

ANNUAL REPORT OF CAMBRIC GMBH

CAMBRIC GMBH

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CAMBRIC GMBH

DIRECTORS: 1. Mr. Warren Harris
2. Mr. Kevin Noe

**REGISTERED:
OFFICE** C/o ServiceKnotor
Campus, Geb. A1 1
D-66123 Saarbrücken

TO THE MEMBERS OF Cambric GmbH

The Directors hereby present the Thirteenth 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	661,197	43,802,643
Profit for the year	61,035	4,043,495

2. OPERATIONS

Cambric GmbH (the Company) is an engineering services entity. It was formed in 2002 to enable Cambric to provide services to European clients. Currently, the entity is 100% dedicated to providing engineering services in Germany to Cambric customers, on-site at the customer facilities (customer purchase orders are assigned from Cambric Corporation to Cambric GmbH). It does not perform individual sales and marketing or any management functions. During the year the company registered a turnover of US \$ 661,197 (₹43,802,643) and a profit of US \$ 61,035 (₹4,043,495).

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. PUBLIC DEPOSITS

The Company has not accepted any deposits from the public.

5. 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.

6. AUDIT

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

7. 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.

8. 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;

Mr. Warren Harris Director

Mr. Kevin Noe Director

Place: Germany

Date:

Cambric GmbH
Balance Sheet as at MARCH 31, 2016

Particulars	Note No.	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(Amount in ₹)
		March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	1	30,651	2,030,536	30,651	1,915,596
(b) Reserves and Surplus	2	270,379	17,911,947	194,966	12,184,884
		301,030	19,942,483	225,617	14,100,480
(2) Current Liabilities					
(a) Trade Payables		41,784	2,767,993	25,130	1,570,593
(b) Other Current Liabilities	3	-	-	46,403	2,900,074
(c) Short-term Provisions	4	-	-	27,914	1,744,559
(d) Current income tax liabilities		21,582	1,429,774	809	50,530
		63,366	4,197,767	100,256	6,265,755
		364,396	24,140,249	325,873	20,366,235
II. ASSETS					
(1) Non-current Assets					
Goodwill		3,170	209,928	3,170	198,040
(2) Current Assets					
(a) Trade Receivables	5	139,527	9,243,298	221,878	13,866,849
(b) Cash and Bank Balances	6	202,161	13,392,692	23,154	1,447,055
(c) Other Current Assets	7	19,538	1,294,331	77,671	4,854,291
		364,396	24,140,249	325,873	20,366,235
		364,396	24,140,249	325,873	20,366,235

Significant Accounting Policies

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For and on behalf of the Board of Directors

Warren Harris	Director
Kevin Noe	Director

Place: Germany

Date:

Cambric GmbH
Profit and Loss Statement for the year ended March 31, 2016

Particulars	Note No.	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(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	8	661,074	43,794,497	802,518	50,155,346
II. Other Income	9	123	8,146	-	-
III. Total Revenue (I + II)		661,197	43,802,643	802,518	50,155,346
IV. Expenses :					
(a) Consultancy fees, Softwares and others	10	432,132	28,627,667	343,809	21,487,193
(b) Employee Benefit Expense	11	92,056	6,098,477	373,467	23,340,744
(c) Depreciation Expense		-	-	1,956	122,260
(d) Other Expenses	12	52,551	3,481,376	24,926	1,557,835
Total Expenses		576,739	38,207,520	744,158	46,508,031
V. Profit Before Tax (III-IV)		84,458	5,595,123	58,359	3,647,315
VI. Tax Expense :					
(a) Current Tax		23,422	1,551,627	21,104	1,318,940
VII Profit from continuing operations (V - VI)		61,036	4,043,496	37,254	2,328,375

Significant Accounting Policies

13

For and on behalf of the Board of Directors

Warren Harris Director
Kevin Noe Director

Place: Germany

Date:

Cambric GmbH
Cash Flow Statement for the year ended MARCH 31, 2016

	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(Amount in ₹)
	Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit after Taxation	61,036	4,043,495	37,254	2,328,312
Depreciation and amortization	-	-	1,956	122,260
Provision for Income Tax	23,422	1,551,627	21,104	1,318,940
Operating profit before Working Capital Changes	84,458	5,595,122	60,315	3,769,512
Adjustments for :				
Trade Receivables	82,352	5,455,592	15,945	996,537
Loans and advances	34,222	2,267,098	(41,157)	(2,572,199)
Unbilled Revenue	-	-	24,731	1,545,617
Prepaid Expenses	23,912	1,584,187	(7,151)	(446,926)
Trade Payables	16,650	1,103,085	25,130	1,570,593
Other Current Liabilities	(46,403)	(3,074,085)	13,301	831,278
Short Term Provision	(27,914)	(1,849,236)	8,077	504,778
Advance Tax / Tax Deducted at Source	(2,647)	(175,348)	(33,880)	(2,117,431)
NET CASH FLOW (USED IN)/GENERATED FROM OPERATING ACTIVITIES	164,630	10,906,416	65,311	4,081,759
CASH FLOW FROM INVESTING ACTIVITIES				
Goodwill generated due to acquisition	-	-	(3,170)	(198,101)
NET CASH FLOW (USED IN)/GENERATED FROM INVESTING ACTIVITIES	-	-	(3,170)	(198,101)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	164,630	10,906,416	62,141	3,883,657
Cash & Cash equivalent at the close of the year as per Note 7	202,161	13,392,692	23,154	1,447,055
Cash & Cash equivalents at the beginning of the year as per Note 7	23,154	1,533,882	10,320	644,983
Translation adjustment on reserves of foreign subsidiaries	14,377	952,394	(49,308)	(3,081,585)
	164,630	10,906,416	62,142	3,883,657

