

Tata Technologies De Mexico SA DE CV

Annual Financial Statements

For the year ended March 31, 2019

TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO

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TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO

DIRECTORS: 1. Warren Harris
2. Sonal Ramrakhiani
3. Fernando Oviedo

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OFFICE Local C-46, C.P., 27100 Torreon,
Coahuila, Mexico

Twentieth annual report 2018-19

Tata Technologies de Mexico, S.A. de C.V.

Notes forming part of financial statements

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. 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

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.

TATA TECHNOLOGIES DE MEXICO SA DE CV
Balance Sheet as at

(Amount in MXN)

Particulars	Note No	March 31, 2019	March 31, 2018
I. ASSETS			
✓(1) Non-current Assets			
(a) Property, Plant and Equipment	1	76,922	92,252
Total Non-current Assets		76,922	92,252
✓(2) Current Assets			
(a) Financial assets:			
(i) Trade receivables	2	23,453,562	21,808,867
(ii) Cash and cash equivalents	3	9,203,378	13,203,266
(iii) Other Loans and advances	4	21,000	21,000
(b) Current tax assets (net)		5,930,470	5,930,470
(c) Other current assets	5	1,052,110	876,269
Total Current Assets		39,660,520	41,839,872
Total Assets		39,737,442	41,932,124
II. EQUITY AND LIABILITIES			
✓(1) Equity			
(a) Equity Share capital	6	1,763,465	1,763,465
(b) Other Equity	7	14,485,907	16,034,864
Total Equity		16,249,372	17,798,329
Liabilities			
✓(2) Current Liabilities			
(a) Financial liabilities:			
(i) Trade payables	8	18,306,163	19,640,972
(b) Current tax liabilities (net)		605,113	605,113
(c) Other current liabilities	9	4,576,794	3,887,711
Total Current Liabilities		23,488,070	24,133,796
Total Liabilities		23,488,070	24,133,796
Total Equity and Liabilities		39,737,442	41,932,124
Notes forming part of Financial Statements	1-14		

For and on behalf of Board of Directors

Warren Harris

Sonal Ramrakhiani

Fernando Oviedo

TATA TECHNOLOGIES DE MEXICO SA DE CV
Profit and Loss Statement for the year ended

		(Amount in MXN)	
Particulars	Note No	March 31, 2019	March 31, 2018
I. Revenue from Operations	10	52,402,612	57,898,731
II. Other Income	11	1,340,111	255,390
III. Total Income (I + II)		53,742,723	58,154,121
IV. Expenses :			
(a) Cost of traded products		40,267,337	41,073,198
(b) Consultancy fees, softwares and others	12	3,600,845	2,526,185
(c) Employee benefits expense	13	7,719,448	10,242,172
(d) Depreciation and amortisation expense	1	67,087	73,933
(e) Other expenses	14	3,636,963	2,703,977
Total expenses (IV)		55,291,680	56,619,464
V. Profit before tax (III-IV) and Exceptional items		(1,548,957)	1,534,657
VI. Profit / (Loss) Before Tax		(1,548,957)	1,534,657
VII. Tax Expense :			
(a) Current Tax		-	-
VIII. Profit after Tax (VI-VII)		(1,548,957)	1,534,657
Notes forming part of Financial Statements	1-14		

For and on behalf of Board of Directors

Warren Harris

Sonal Ramrakhiani

Fernando Oviedo

TATA TECHNOLOGIES DE MEXICO SA DE CV

Cash Flow Statement for

	(Amount in MXN)	
	March 31, 2019	March 31, 2018
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) after Taxation and Extraordinary Items	(1,548,957)	1,534,657
Depreciation and amortization	67,087	67,087
Interest Income	(26,650)	(47,752)
Allowances for doubtful debts	1,464,752	469,111
Operating profit before Working Capital Changes	(43,770)	2,023,103
Adjustments for :		
Trade Receivables	(3,109,446)	(9,244,437)
Advance to Supplier, Contractors & Others	(179,597)	(324,444)
Prepaid Expenses	3,758	(109,696)
Trade Payables	(1,334,809)	11,268,612
Other Current Liabilities	689,083	(2,305,586)
NET CASH FLOW (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(3,974,781)	1,307,552
CASH FLOW FROM INVESTING ACTIVITIES		
Interest Received	26,650	47,752
Payment for Purchase of Fixed Assets	(51,757)	(79,203)
NET CASH FLOW (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(25,107)	(31,451)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	(3,999,888)	1,276,101
Cash & Cash equivalent at the close of the year as per Schedule 3	9,203,378	13,203,266
Cash & Cash equivalents at the beginning of the year as per Schedule 3	13,203,266	11,927,165
	(3,999,888)	1,276,101

