

ANNUAL REPORT OF
TATA TECHNOLOGIES SRL,
ROMANIA

TATA TECHNOLOGIES SRL, ROMANIA

<i>Directors of the Company</i>	1
<i>Directors Report</i>	2-3
<i>Financial Statements</i>	4-6
<i>Notes forming part of Financial Statements</i>	7-15

TATA TECHNOLOGIES SRL, ROMANIA

DIRECTORS :

Nicolas Sale

**REGISTERED:
OFFICE**

Str. Branduselor, No. 84
Brasov, 500397
Romania

TO THE MEMBERS OF TATA TECHNOLOGIES SRL, ROMANIA

The Directors hereby present the Nineteenth Annual Report on the Business and Operations of the Company and Statement of Accounts for the year ended March 31, 2016.

1. FINANCIAL RESULTS

The Financial Results of the Company for the year ended March 31, 2016 are as follows:

	(In US \$)	In ₹
Income	10,256,036	679,436,777
Profit for the year	1,783,635	118,161,339

2. OPERATIONS

Cambric Consulting Romania is an engineering production entity with locations in Brasov, Craiova, and Iasi Romania. The entity is 100% dedicated to providing engineering services for Tata Technologies Inc. and Tata Technologies Europe Limited. The entity was formed in 1997.

During the year the company registered a turnover of US \$ 10,256,036 (₹ 679,436,777) and a profit of US \$1,783,635 (₹118,161,339)

3. 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.

4. POST BALANCE SHEET EVENTS

The Company has shifted its Brasov office operations to the new office effective April 2016. This office has 50 percent more capacity space than the old office. Besides this, 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.

5. PUBLIC DEPOSITS

The Company has not accepted any deposits from the public.

6. 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.

7. AUDIT

The Company is not required to obtain an audit opinion as per local regulations for the year ended December 31, 2015. Therefore, the financial statements of the Company for the year ended March 31, 2016 have not been audited.

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. 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.

On behalf of the Board of Directors;

Nicolas Sale

Place:

Date:

TATA TECHNOLOGIES SRL, ROMANIA
Balance Sheet as at March 31, 2016

		(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
Particulars	Note No.	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	1	1,355,600	89,805,089	1,355,600	84,721,590
(b) Reserves and Surplus	2	985,203	65,267,228	(864,589)	(54,034,645)
		2,340,803	155,072,317	491,010	30,686,945
(2) Current Liabilities					
(a) Trade Payables		510,885	33,844,886	457,417	28,587,321
(b) Other Current Liabilities	3	148,876	9,862,653	-	-
(c) Short-term Provisions	4	115,650	7,661,556	112,701	7,043,514
(c) Current income tax liabilities		193,060	12,789,764	14,736	920,963
		968,471	64,158,859	584,854	36,551,798
		3,309,274	219,231,175	1,075,865	67,238,743
II. ASSETS					
(1) Non-current Assets					
(a) Fixed Assets					
(i) Tangible Assets	5	118,313	7,837,922	98,778	6,173,371
(ii) Intangible Assets	6	79,057	5,237,344	9,137	571,044
		197,370	13,075,266	107,916	6,744,414
(b) Goodwill on acquisition		11,652	771,929	11,652	728,233
(c) Long-term loans and advances	7	55,981	3,708,615	-	-
		265,003	17,555,809	119,568	7,472,647
(2) Current Assets					
(a) Trade Receivables	8	1,125,487	74,560,708	786,002	49,123,153
(b) Cash and Bank Balances	9	1,817,662	120,415,582	178,511	11,156,481
(c) Other Current Assets	10	100,975	6,689,324	(8,358)	(522,325)
(d) Short-term loans and advances	11	147	9,751	141	8,788
		3,044,271	201,675,365	956,297	59,766,096
		3,309,274	219,231,175	1,075,865	67,238,743

Significant Accounting Policies

12

For and on behalf of the Board

Nicolas Sale
Director

Date:
Place:

TATA TECHNOLOGIES SRL, ROMANIA
Profit and Loss Statement for the year ended March 31, 2016