For and on behalf of the Board of Directors

Place: Germany
Date:

Warren Harris Director
Kevin Noe Director

Cambric GmbH
Notes forming part of financial statements

Note - 1

SHARE CAPITAL

Issued, subscribed and fully paid :

EUR 25,000

	<u>(Amount in USD)</u>	<u>(Amount in ₹)</u>	<u>(Amount in USD)</u>	<u>(Amount in ₹)</u>
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
	30,651	2,030,536	30,651	1,915,596
	30,651	2,030,536	30,651	1,915,596

Cambric Gmbh
Notes forming part of financial statements

Note - 2

RESERVES AND SURPLUS					(Amount in USD)
Particulars	As at March 31, 2015	Additions	Deductions	Adjustments	As at Mar 31, 2016
(a) Translation Reserves	(47,956)	14,377	-	-	(33,579)
(b) Surplus i.e. balance in statement of Profit and Loss [Note (i) below]	242,922	61,036	-	-	303,958
	194,966	75,413	-	-	270,379

Notes:

	(Amount in USD)		(Amount in USD)	
	2015-2016		2014-2015	
	Additions	Deductions	Additions	Deductions
(i) Changes in Statement of Profit and Loss :				
(a) Profit for the year	61,036	-	37,254	-
	61,036	-	37,254	-

Note - 2

RESERVES AND SURPLUS					(Amount in ₹)
Particulars	As at March 31, 2015	Additions	Deductions	Adjustments	As at Mar 31, 2016
(c) Translation Reserves	(2,997,110)	952,445.36	-	-	(2,044,665)
(e) Surplus i.e. balance in statement of Profit and Loss [Note (i) below]	15,181,994	4,043,496	-	-	19,225,491
	12,184,884	4,995,942	-	-	17,180,826

Notes:-

	(Amount in ₹)		(Amount in ₹)	
	2015-2016		2014-2015	
	Additions	Deductions	Additions	Deductions
(i) Changes in Statement of Profit and Loss :				
(a) Profit for the year	4,043,496	-	2,328,375	-
	4,043,496	-	2,328,375	-

Cambric GmbH
Notes forming part of financial statements

Note - 3	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
OTHER CURRENT LIABILITIES				
(a) Statutory dues	-	-	32,347	2,021,626
(b) Intercompany Payable Account	-	-	14,056	878,448
	-	-	46,403	2,900,074

Note - 4	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
SHORT-TERM PROVISIONS				
(a) Provision for Employee benefits	-	-	27,914	1,744,559
	-	-	27,914	1,744,559

Note - 5	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(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	139,527	9,243,298.24	221,878	13,866,849
Considered doubtful	-	-	-	-
Less : Allowances for doubtful debts	-	-	-	-
	139,527	9,243,298	221,878	13,866,849
	139,527	9,243,298	221,878	13,866,849

Cambric GmbH
Notes forming part of financial statements

Note - 6	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
CASH AND BANK BALANCES				
(a) Current Account with banks	202,161	13,392,692	23,154	1,447,055
	202,161	13,392,692	23,154	1,447,055

Note - 7	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
OTHER CURRENT ASSETS				
(a) Prepaid expenses	-	-	23,912	1,494,451
(b) VAT, other taxes recoverable, statutory deposits	19,538	1,294,331	-	-
(c) Intercompany Receivable Account	-	-	53,759	3,359,840
	19,538	1,294,331	77,671	4,854,291

Cambric GmbH
Notes forming part of financial statements

Note -8	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(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	661,074	43,794,497	802,518	50,155,346
	661,074	43,794,497	802,518	50,155,346

Note -9	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(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	123	8,146	-	-
	123	8,146	-	-

Note -10	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(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	361,907	23,975,421	149	9,293
(b) Professional Fees	28,310	1,875,492	127,482	7,967,319
(c) Training Cost	464	30,729	-	-
(d) Intercompany Expenses	41,451	2,746,025	216,178	13,510,580
	432,132	28,627,667	343,809	21,487,193

Cambric Gmbh
Notes forming part of financial statements

Note -11

	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(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	86,835	5,752,591	333,874	20,866,311
(b) Staff welfare Expenses	5,221	345,885	39,593	2,474,432
	92,056	6,098,477	373,467	23,340,744

Note -12

	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(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) Rent	1,325	87,796	2,368	148,007
(b) Office Expenses	-	-	436	27,262
(c) Travelling & Conveyance	42,153	2,792,499	17,782	1,111,328
(d) Staff Training and Seminar Expenses	232	15,364	1,281	80,066
(e) Foreign Currency (Gain)/Loss - (Net)	7,054	467,342	762	47,595
(f) Communication Expenses	-	-	20	1,224
(g) Miscellaneous Expenses	1,787	118,374.81	2,277	142,353
	52,551	3,481,376	24,926	1,557,835

Cambric Gmbh

Notes forming part of financial statements

Note 13

SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation of Financial Statements

The consolidated financial statements of the Company and its subsidiaries and jointly controlled entities (together the 'Group') 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 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 Related Party disclosures

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

Particulars	Nature of Transaction	TTUS # (In foreign currency)	TTUS # (₹)
Income	Income received by the Reporting Enterprise Income received from services	EUR 330,689 (-)	24,924,016 (-)
Receivables	Dues Receivable by the Reporting Enterprise as on the date of the Reporting Period Dues Receivable on Supplies and Services	EUR 34,545 (-)	2,603,638 (-)

Previous year figures are in bracket.

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 \$ = ₹ 66.24750 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.