For and on behalf of Board of Directors

Warren Harris

Sonal Ramrakhiani

Fernando Oviedo

TATA TECHNOLOGIES DE MEXICO SA DE CV
Notes forming part of the Financial Statements

1 Property, Plant and Equipment

(Amount in MXN)

	As at March 31, 2019	As at March 31, 2018
(i) Carrying amounts of:		
Plant & Machinery and Equipments - owned	31,297	29,524
Computers	45,625	62,208
Furniture and fixtures	-	520
	76,922	92,252

(Amount in MXN)

Property, plant and equipment	Plant & Machinery and Equipments - owned	Computers	Furniture and fixtures	Leasehold Improvements	Total
Cost as of April 1, 2018	141,587	867,555	145,043	42,513	1,196,698
Additions	18,259	33,497	-	-	51,756
Cost as of March 31, 2019	159,846	901,052	145,043	42,513	1,248,454
Accumulated depreciation as of April 1, 2018	112,062	805,347	144,523	42,513	1,104,445
Depreciation for the year	16,487	50,080	520	-	67,087
Accumulated depreciation as of March 31, 2019	128,549	855,427	145,043	42,513	1,171,532
Net carrying amount as of March 31, 2019	31,297	45,625	-	-	76,922
Cost as of April 1, 2017	125,418	797,674	145,044	42,513	1,110,648
Additions	16,169	69,880	-	-	86,049
Cost as of March 31, 2018	141,587	867,555	145,043	42,513	1,196,698
Accumulated depreciation as of April 1, 2017	95,580	748,936	143,484	42,513	1,030,514
Depreciation for the year	16,482	56,410	1,039	-	73,932
Accumulated depreciation as of March 31, 2018	112,062	805,347	144,523	42,513	1,104,445
Net carrying amount as of March 31, 2018	29,524	62,208	520	-	92,252

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Notes forming part of the Financial Statements

		(Amount in MXN)	
		As at	As at
		March 31, 2019	March 31, 2018
2 TRADE RECEIVABLES			
(Unsecured, considered good unless otherwise stated)			
(a)	Trade receivables due for a period exceeding six months		
	Considered good	1,459,872	77,094
	Considered doubtful	3,541,852	2,077,100
		5,001,724	2,154,194
	Less : Expected credit loss allowance	3,541,852	2,077,100
		1,459,872	77,094
(b)	Other Trade receivables		
	Considered good	21,993,690	21,731,773
	Considered doubtful	-	-
		21,993,690	21,731,773
	Less : Expected credit loss allowance	-	-
		21,993,690	21,731,773
		23,453,562	21,808,867

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.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The expected credit loss allowance is based on the ageing of the days the receivables are due and rates are given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

<u>Ageing</u>	<u>Expected credit loss (%)</u>
Debts over due for a period greater than 180 days and less than 364 days	50%
Debts over due for a period greater than 364 days	100%

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 MXN)	
		As at	As at
		March 31, 2019	March 31, 2018
	Current account with banks	9,203,378	13,203,266
		9,203,378	13,203,266
<i>Notes :</i>			
(i)	<i>In foreign currencies</i>	9,203,378	13,203,266

TATA TECHNOLOGIES DE MEXICO SA DE CV
Notes forming part of the Financial Statements

		(Amount in MXN)	
		As at March 31, 2019	As at March 31, 2018
4 OTHER LOANS AND ADVANCES			
Unsecured (Considered good)			
CURRENT			
Security deposits- at amortised cost		21,000	21,000
Total		21,000	21,000

		(Amount in MXN)	
		As at March 31, 2019	As at March 31, 2018
5 OTHER ASSETS:			
CURRENT			
Advances to suppliers and contractors		596,535	416,937
Prepaid expenses		455,575	459,332
Total		1,052,110	876,269

		(Amount in MXN)	
		As at March 31, 2019	As at March 31, 2018
6 Equity Share Capital			
(a) Issued,Subscribed and Fully paid up capital:			
Ordinary Shares		1,763,465	1,763,465
Total		1,763,465	1,763,465

			(Amount in MXN)
7 Other Equity		Retained earnings	Total equity
Balance as at April 1, 2017		14,500,207	14,500,207
Income for the year		1,534,657	1,534,657
Balance as at March 31, 2018		16,034,864	16,034,864
Balance as at April 1, 2018		16,034,864	16,034,864
Income for the year		(1,548,957)	(1,548,957)
Balance as at March 31, 2019		14,485,907	14,485,907

TATA TECHNOLOGIES DE MEXICO SA DE CV
Notes forming part of the Financial Statements

		(Amount in MXN)	
		As at March 31, 2019	As at March 31, 2018
8 Trade Payables			
CURRENT			
Trade payables			
Total outstanding dues of creditors other than micro enterprises and small enterprises		18,306,163	19,640,972
		18,306,163	19,640,972

Note:

The average credit period on purchases of good and services ranges from 30 to 75 Days.