Particulars	Note No.	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
		Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
I. Revenue from Operations	A	10,247,541	678,873,960	8,854,285	553,370,659
II. Other Income	B	8,496	562,817	9,904	618,995
III. Total Revenue		10,256,037	679,436,777	8,864,189	553,989,654
IV. Expenses :					
(a) Consultancy fees, Softwares and others	C	1,267,497	83,968,479	1,558,778	97,419,747
(b) Employee Benefit Expense	D	5,790,058	383,576,863	5,993,899	374,603,674
(c) Depreciation and amortisation Expense	5&6	94,991	6,292,939	115,258	7,203,348
(d) Other Expenses	E	973,971	64,523,135	866,885	54,178,148
Total Expenses		8,126,517	538,361,416	8,534,820	533,404,917
V. Profit Before Tax (III - IV)		2,129,520	141,075,361	329,368	20,584,737
VI. Tax Expense :					
(a) Current Tax		345,885	22,914,022	65,777	4,110,925
VII. Profit from continuing operations (V - VI)		1,783,635	118,161,339	263,591	16,473,813

Significant Accounting Policies

12

For and on behalf of the Board

Nicolas Sale
Director

Date:
Place:

Cash Flow Statement for the year ended March 31, 2016

	(Amount in \$) Year ended March 31, 2016	(Amount in ₹) Year ended March 31, 2016	(Amount in \$) Year ended March 31, 2015	(Amount in ₹) Year ended March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit after Taxation	1,783,635	118,161,339	263,591	16,473,750
Depreciation and amortization	94,991	6,292,939	115,258	7,203,348
Provision for Income Tax	345,885	22,914,022	65,777	4,110,925
Interest Income	(3,613)	(239,332)	(5,415)	(338,448)
Operating profit before Working Capital Changes	2,220,897	147,128,968	439,211	27,449,574
Adjustments for :				
Trade Receivables	(339,485)	(22,490,048)	(87,394)	(5,461,922)
Loans and advances	(55,988)	(3,709,052)	38	2,356
Statutory dues	19,579	1,297,058	73,641	4,602,374
Income received in advance	129,297	8,565,595	-	-
Prepaid Expenses	(109,332)	(7,242,990)	(233)	(14,539)
Trade Payables	53,469	3,542,184	(160,580)	(10,035,869)
Short Term Provision	2,950	195,415	5,334	333,361
Advance Tax / Tax Deducted at Source	(167,561)	(11,100,481)	(65,782)	(4,111,183)
NET CASH FLOW (USED IN)/GENERATED FROM OPERATING ACTIVITIES	1,753,826	116,186,649	204,235	12,764,153
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Received	3,613	239,338	5,415	338,448
Payment for Purchase of Fixed Assets	(184,445)	(12,219,042)	(50,653)	(3,165,690)
NET CASH FLOW (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(180,832)	(11,979,704)	(45,238)	(2,827,242)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	1,572,994	104,206,944	158,996	9,936,911
Cash & Cash equivalent at the close of the year as per Schedule 7	1,817,662	120,415,582	178,511	11,156,481
Cash & Cash equivalents at the beginning of the year as per Schedule 7	178,511	11,825,896	112,601	7,037,263
Translation Reserve	66,157	4,382,741	(93,086)	(5,817,693)
	1,572,994	104,206,945	158,996	9,936,911

For and on behalf of the Board

Nicolas Sale
Director

Date:
Place:

Notes forming part of Financial Statements

Note -1	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
SHARE CAPITAL				
Issued, subscribed and fully paid :				
307,382 Equity interests of 10 RON per Equity interest	1,355,600	89,805,089	1,355,600	84,721,590
	1,355,600	89,805,089	1,355,600	84,721,590

Notes forming part of Financial Statements

Note -2

RESERVES AND SURPLUS						(Amount in \$)
Particulars	As at March 31, 2015	Additions	Deductions	Adjustments	As at Mar 31, 2016	
(a) Translation Reserves	31,308	66,157	-	-	97,465	
(b) Surplus i.e. balance in statement of Profit and Loss [Note (i) below]	(1,259,287)	1,783,635	92,521	-	431,826	
(c) General Reserve	285,711	-	-	-	285,711	
(d) Legal Reserves [Note (ii) below]	77,679	92,521	-	-	170,200	
	(864,589)	1,942,313	92,521	-	985,203	

Notes:-

(i) Changes in Statement of Profit and Loss :

- (a) Profit for the year
(b) Transfer to Legal Reserve

2015-2016		2014-2015	
Additions	Deductions	Additions	Deductions
1,783,635		263,591	
-	92,521	-	18,234
1,783,635	92,521	263,591	18,234

(ii) Changes in Legal Reserve :

- (a) Amount transferred from Profit and Loss Account - Opening Reserve
(b) Transfer from Statement of Profit and Loss

2015-2016		2014-2015	
Additions	Deductions	Additions	Deductions
77,679	-	59,445	-
92,521		18,234	
170,200	-	77,679	-

