

ANNUAL REPORT OF  
TATA TECHNOLOGIES DE MEXICO  
SA DE CV

# TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO

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## **TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO**

### **DIRECTORS:**

1. Mr. Warren Harris
2. Mr. Fernando Oviedo
3. Mr. Kevin Noe

### **REGISTERED: OFFICE**

Blvd, Independencia, #1600, Ote.  
Local C-46, C.P., 27100 Torreon,  
Coahuila, Mexico

## **TO THE MEMBERS OF Tata Technologies de Mexico, S.A. de C.V.**

The Directors hereby present the Seventeenth 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	3,071,049	203,449,306
Profit for the year	23,268	1,541,474

### **2. OPERATIONS**

Tata Technologies de Mexico, S.A. de C.V. is a subsidiary of Tata Technologies Inc., a Michigan company. The Company operates in Mexico under the Tata Technologies trade name. Tata Technologies provides services in the field of engineering automation, offering engineering & design services, PLM products and related IT services to their respective customer bases, comprising primarily manufacturers and their suppliers in the international automotive and aerospace markets. During the year the company registered a turnover of US \$ 3,071,049 (₹203,449,306) and a profit of US \$23,268 (₹1,541,474)

### **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. 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.

## **9. 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.

## **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.

**On behalf of the Board of Directors;**

**Warren Harris  
Fernando Oviedo  
Kevin Noe**

**Director  
Director  
Director**

**Place: Coahuila, Mexico**

**Date:**

**TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO**  
Balance Sheet as at Mar 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
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds</b>					
(a) Share Capital	1	155,354	10,291,814	155,354	9,709,237
(b) Reserves and Surplus	2	381,041	25,243,040	432,924	27,056,696
		<b>536,395</b>	<b>35,534,854</b>	<b>588,278</b>	<b>36,765,933</b>
<b>(2) Current Liabilities</b>					
(a) Trade Payables		802,002	53,130,581	851,445	53,213,177
(b) Other Current Liabilities	3	224,496	14,872,268	193,271	12,078,929
(c) Current income tax liabilities		34,903	2,312,231	19,918	1,244,811
		<b>1,061,401</b>	<b>70,315,080</b>	<b>1,064,634</b>	<b>66,536,917</b>
		<b>1,597,796</b>	<b>105,849,934</b>	<b>1,652,912</b>	<b>103,302,850</b>
<b>II. ASSETS</b>					
<b>(1) Non-current Assets</b>					
(a) Fixed Assets					
(i) Tangible Assets	4	5,192	343,972	4,987	311,695
		<b>5,192</b>	<b>343,972</b>	<b>4,987</b>	<b>311,695</b>
<b>(2) Current Assets</b>					
(a) Trade Receivables	5	921,554	61,050,621	742,649	46,413,702
(b) Cash and Bank Balances	6	302,307	20,027,053	495,465	30,965,303
(c) Other Current Assets	7	367,532	24,348,044	407,292	25,454,750
(d) Short-term loans and advances	8	1,211	80,244	2,519	157,400
		<b>1,592,604</b>	<b>105,505,962</b>	<b>1,647,925</b>	<b>102,991,155</b>
		<b>1,597,796</b>	<b>105,849,934</b>	<b>1,652,912</b>	<b>103,302,850</b>
Significant Accounting Policies	16				

For and on behalf of the Board of Directors

Warren Harris	Director
Fernando Oviedo	Director
Kevin Noe	Director

Place: Coahuila, Mexico  
Date:

**TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO**  
**Profit and Loss Statement for the year ended Mar 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	9	3,067,841	203,236,791	2,551,124	159,438,888.19
II. Other Income	10	3,208	212,515	120,455	7,528,146
<b>III. Total Revenue (I + II)</b>		<b>3,071,049</b>	<b>203,449,306</b>	<b>2,671,579</b>	<b>166,967,035</b>
IV. Expenses :					
(a) Cost of Traded Products	11	2,027,765	134,334,391	1,638,910	102,427,750
(b) Consultancy fees, Softwares and others	12	158,144	10,476,642	212,010	13,250,105
(c) Employee Benefit Expense	13	589,206	39,033,401	593,802	37,111,117
(d) Finance Cost	14	-	-	329	20,571
(e) Depreciation and amortisation Expense	4	3,986	264,081	3,360	209,961
(f) Other Expenses	15	250,616	16,602,688	147,100	9,193,375
<b>Total Expenses</b>		<b>3,029,717</b>	<b>200,711,203</b>	<b>2,595,511</b>	<b>162,212,879</b>
V. Profit / (Loss) Before Tax (III-IV)		41,331	2,738,103	76,068	4,754,156
VI. Tax Expense :					
(a) Current Tax		18,063	1,196,629	18,376	1,148,447
<b>VII. Profit / (Loss) from continuing operations (V- VI)</b>		<b>23,268</b>	<b>1,541,474</b>	<b>57,692</b>	<b>3,605,709</b>

**Significant Accounting Policies**

16

For and on behalf of the Board of Directors

Warren Harris  
Fernando Oviedo  
Kevin Noe

Director  
Director  
Director

Place: Coahuila, Mexico

Date:

**TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO**  
**Cash Flow Statement for the year ended March 31, 2016**

	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit after Taxation and Extraordinary Items	23,268	1,541,474	57,692	3,605,583
Depreciation and amortization	3,986	264,081	3,360	209,961
Provision for Income Tax	18,063	1,196,629	18,376	1,148,447
Interest Income	(3,208)	(212,515)	(7,047)	(440,409)
Allowances for doubtful debts	109,319	7,242,106	-	-
Finance Costs	-	-	329	20,571
Unrealised exchange Loss / (Gain)	413	27,369	758	47,403
Operating profit before Working Capital Changes	151,841	10,059,144	73,468	4,591,555
<b>Adjustments for :</b>				
Trade Receivables	(288,224)	(19,094,092)	(68,925)	(4,307,633)
Advance to Supplier, Contractors & Others	28,472	1,886,181	10,939	683,649
Loans and Advances employees	1,148	76,027	2,080	129,996
Deposits	160	10,573	233	14,581
Statutory dues	9,717	643,712	-	-
Unbilled Revenue	(404)	(26,791)	(1,243)	(77,680)
Prepaid Expenses	1,976	130,883	4,044	252,737
Trade Payables	(49,441)	(3,275,389)	323,265	20,203,199
Other Current Liabilities	31,225	2,068,574	(172,199)	(10,762,007)
Advance Tax / Tax Deducted at Source	(3,078)	(203,901)	(18,413)	(1,150,760)
<b>NET CASH FLOW (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b>(116,610)</b>	<b>(7,725,078)</b>	<b>153,249</b>	<b>9,577,638</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Interest Received	3,208	212,515	7,047	440,409
Payment for Purchase of Fixed Assets	(4,604)	(305,081)	(5,275)	(329,662)
<b>NET CASH FLOW (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>	<b>(1,396)</b>	<b>(92,566)</b>	<b>1,772</b>	<b>110,747</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Interest Paid	-	-	(329)	(20,571)
<b>NET CASH FLOW (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>(329)</b>	<b>(20,571)</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(118,007)</b>	<b>(7,817,646)</b>	<b>154,691</b>	<b>9,667,813</b>
Cash & Cash equivalent at the close of the year as per Schedule 6	302,307	20,027,053	495,465	30,965,303
Cash & Cash equivalents at the beginning of the year as per Schedule 6	495,465	32,823,296	446,483	27,904,091
Translation Reserve	(75,151)	(4,978,597)	(105,710)	(6,606,601)
	<b>(118,007)</b>	<b>(7,817,646)</b>	<b>154,691</b>	<b>9,667,813</b>

**TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO**  
**Notes forming part of financial statements**

	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
<b>SHARE CAPITAL</b>				
Issued, subscribed and fully paid :				
1,763,465 Ordinary Shares	155,354	10,291,814	155,354	9,709,237
	<u>155,354</u>	<u>10,291,814</u>	<u>155,354</u>	<u>9,709,237</u>

**TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO**  
**Notes forming part of financial statements**

Note - 2

RESERVES AND SURPLUS		(Amount in USD)				
		As at March 31, 2015	Additions	Deductions	Adjustments	As at Mar 31, 2016
(a)	Translation Reserves	(199,427)	(75,151)	-	-	(274,579)
(b)	Surplus i.e. balance in statement of Profit and Loss	632,352	23,268	-	-	655,620
		<u>432,924</u>	<u>(51,883)</u>	-	-	<u>381,041</u>

Notes:-

	2015-2016		2014-2015	
	Additions	Deductions	Additions	Deductions
(i) <b>Changes in Statement of Profit and Loss :</b>				
(a) Profit/(Loss) for the year	23,268	-	57,692	-
	<u>23,268</u>	<u>-</u>	<u>57,692</u>	<u>-</u>

Note - 2

RESERVES AND SURPLUS		(Amount in ₹)				
		As at March 31, 2015	Additions	Deductions	Adjustments	As at Mar 31, 2016
(a)	Translation Reserves	(13,211,570)	(4,978,597)	-	-	(18,190,166)
(b)	Surplus i.e. balance in statement of Profit and Loss	41,891,733	1,541,474	-	-	43,433,206
		<u>28,680,162</u>	<u>(3,437,123)</u>	-	-	<u>25,243,040</u>

Notes:-

	2015-2016		2014-2015	
	Additions	Deductions	Additions	Deductions
(i) <b>Changes in Statement of Profit and Loss :</b>				
Profit/(Loss) for the year	1,541,474	-	3,605,583	-
	<u>1,541,474</u>	<u>-</u>	<u>3,605,583</u>	<u>-</u>

**TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO**  
**Notes forming part of financial statements**

Note - 3

**OTHER CURRENT LIABILITIES**

- (a) Income received in advance  
(b) Statutory dues

	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
	17,790	1,178,520	15,373	960,756
	206,706	13,693,748	177,898	11,118,173
	<b>224,496</b>	<b>14,872,268</b>	<b>193,271</b>	<b>12,078,929</b>

**TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO**  
**Notes forming part of financial statements**

Note - 4

Sr. No	FIXED ASSETS	(Amount in USD)											
		Cost as at April 1, 2015	Additions	Deductions	Translation Adjustments	Cost as at Mar 31, 2016	Accumulated depreciation up to March 31, 2015	Depreciation for the year ended March 31, 2016	Deductions	Translation Adjustments	Accumulated depreciation up to March 31, 2016	Net Book Value as at Mar 31, 2016	Net Book Value as at Mar 31, 2015
<b>TANGIBLE ASSETS</b>													
(a)	Computers	45,587	3,027	-	(5,307)	43,307	41,651	3,209	-	(4,984)	39,876	3,431	3,936
(b)	Furniture and fixtures	9,468	-	-	(1,102)	8,366	9,231	63	-	(1,077)	8,216	150	238
(c)	Office equipments	5,599	1,092	-	(652)	6,039	4,785	613	-	(583)	4,815	1,224	814
(d)	Leasehold improvement	2,775	-	-	(323)	2,452	2,775	-	-	(323)	2,452	-	-
(e)	Air Conditioners	-	485	-	-	485	-	101	-	(4)	97	388	-
	<b>Total</b>	<b>63,429</b>	<b>4,604</b>	<b>-</b>	<b>(7,385)</b>	<b>60,649</b>	<b>58,442</b>	<b>3,986</b>	<b>-</b>	<b>(6,971)</b>	<b>55,457</b>	<b>5,192</b>	<b>4,987</b>

