

ANNUAL REPORT OF INCAT GMBH

INCAT GmbH, GERMANY

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INCAT GmbH, GERMANY

DIRECTORS: 1. Nick Sale
2. Stephane Bechot

REGISTERED: Breitwiesenstrasse 19,
OFFICE 70565, Stuttgart, Germany

Eighteenth Annual Report 2016-17

INCAT GmbH

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Significant Accounting Policies

1.1 Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

The transition was carried out from Accounting principles generally accepted in India, which was the previous GAAP (referred as "previous GAAP"), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 which was followed upto the year ended March 31, 2016. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

1.2 Critical accounting estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below. Accounting estimates could change from year to year. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the year in which changes are made.

1.3 Revenue recognition

Revenue is measured at fair value of consideration received or receivable.

Revenue from services on time and materials contracts is recognized when services are rendered and related costs are incurred i.e. based on certification of time sheets as per the terms of specific contracts. Revenues from fixed price contracts are recognized when collectability of the resulting receivable is reasonably assured or percentage of completion method depending on terms of the contract. The percentage of completion is determined on the degree of the cost incurred. Foreseeable losses on such contracts are recognized when probable. Revenue accrued from the end of the last billing to the balance sheet date is recognised as unbilled revenue.

Revenue from third party software products and hardware sale is recognized upon delivery.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.4 Fixed assets and depreciation

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Type of Asset	Useful life
Lease hold improvements	Lower of Lease period or useful life
Buildings	15 to 25 years
Plant and machinery	1 to 21 years
Computer equipment's	1 to 4 years
Vehicles	3 to 11 years
Furniture & fixtures	1 to 21 years
Software	1 to 4 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end with the effect of any changes in the estimate accounted for on a prospective basis.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in net profit in the statement of profit and loss.

1.5 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. Amortization methods and useful lives are reviewed periodically including at each financial year end.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in net profit in the statement of profit and loss.

1.6 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories are ascertained on a first in first out basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

1.7 Taxation

Current income tax expense is determined in accordance with tax laws applicable in countries where such operations are domiciled. Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only to the extent that there is virtual certainty that taxable income will be available to realize these assets. All other deferred tax assets are recognized only to the extent that there is reasonable certainty that future taxable income will be available to realize these assets.

1.8 Foreign currency transaction and translation

Foreign-currency denominated monetary assets and liabilities are re-instated at exchange rates at the balance sheet date. The gains or losses resulting from such translations are included in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. The functional currency of the Company and its foreign branch is the Indian Rupee.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit/loss for the year in which the transaction is settled and is charged to the statement of Profit & Loss. Revenue, expense and cash-flow items denominated in foreign currencies are re-instated using the exchange rate in effect on the date of the transaction.

1.9 Impairment of Assets

At each balance sheet date, the Company reviews using internal resources the carrying amounts of its fixed assets to determine whether there is any indication that the assets suffered an impairment loss. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from continuing use of the asset and from its disposal are discounted to their present value using a pre tax rate that reflects the current market assessments of time value of money and the risks specific to the asset. Reversal of impairment loss is recognized immediately as income in the Profit and Loss Account.

1.10 Provisions, contingent liabilities and contingent assets

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

INCAT GmbH
Balance Sheet as on March 31, 2017

Particulars	Note No	(Amount in €)	(Amount in INR)	(Amount in €)	(Amount in INR)
		March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2016
I. ASSETS					
(1) Current Assets					
(a) Financial assets:					
(i) Trade receivables	2	2,028,261	140,558,477	2,172,690	163,755,669
(ii) Cash and cash equivalents	3	223,554	15,492,275	-	-
(b) Other current assets	4	389	26,969	45,757	3,448,741
Total Current Assets		2,252,204	156,077,721	2,218,448	167,204,410
Total Assets		2,252,204	156,077,721	2,218,448	167,204,410
II. EQUITY AND LIABILITIES					
(1) Equity					
(a) Equity Share capital	5	164,000	11,365,200	164,000	12,360,680
(b) Other Equity		2,014,368	139,595,673	1,969,997	148,478,657
Total Equity		2,178,368	150,960,873	2,133,997	160,839,337
Liabilities					
(1) Current Liabilities					
(a) Financial liabilities:					
(i) Trade payables		51,579	3,574,433	60,093	4,529,168
(b) Current income tax liabilities		22,257	1,542,415	24,359	1,835,904
Total Current Liabilities		73,836	5,116,848	84,451	6,365,072
Total Liabilities		73,836	5,116,848	84,451	6,365,072
Total Equity and Liabilities		2,252,204	156,077,721	2,218,448	167,204,410