RESERVES AND SURPLUS						(Amount in ₹)
Particulars	As at March 31, 2015	Additions	Deductions	Adjustments	As at Mar 31, 2016	
(a) Translation Reserves	1,956,668	4,382,741	-	-	6,339,409	
(b) Surplus i.e. balance in statement of Profit and Loss [Note (i) below]	(78,702,304)	118,161,339	6,129,312	-	33,329,724	
(c) General Reserve	17,856,251	-	-	-	17,856,251	
(d) Legal Reserves	4,854,741	6,129,312	-	-	10,984,052	
	(54,034,645)	128,673,392	6,129,312	-	68,509,436	

Notes:-

(i) Changes in Statement of Profit and Loss :

- (a) Profit for the year
(b) Transfer to Legal Reserve

2015-2016		2014-2015	
Additions	Deductions	Additions	Deductions
118,161,339	-	17,462,215	
-	6,129,312	-	1,207,957
118,161,339	6,129,312	17,462,215	1,207,957

(ii) Changes in Legal Reserve :

- (a) Amount transferred from Profit and Loss Account - Opening Reserve
(b) Transfer from Statement of Profit and Loss

2015-2016		2014-2015	
Additions	Deductions	Additions	Deductions
5,146,037	-	3,938,101	-
6,129,312		1,207,936	
11,275,348	-	5,146,037	-

Notes forming part of Financial Statements

Note -3

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
OTHER CURRENT LIABILITIES				
(a) Income received in advance	129,297	8,565,595	-	-
(b) Statutory dues	19,579	1,297,058	-	-
	148,876	9,862,653	-	-

Note -4

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
SHORT-TERM PROVISIONS				
(a) Provision for Employee benefits	115,650	7,661,556	112,701	7,043,514
	115,650	7,661,556	112,701	7,043,514

Notes forming part of Financial Statements

Note - 5

(Amount in \$)												
FIXED ASSETS	Cost as at April 1, 2015	Additions	Deductions	Translation Adjustments	Cost as at Mar 31, 2016	Accumulated depreciation as at April 1, 2015	Depreciation for the year 2015-2016	Deductions	Translation Adjustments	Accumulated depreciation / amortisation up to Mar 31, 2016	Net Book Value as at Mar 31, 2016	Net Book Value as at Mar 31, 2015
[A] TANGIBLE ASSETS												
(a) Plant & Machinery and Equipments	669,928	80,357	(1,322)	28,835	780,442	572,718	69,574	(1,322)	26,080	669,693	110,749	97,210
(b) Furniture and fixtures	126,726	(1,937)	1,322	19,651	143,118	125,158	3,112	1,322	8,605	135,554	7,564	1,568
Total	796,654	78,420	-	48,486	923,560	697,876	72,687	-	34,685	805,248	118,313	98,778

Note - 5

(Amount in ₹)												
FIXED ASSETS	Cost as at April 1, 2015	Additions	Deductions	Translation Adjustments	Cost as at Mar 31, 2016	Accumulated depreciation as at April 1, 2015	Depreciation for the year 2015-2016	Deductions	Translation Adjustments	Accumulated depreciation / amortisation up to Mar 31, 2016	Net Book Value as at Mar 31, 2016	Net Book Value as at Mar 31, 2015
[A] TANGIBLE ASSETS												
(a) Plant & Machinery and Equipments	44,381,043	5,323,467	(87,559)	1,910,264	51,702,333	37,941,112	4,609,120	(87,560)	1,727,724	44,365,516	7,336,817	6,439,931
(b) Furniture and fixtures	8,395,271	(128,315)	87,559	1,301,827	9,481,223	8,291,415	206,179	87,560	570,085	8,980,119	501,104	103,857
Total	52,776,314	5,195,151	-	3,212,091	61,183,556	46,232,527	4,815,300	-	2,297,809	53,345,635	7,837,921	6,543,788

Note - 6

(Amount in \$)												
FIXED ASSETS	Cost as at April 1, 2015	Additions	Deductions	Translation Adjustments	Cost as at Mar 31, 2016	Accumulated amortisation as at April 1, 2015	Amortisation for the year 2015-2016	Deductions	Translation Adjustments	Accumulated amortisation up to Mar 31, 2016	Net Book Value as at Mar 31, 2016	Net Book Value as at Mar 31, 2015
[B] INTANGIBLE ASSETS												
(a) Software Licenses	161,051	92,377	(29,902)	7,792	291,121	151,914	22,305	(29,902)	7,944	212,064	79,057	9,137
Total	161,051	92,377	(29,902)	7,792	291,121	151,914	22,305	(29,902)	7,944	212,064	79,057	9,137

