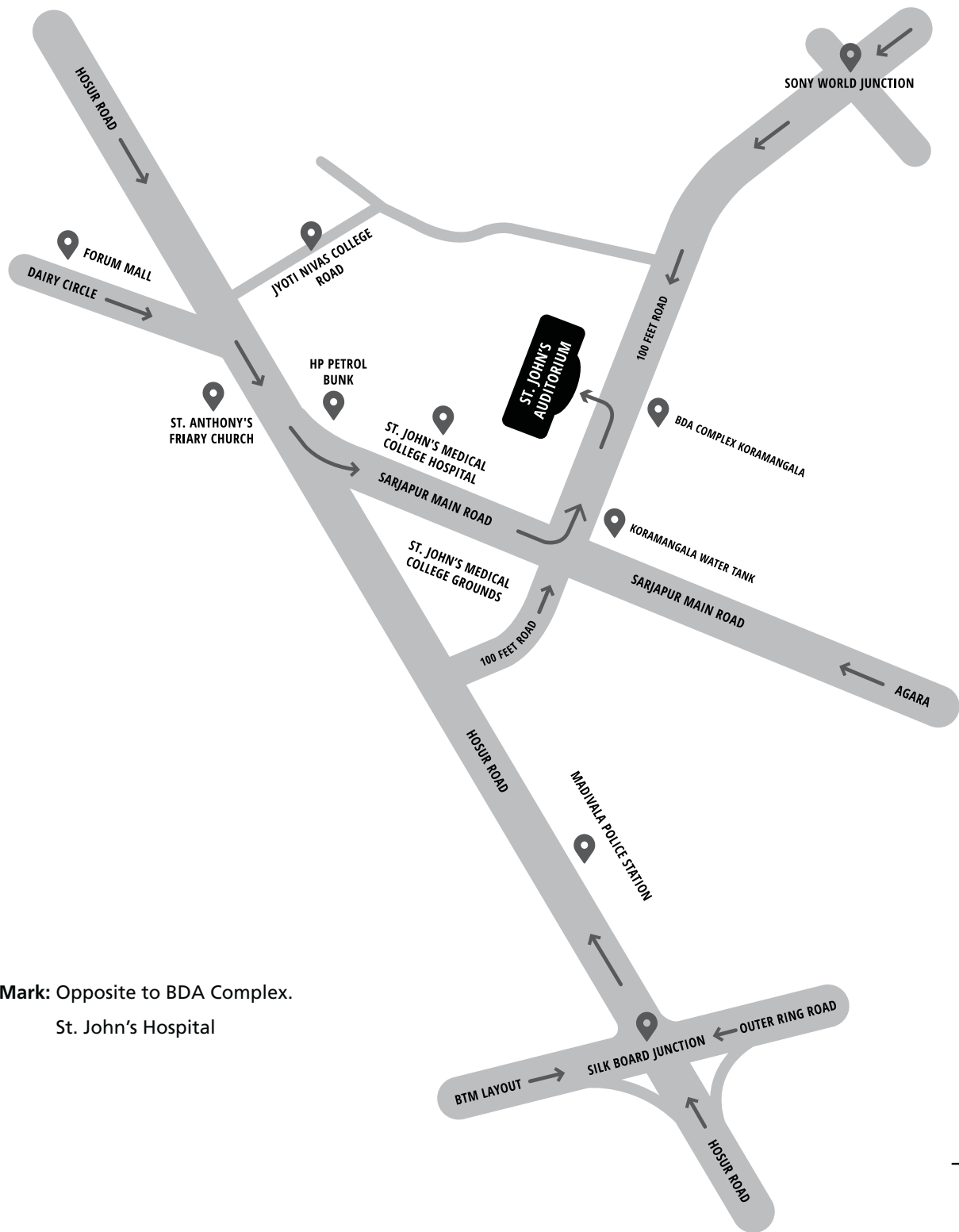
Name and Address of the Shareholder:

Signature of Shareholder/Proxy

I hereby record my presence at the **28<sup>th</sup> Annual General Meeting** of the Company held at St. John's Auditorium, John nagar, Koramangala, Bangalore-5600034 on Thursday the 27<sup>th</sup> July, 2017 at 12.30 PM.







Land Mark: Opposite to BDA Complex.  
St. John's Hospital



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Registered & Corporate Office

**Tata Elxsi Limited**

ITPB Road Whitefield Bangalore 560 048  
India

(CIN-L85110KA1989PLC009968)

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