		(Amount in MXN)	
		As at March 31, 2019	As at March 31, 2018
9 OTHER CURRENT LIABILITIES			
Statutory dues		4,508,616	3,670,331
Income received in advance		68,178	217,379
Total		4,576,794	3,887,711

		(Amount in MXN)	
		Year ended March 31, 2019	Year ended March 31, 2018
10 REVENUE FROM OPERATIONS			
Sale of products		50,716,921	55,955,042
Sale of services		1,685,691	1,895,577
Commission income		-	48,112
		52,402,612	57,898,731
		-	-

		(Amount in MXN)	
		Year ended March 31, 2019	Year ended March 31, 2018
11 OTHER INCOME			
(a) Interest income			
Interest income-others		26,650	47,752
(b) Other non-operating income			
Foreign currency gain (net)		1,313,461	-
Allowances for doubtful debts		-	207,639
		1,340,111	255,390

TATA TECHNOLOGIES DE MEXICO SA DE CV
Notes forming part of the Financial Statements

(Amount in MXN)		
	Year ended March 31, 2019	Year ended March 31, 2018
12 CONSULTANCY FEES, SOFTWARES AND OTHERS		
Outsourcing charges	2,301,585	2,291,953
Professional fees	1,277,268	198,757
Training Costs	21,992	35,475
	3,600,845	2,526,185

(Amount in MXN)		
	Year ended March 31, 2019	Year ended March 31, 2018
13 EMPLOYEE BENEFIT EXPENSE		
Salaries and wages	7,719,448	10,242,172
	7,719,448	10,242,172

(Amount in MXN)		
	Year ended March 31, 2019	Year ended March 31, 2018
14 OTHER EXPENSES		
Repairs & maintenance		
- Buildings	160,673	146,262
Rent	465,309	451,427
Rates and Taxes	39,042	-
Overseas Marketing Expenses	52,497	72,720
Royalty Expenses	7,745	265,859
Office Expenses	53,712	41,825
Travelling & Conveyance	825,834	706,507
Water Charges	28,272	26,185
Staff Training and Seminar Expenses	23,231	19,305
Foreign Currency (Gain)/Loss - (Net)		471,914
Communication Expenses	152,379	173,733
Allowances for doubtful debts	1,464,752	-
Miscellaneous Expenses	363,517	328,239
	3,636,963	2,703,977

Related Party Transaction

Particulars	Nature of Transaction	TTUS (MXN)
Expenses	Expenses paid by Reporting Enterprise	787,807
	Expenses Paid	
Payables	Dues Payable by the Reporting Enterprise as on the date of the Reporting Period	294,267
	Due Payable and outstanding on Supplies and services	

TO THE MEMBERS OF

Tata Technologies de Mexico, S.A. de C.V.

The Directors hereby present the Twentieth Annual Report on the Business and Operations of the Company and Statement of Accounts for the year ended March 31, 2019.

1. FINANCIAL RESULTS

The Financial Results of the Company for the year ended March 31, 2019 are as follows:

	In (MXN)
Income	52,402,612
Profit/(Loss) of the year	(1,548,957)

2. OPERATING RESULTS

During the year the company registered a turnover of MXN 52,402,612 and a reported loss of MXN 1,548,957.

3. REVIEW OF OPERATIONS

The Company has continued its focus on its core competency of providing PLM products and related IT services with future growth of its vision to capture a greater market share in the country.

4. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company.

5. PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were providing Product Lifecycle Management (PLM) and related engineering services.

6. POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events, since the end of the financial year ended 31st March 2019, which have had a material effect on the financial position of the Company.

7. FUTURE DEVELOPMENT PROSPECTS AND BUSINESS STRATEGIES

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

8. ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulations.

9. 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.

10. ACKNOWLEDGMENTS

Your Directors would like to express their heartfelt gratitude to all the customers, business partners and bankers for their continued support and association. The Directors also wish to thank the Government and all the statutory authorities for their support and co-operation.

The Directors would also like to place on record their appreciation of the dedicated, individual and collective contribution of all the employees in the overall growth and progress of the Company during the last year.

For and on behalf of Board of Directors

Warren Harris

Sonal Ramrakhiani

Fernando Oviedo