Note - 6

(Amount in ₹)												
FIXED ASSETS	Cost as at April 1, 2015	Additions	Deductions	Translation Adjustments	Cost as at Mar 31, 2016	Accumulated amortisation as at April 1, 2015	Amortisation for the year 2015-2016	Deductions	Translation Adjustments	Accumulated amortisation up to Mar 31, 2016	Net Book Value as at Mar 31, 2016	Net Book Value as at Mar 31, 2015
[B] INTANGIBLE ASSETS												
(a) Software Licenses	10,669,219	6,119,723	(1,980,916)	516,211	19,286,069	10,063,911	1,477,639	(1,980,916)	526,259	14,048,725	5,237,344	605,308
Total	10,669,219	6,119,723	(1,980,916)	516,211	19,286,069	10,063,911	1,477,639	(1,980,916)	526,259	14,048,725	5,237,344	605,308

Notes forming part of the Balance Sheet

Note -7

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
LONG - TERM LOANS AND ADVANCES				
Unsecured (Considered Good)				
(b) Security Deposits	55,981	3,708,615	-	-
	55,981	3,708,615	-	-

Note-8

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
TRADE RECEIVABLES				
(Unsecured, considered good unless otherwise stated)				
(a) Trade receivables due for a period exceeding six months				
Considered good	-	-	-	-
Considered doubtful	-	-	-	-
Less : Allowances for doubtful debts	-	-	-	-
(b) Other Trade Receivables				
Considered good	1,125,487	74,560,708	786,002	49,123,153
Considered doubtful	-	-	-	-
Less : Allowances for doubtful debts	-	-	-	-
	1,125,487	74,560,708	786,002	49,123,153
	1,125,487	74,560,708	786,002	49,123,153

Note - 9

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
CASH AND BANK BALANCES				
(A) Cash and Cash Equivalents				
(a) Cash on hand	1,538	101,889	903	56,425
(b) Current Account with banks	1,816,124	120,313,693	177,608	11,100,057
	1,817,662	120,415,582	178,511	11,156,481

Note - 10

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
OTHER CURRENT ASSETS				
(a) Advances to suppliers and contractors	5,617	372,128	-	-
(a) VAT, other taxes recoverable, statutory deposits	-	-	(17,520)	(1,094,981)
(b) Prepaid expenses	60,086	3,980,505	9,163	572,655
(c) Unbilled Revenue	35,272	2,336,691	-	-
	100,975	6,689,324	(8,358)	(522,325)

Note - 11

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
SHORT TERM LOANS AND ADVANCES				
Unsecured (Considered Good)				
(a) Security Deposits	147	9,751	141	8,788
	147	9,751	141	8,788

Notes forming part of Financial Statements

Note - A

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
REVENUE FROM OPERATIONS				
(a) Sale of Services	10,247,541	678,873,960	8,854,285	553,370,659
	10,247,541	678,873,960	8,854,285	553,370,659

Note - B

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
OTHER INCOME				
(a) Interest income-Others	3,613	239,332	5,415	338,448
(b) Other non-operating Income	4,883	323,485	4,489	280,546
	8,496	562,817	9,904	618,995

Note - C

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
CONSULTANCY FEES, SOFTWARES AND OTHERS				
(a) Outsourcing Charges	1,257,234	83,288,619	1,289,824	80,610,803
(b) Software-internal use	-	-	81,253	5,078,135
(c) Professional Fees	10,263	679,860	187,701	11,730,809
	1,267,497	83,968,479	1,558,778	97,419,747

Note - D

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
EMPLOYEE BENEFIT EXPENSE				
(a) Salaries and Wages	4,808,434	318,546,755	4,892,117	305,745,113
(b) Staff welfare Expenses	187,788	12,440,507	194,167	12,134,951
(c) Social Security and other benefit plans for Overseas employees	793,836	52,589,601	907,614	56,723,610
	5,790,058	383,576,863	5,993,899	374,603,674