Notes forming part of Financial Statements

1-10

For and on behalf of the Board of Directors

Nick Sale
Stephane Bechot

Director
Director

Place: Germany
Date:

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

Particulars	Note No	(Amount in €) Year ended March 31, 2017	(Amount in INR) Year ended March 31, 2017	(Amount in €) Year ended March 31, 2016	(Amount in INR) Year ended March 31, 2016
I. Other Income	6	47,661	3,302,926	47,036	3,545,106
Total Income		47,661	3,302,926	47,036	3,545,106
II. Expenses :					
(a) Consultancy fees, softwares and others	7	3,000	207,900	-	-
(b) Other expenses	8	290	20,130	639	48,181
Total expenses (II)		3,290	228,030	639	48,181
III. Profit before tax (I-II)		44,371	3,074,896	46,397	3,496,925
IV. Tax Expense :					
(a) Current tax		-	-	-	-
V. Profit for the year (III-IV)		44,371	3,074,896	46,397	3,496,925
VI. Other comprehensive income:					
(i) Exchange differences on translation of foreign operations		-	-	-	-
VII. Other comprehensive income for the year		-	-	-	-
VIII. Total comprehensive income for the period (VI+VII)		44,371	3,074,896	46,397	3,496,925
Notes forming part of Standalone Financial Statements	1-10				

For and on behalf of the Board of Directors

Nick Sale
Stephane Bechot

Director
Director

Place: Germany
Date:

INCAT GmbH
Cash Flow Statement

	(Amount in €)	(Amount in INR)	(Amount in €)	(Amount in INR)
	Year ended	Year ended	Year ended	Year ended
	March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit after taxation	44,371	3,074,896	46,397	3,496,925
Operating profit before working capital changes	44,371	3,074,896	46,397	3,496,925
Adjustments for (Increase) / Decrease in operating assets and liabilities				
Trade receivables	144,429	10,008,962	(2,170,589)	(163,597,317)
Other current assets	45,368	3,144,024	(828)	(62,442)
Other Loans and advances	-	-	2,130,920	160,607,440
Other liabilities	(2,101)	(145,633)	-	-
Trade payables	(8,513)	(589,975)	(5,899)	(444,608)
CASH (USED IN) / GENERATED FROM OPERATIONS	223,554	15,492,275	(0)	0
NET CASH FLOW (USED IN)/GENERATED FROM OPERATING ACTIVITIES	223,554	15,492,275	(0)	0
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	223,554	15,492,275	(0)	0
Cash & Bank balances at the close of the year (Refer Note 3) #	223,554	15,492,275	-	-
Cash & Bank balances at the beginning of the year (Refer Note 3) #	-	-	-	-
	223,554	15,492,275	-	-

Notes forming part of Financial Statements

1-10

For and on behalf of the Board of Directors

Nick Sale
Stephane Bechot

Director
Director

Place: Germany

Date:

INCAT GmbH
Statement of changes in equity

(Amount in €)

Other Equity	Equity Share Capital	Reserves and Surplus		Total equity
		Capital Reserve	Retained earnings	
Balance as at April 1, 2015	164,000	832,809	1,090,791	2,087,600
Income for the year	-	-	46,397	46,397
Total comprehensive income/(loss) for the year	164,000	832,809	1,137,188	2,133,997
Dividend paid (including dividend tax)	-	-	-	-
Balance as at March 31, 2016	164,000	832,809	1,137,188	2,133,997
Balance as at April 1, 2016	164,000	832,809	1,137,188	2,133,997
Income for the year	-	-	44,371	44,371
Total comprehensive income/(loss) for the year	164,000	832,809	1,181,559	2,178,368
Dividend paid (including dividend tax)	-	-	-	-
Balance as at March 31, 2017	164,000	832,809	1,181,559	2,178,368

(Amount in INR)

Other Equity	Equity Share Capital	Reserves and Surplus		Total equity
		Capital Reserve	Retained earnings	
Balance as at April 1, 2015	12,360,680	62,768,814	82,212,918	157,342,412
Income for the year	-	-	3,496,925	3,496,925
Total comprehensive income/(loss) for the year	12,360,680	62,768,814	85,709,843	160,839,337
Dividend paid (including dividend tax)	-	-	-	-
Balance as at March 31, 2016	12,360,680	62,768,814	85,709,843	160,839,337
Balance as at April 1, 2016	11,365,200	57,713,664	78,807,113	147,885,977
Income for the year	-	-	3,074,896	3,074,896
Total comprehensive income/(loss) for the year	11,365,200	57,713,664	81,882,010	150,960,873
Dividend paid (including dividend tax)	-	-	-	-
Balance as at March 31, 2017	11,365,200	57,713,664	81,882,010	150,960,873