Note - 4

Sr. No	FIXED ASSETS	(Amount in ₹)											
		Cost as at April 1, 2015	Additions	Deductions	Translation Adjustments	Cost as at Mar 31, 2016	Accumulated depreciation up to March 31, 2015	Depreciation for the year ended March 31, 2016	Deductions	Translation Adjustments	Accumulated depreciation up to March 31, 2016	Net Book Value as at Mar 31, 2016	Net Book Value as at Mar 31, 2015
<b>TANGIBLE ASSETS</b>													
(a)	Computers	3,019,996	200,563	-	(351,593)	2,868,966	2,759,266	212,599	-	(330,171)	2,641,694	227,273	260,731
(b)	Furniture and fixtures	627,264	-	-	(73,027)	554,237	611,522	4,148	-	(71,369)	544,302	9,935	15,742
(c)	Office equipments	370,918	72,364	-	(43,183)	400,099	316,993	40,632	-	(38,612)	319,013	81,086	53,925
(d)	Leasehold improvement	183,853	-	-	(21,404)	162,449	183,853	-	-	(21,404)	162,449	-	-
(e)	Air Conditioners	-	32,098	-	-	32,098	-	6,701	-	(282)	6,420	25,678	-
	<b>Total</b>	<b>4,202,031</b>	<b>305,024</b>	<b>-</b>	<b>(489,207)</b>	<b>4,017,848</b>	<b>3,871,634</b>	<b>264,081</b>	<b>-</b>	<b>(461,838)</b>	<b>3,673,877</b>	<b>343,972</b>	<b>330,397</b>

**TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO**  
**Notes forming part of financial statements**

**Note - 5**

	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(Amount in ₹)
	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
<b>TRADE RECEIVABLES</b>				
<b>(Unsecured, considered good unless otherwise stated)</b>				
(a) Trade receivables due for a period exceeding six months				
Considered good	-	-	-	-
Considered doubtful	104,725	6,937,797	-	-
	<u>104,725</u>	<u>6,937,797</u>	<u>-</u>	<u>-</u>
Less : Allowances for doubtful debts	104,725	6,937,797	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(b) Other Trade Receivables				
Considered good	921,554	61,050,621	742,649	46,413,702
Considered doubtful	-	-	-	-
	<u>921,554</u>	<u>61,050,621</u>	<u>742,649</u>	<u>46,413,702</u>
Less : Allowances for doubtful debts	-	-	-	-
	<u>921,554</u>	<u>61,050,621</u>	<u>742,649</u>	<u>46,413,702</u>
	<u>921,554</u>	<u>61,050,621</u>	<u>742,649</u>	<u>46,413,702</u>

**Note - 6**

	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(Amount in ₹)
	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
<b>CASH AND BANK BALANCES</b>				
(a) Current Account with banks	302,307	20,027,053	495,465	30,965,303
	<u>302,307</u>	<u>20,027,053</u>	<u>495,465</u>	<u>30,965,303</u>

**Note - 7**

	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(Amount in ₹)
	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
<b>OTHER CURRENT ASSETS</b>				
(a) Advances to suppliers and contractors	7,794	516,324	36,266	2,266,509
(b) VAT, other taxes recoverable, statutory deposits and dues from government	337,167	22,336,454	346,884	21,679,353
(c) Prepaid expenses	20,924	1,386,134	22,899	1,431,145
(d) Unbilled Revenue	1,647	109,132	1,243	77,680
	<u>367,532</u>	<u>24,348,044</u>	<u>407,292</u>	<u>25,454,687</u>

**Note - 8**

	(Amount in USD)	(Amount in ₹)	(Amount in USD)	(Amount in ₹)
	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
<b>SHORT TERM LOANS AND ADVANCES</b>				
(a) Loans and Advances employees	-	-	1,148	71,723
(b) Security Deposits	1,211	80,244	1,371	85,677
	<u>1,211</u>	<u>80,244</u>	<u>2,519</u>	<u>157,400</u>

**TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO**  
**Notes forming part of financial statements**

**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
<b>REVENUE FROM OPERATIONS</b>				
(a) Sale of Products	2,845,550	188,510,585	2,201,212	137,570,256.09
(b) Sale of Services	222,291	14,726,206	349,912	21,868,632
	<b>3,067,841</b>	<b>203,236,791</b>	<b>2,551,124</b>	<b>159,438,888</b>

**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
<b>OTHER INCOME</b>				
(a) Interest income-Others	3,208	212,515	7,047	440,409
(b) Foreign Currency Gain	-	-	113,408	7,087,737
	<b>3,208</b>	<b>212,515</b>	<b>120,455</b>	<b>7,528,146</b>

**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
<b>COST OF TRADED PRODUCTS</b>				
(a) Purchase of Products	2,027,765	134,334,391	1,638,910	102,427,750
(b) Change in Stock in Trade	-	-	-	0
	<b>2,027,765</b>	<b>134,334,391</b>	<b>1,638,910</b>	<b>102,427,750</b>

**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
<b>CONSULTANCY FEES, SOFTWARES AND OTHERS</b>				
(a) Outsourcing Charges	143,391	9,499,309	198,470	12,403,912
(c) Professional Fees	11,922	789,775	13,101	818,752
(d) Training Costs	2,831	187,558	439	27,441
	<b>158,144</b>	<b>10,476,642</b>	<b>212,010</b>	<b>13,250,105</b>

**TATA TECHNOLOGIES DE MEXICO SA DE CV, MEXICO**  
**Notes forming part of financial statements**

**Note - 13**

	(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
<b>EMPLOYEE BENEFIT EXPENSE</b>				
(a) Salaries and Wages	589,206	39,033,401	593,802	37,111,117
	<b>589,206</b>	<b>39,033,401</b>	<b>593,802</b>	<b>37,111,117</b>

**Note - 14**

	(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
<b>FINANCE COSTS</b>				
(a) Interest Expense				
- Interest on Short Term Borrowings	-	-	329	20,571
	-	-	<b>329</b>	<b>20,571.05</b>

**Note - 15**

	(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
<b>OTHER EXPENSES</b>				
(a) Repairs & Maintenance				
- Buildings	5,976	395,914	7,105	444,064
(b) Rent	25,794	1,708,803	30,309	1,894,251
(c) Overseas Marketing Expenses	12,873	852,792	1,813	113,290
(d) Office Expenses	3,042	201,514	3,874	242,145
(e) Travelling & Conveyance	44,271	2,932,810	48,337	3,020,933
(f) Water Charges	1,951	129,232	3,274	204,631
(g) Staff Training and Seminar Expenses	909	60,230	163	10,156
(h) Communication Expenses	11,395	754,898	15,737	983,526
(i) Foreign Currency expenses	15,858	1,050,569	-	-
(j) Allowances for doubtful debts	109,319	7,242,106	-	-
(k) Miscellaneous Expenses	19,228	1,273,818	36,488	2,280,379
	<b>250,616</b>	<b>16,602,688</b>	<b>147,100</b>	<b>9,193,375</b>

## Seventeenth annual report 2015-16

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

#### Notes forming part of financial statements

Note 16

#### 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 and 31st March 2015.

### 2.2 Contingent liabilities

There were no contingent liabilities as at 31st March 2016 and as at 31st March 2015.

### 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 # (\$)	TTUS # (₹)
Income	Income received by the Reporting Enterprise Income received from services	23,936	1,585,700
Expenses	Expenses paid by the Reporting Enterprise Expenses paid	190,262	12,604,382
Payables	Dues Payable by the Reporting Enterprise as on the date of the Reporting Period Due Payable and outstanding on Supplies and services	27,083	1,794,181
Receivables	Dues Receivable by the Reporting Enterprise as on the date of the Reporting Period Dues Receivable on Supplies and Services	7,587	502,620

# TTUS: Tata Technologies Inc., USA (Parent Company)

## **2.6 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 and 1 US \$ = ₹ 62.4975 as on March 31, 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.

**2.7** 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.