Note - E

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
OTHER EXPENSES				
(a) Repairs & Maintenance - Building	10,780	714,135	7,251	453,144
(b) Rent	325,298	21,550,191	355,048	22,189,628
(c) Insurance	282	18,690	384	23,980
(d) Office Expenses	228,114	15,112,013	252,717	15,794,156
(e) Travelling & Conveyance	140,474	9,306,079	62,883	3,930,011
(f) Power & Fuel	12,476	826,477	8,991	561,915
(g) Water Charges	97,356	6,449,582	103,624	6,476,233
(h) Staff Training and Seminar Expenses	5,169	342,455	20,354	1,272,103
(i) Staff Recruitment Expenses	389	25,788	5,618	351,113
(j) Foreign Currency (Gain)/Loss - (Net)	116,295	7,704,252	9,534	595,861
(k) Communication Expenses	27,738	1,837,554	32,641	2,039,954
(l) Miscellaneous Expenses	9,600	635,919	7,841	490,049
	973,971	64,523,135	866,885	54,178,148

TATA TECHNOLOGIES SRL , ROMANIA

Notes forming part of financial statements

Note 12

SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Use of Estimates

The preparation of the financial statements in conformity with GAAP requires the management of the Company (Management) to make estimates and assumptions that affect the reported amounts of revenue and expenses during the year and balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements. Provisions are made for all known losses and liabilities, future unforeseeable factors that may affect the profit on fixed price service contracts and also towards likely expenses for providing post-sales client support on such contracts.

1.3 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts and other sales related taxes.

1.4 Revenue recognition

The Company acts as a reseller of hardware and software to the worldwide CAE community and provides services which include installation, training, product support, design services and consultancy. Hardware revenues are recognised when the hardware is delivered. Software revenues are recognised when a non-cancellable agreement has been signed and there are no uncertainties surrounding product acceptance, there are no significant vendor obligations, and the fees are fixed and determinable. Training, design services and consulting revenues are recognised as the services are performed. Support agreement revenues are recognised rateably over the support period except where the services of a third party are sold on. In this situation all revenue is recognised upfront.

1.5 Fixed assets and depreciation

Fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold improvements	Period of lease
Plant and machinery	3–4 years
Furniture and Fixtures	4 years

1.6 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance

element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.
Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Inventories

Inventories are valued at lower of cost or net realizable value. Cost is ascertained on a moving weighted average basis.

1.8 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.

1.9 Foreign currency translation

Income and expenses in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary current assets and current liabilities that are denominated in foreign currency translated at the exchange rates prevalent as at the Balance Sheet date and the profit / loss so determined and also the realized exchange gains / losses are recognized in the Profit and Loss Account.

1.10 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.

1.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Borrowing costs are capitalized as part of the cost of a qualifying asset when it is probable that they will result in future economic benefits to the enterprise and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the year in which they are incurred.

1.12 Provisions, contingent liabilities and contingent assets

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

2. NOTES TO ACCOUNTS

2.1 Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is US \$ Nil (₹ Nil) as at March 31, 2016.

2.2 Contingent liabilities

There were no contingent liabilities as at 31st March 2016.

2.3 Provision for Taxes

The provision for taxation pertains to tax liability as applicable to the jurisdictions of the country in which the Company operates. The provision for taxation for the current year has been computed by the management in consultation with the tax advisors to the Company.

2.4 Obligation towards non-cancellable Operating Lease

Particulars	March 31, 2016 (US \$)	March 31, 2016 (₹)
The Total of Minimum lease payments for a period:		
Due not later than one year	501,585 (337,532)	33,228,752 (21,094,903)
Later than one year but not later than five years	2,054,181 (95,444)	136,084,356 (5,965,042)
Due later than five year	419,402 (-)	27,784,334 (-)
The total charge to the Statement of Profit & Loss	325,298 (355,048)	21,550,179 (22,189,628)

2.6 Related Party disclosures

		Tata Technolgies Europe Limited	Tata Technolgies Europe Limited
Particulars	Nature of Transaction	In foreign currency	(₹)
Income	Income received by the Reporting Enterprise	GBP 66,086	6,308,032
	Income received from services	EUR 171,654	12,937,564
		SEK 17,594	143,639
Receivables	Dues Receivable by the Reporting Enterprise as on the date of the Reporting Period	GBP 66,086	6,308,032
	Dues Receivable on Supplies and Services	EUR 171,654	12,937,564
		EUR 17,594	143,639

*there are no previous year transactions

2.5 Conversion into Indian Rupees

The financial information is expressed in US \$ only in the audited 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 US \$ = ₹ 66.2475 as on March 31, 2016. 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.

2.6 The above Financial Statements are prepared from the internally prepared accounts of the Company. These accounts are audited by Deloitte Haskins & Sells in order to give an audit opinion in relation to the consolidated accounts of the ultimate holding company i.e. Tata Technologies Limited. However, no separate audit report is issued in respect of the Company. An audit report for the ultimate holding company is issued by Deloitte Haskins & Sells and is included in its financial statement.