Notes forming part of Standalone Financial Statements

1-10

For and on behalf of the Board of Directors

Nick Sale
Stephane Bechot

Director
Director

Place: Germany

Date:

INCAT GmbH
Notes forming part of the Financial Statements

	(Amount in €) As at March 31, 2017	(Amount in INR) As at March 31, 2017	(Amount in €) As at March 31, 2016	(Amount in INR) As at March 31, 2016
2 TRADE RECEIVABLES (Unsecured, considered good unless otherwise stated)				
Considered good	2,028,261	140,558,477	2,172,690	163,755,669
Considered doubtful	-	-	-	-
	2,028,261	140,558,477	2,172,690	163,755,669
Less : Expected credit loss allowance	-	-	-	-
	2,028,261	140,558,477	2,172,690	163,755,669
	2,028,261	140,558,477	2,172,690	163,755,669

The average credit period on sales of goods and services is 30-60 days.

Before accepting any new Customer, it is ensured that the Credit limit is in order to the customers and all the required approvals are obtained as per the policy. Credit Limits are reviewed from time to time based on the operations in the customer account.

Further, customers which represents more than 5% of Gross Trade Receivables are as follows :

1. ALLEGIS GLOBAL SOLUTIONS USD 194,800 (USD 74,128 as at March 31, 2016)

The company provides a loss allowance on case to case basis at the end of each reporting period. An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a larger number of customers that are outstanding for upto 180 days are assessed for impairment collectively.

Ageing of receivables

Within the credit period
1-30 days past due

	(Amount in €) As at March 31, 2017	(Amount in INR) As at March 31, 2017	(Amount in €) As at March 31, 2016	(Amount in INR) As at March 31, 2016
Within the credit period	84,558	5,859,869	-	-
1-30 days past due	110,242	7,639,784	74,128	5,587,030
	194,800	13,499,654	74,128	5,587,030

Movement in the expected credit loss allowance

Balance at the beginning of the year
Movement in expected credit allowance on trade receivables
Reversal of provisions for debts paid (Capital Reduction)
Balance at the end of the year

	(Amount in USD) As at March 31, 2017	(Amount in INR) As at March 31, 2017	(Amount in USD) As at March 31, 2016	(Amount in INR) As at March 31, 2016
Balance at the beginning of the year	-	-	-	-
Movement in expected credit allowance on trade receivables	-	-	-	-
Reversal of provisions for debts paid (Capital Reduction)	-	-	-	-
Balance at the end of the year	-	-	-	-

3 CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents include the cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

	(Amount in €) As at March 31, 2017	(Amount in INR) As at March 31, 2017	(Amount in €) As at March 31, 2016	(Amount in INR) As at March 31, 2016
(a) Current account with banks	223,554	15,492,275	-	-
	223,554	15,492,275	-	-

4 OTHER CURRENT ASSETS

(a) VAT, other taxes recoverable, statutory deposits

	(Amount in €) As at March 31, 2017	(Amount in INR) As at March 31, 2017	(Amount in €) As at March 31, 2016	(Amount in INR) As at March 31, 2016
(a) VAT, other taxes recoverable, statutory deposits	389	26,969	45,757	3,448,741
	389	26,969	45,757	3,448,741

INCAT GmbH
Notes forming part of the Financial Statements

	<u>(Amount in €)</u>	<u>(Amount in INR)</u>	<u>(Amount in €)</u>	<u>(Amount in INR)</u>
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	<u>March 31, 2017</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2016</u>
5 Equity Share Capital				
(a) Authorised share capital				
1640 (previous year 1640) Ordinary shares of EUR 100 each	164,000	11,365,200	164,000	12,360,680
(b) Issued, Subscribed and Fully paid up capital:				
1640 (previous year 1640) Ordinary shares of EUR 100 each	164,000	11,365,200	164,000	12,360,680
Total	164,000	11,365,200	164,000	12,360,680

INCAT Gmbh
Notes forming part of the Financial Statements

	(Amount in €) Year ended March 31, 2017	(Amount in INR) Year ended March 31, 2017	(Amount in €) Year ended March 31, 2016	(Amount in INR) Year ended March 31, 2016
6 OTHER INCOME				
(a) Interest Income				
Interest income earned on financial assets that are not designated as at fair value through profit and loss				
(i) Interest income-others	47,661	3,302,926	47,036	3,545,106
	47,661	3,302,926	47,036	3,545,106
	(Amount in €) Year ended March 31, 2017	(Amount in INR) Year ended March 31, 2017	(Amount in €) Year ended March 31, 2016	(Amount in INR) Year ended March 31, 2016
7 CONSULTANCY FEES, SOFTWARES AND OTHERS				
(a) Professional fees	3,000	207,900	-	-
	3,000	207,900	-	-
	(Amount in €) Year ended March 31, 2017	(Amount in INR) Year ended March 31, 2017	(Amount in €) Year ended March 31, 2016	(Amount in INR) Year ended March 31, 2016
8 OTHER EXPENSES				
(a) Miscellaneous expenses	290	20,130	639	48,181
	290	20,130	639	48,181

9 Related Party disclosures

A statement of transactions with related parties has been attached herewith:

Nature of Transaction	Tata Technologies Europe Limited (€)	Tata Technologies Europe Limited (₹)
Financial services received by the Reporting Enterprise		
Interest received on Loans	42,480 (47,036)	3,126,549 (3,545,103)
Dues Receivable by the Reporting Enterprise as on the date of the Reporting Period		
Loans paid and outstanding (Incl. of interest)	2,119,270 (2,261,599)	146,865,436 (170,456,729)
Any other items		
Sale of business / undertakings	91,010 -91,010	6,306,993 -6,859,422

(Previous year figures are in brackets)

10 (a) Conversion into Indian Rupees

The financial information is expressed in Euro only in the Accounting packs based on which the attached financial statements have been reformatted. Solely for the convenience of the reader and to meet the requirement of section 129 of the Companies (Accounts) Rules, 2014, the amounts appearing in Indian Rupees have been translated at a fixed exchange rate of 1 € = Rs. 75.37 as on March 31, 2016 (1 Euro=Rs. Rs. 67.19662 as at 31st March 2015) These translations should not be construed as a representation that any or all the amounts could be converted to Indian Rupees at this or any other rate.

- 10 (b)** The above Financial Statements are prepared from the internally prepared management accounts of the Company. There is no separate audit report is given in respect of the Company. An audit report for the Group is issued by Deloitte Haskins & Sells, Chartered Accountants and is included in its financial statements.

TO THE MEMBERS OF INCAT GmbH

The Directors hereby present the Eighteenth Annual Report on the Business and Operations of the Company and Statement of Accounts for the year ended March 31, 2017.

1. FINANCIAL RESULTS

The Financial Results of the Company for the year ended March 31, 2017 are as follows:

	For the year ended	
	(In €)	(In ₹)
Other Income	47,661	3,302,926
Profit for the year	44,371	3,074,896

2. OPERATIONS

As a part of Euro one restructuring exercise, the business operations of the Company along with assets and liabilities were transferred to Tata Technologies Europe Limited as on 1st April 2009. As a result, the Company has not carried out any business operations during the year under consideration. The Company is in the process of liquidation.

Consequently, no sales turnover has been reported. However, the Company has incurred certain Interest income earned over loan given to Tata Technologies Europe Limited (its fellow subsidiary) was € 47,661 (₹3,302,926). During the year, the company reported profit of € 44,371 (₹3,074,896)

3. CHANGE IN SHARE CAPITAL

During the year, no changes have occurred in the authorized and paid up capital of the Company.

4. DIVIDEND

Considering the overall financial performance of the Company, the Board of Directors have not recommended any dividend on equity capital of the Company during the year under reference.

5. POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events, since the end of the financial year ended 31st March 2016, which have had a material effect on the financial position of the Company.

6. PUBLIC DEPOSITS

The Company has not accepted any deposits from the public.

7. CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION

The operations of the Company are such that they are not deemed as energy intensive. However, the Company constantly makes effort to avoid excessive consumption of energy and encourage conservation of energy.

8. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134 (5) of the Companies Act, 2013 the directors, based on the representations received from the operating management, confirm that:-

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
2. they have, in selection of the accounting policies, applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year;
3. they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
4. they have prepared the annual accounts on a "going concern basis".
5. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

9. LIQUIDATION OF THE COMPANY

The management of the Company has initiated the liquidation of the Company during the year and the same will be completed in the next financial year 16-17.

10. ACKNOWLEDGEMENTS

The Directors wish to place on record their gratitude to all the Company's customers, business partners, bankers, auditors and government/statutory authorities for their support.

On behalf of the Board of Directors;

Nick Sale	Director
Stephane Bechot	Director

Place : Stuttgart, Germany

Date :