

**Company Registration No. 02016440**

**TATA TECHNOLOGIES EUROPE  
LIMITED**

**Annual Report and Financial Statements**

**31 March 2018**

# **TATA Technologies Europe Limited**

## **Officers and Professional Advisers**

### **Directors**

Praveen P Kadle  
Warren Harris  
Nick Sale

### **Secretary**

Osborne Clark LLP  
2 Temple Back East,  
Temple Quay,  
Bristol BS1 6EG

### **Registered office**

2 Temple Back East  
Temple Quay  
Bristol  
BS1 6EG

### **Business address**

European Innovation and Development Centre  
Olympus Avenue  
Tachbrook Park  
Warwick  
CV34 6RJ

### **Bankers**

JP Morgan Chase  
125 London Wall  
London EC2Y 5AJ

### **Auditor**

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham,  
B4 6GH  
United Kingdom

# TATA Technologies Europe Limited

## Strategic Report

### Highlights

- *The total revenue decreased to £111.16 mn (INR 9,500.27 mn) in 2018 in comparison to £133.24 mn (INR 10,824.68 mn) in 2017. The total revenue in 2018 comprised of £110.86 mn (INR 9,475 mn) from Rendering of Services, £0.09 mn (INR 7.98 mn) from Sale of Products and £0.20 mn (INR 17.50 mn) from Commission and other Non- Operating Income.*
- *The Company recorded an Operating Profit of £2.23 mn (INR 190.60 mn) in 2018 in comparison to £16.08 mn (INR £1,306.76 mn) in 2017.*
- *Net Cash and Cash Equivalents in 2018 reduced to £11.92 mn (INR 1,099.78 mn) in comparison to £15.47 mn (INR 1,251.89 mn) in 2017.*
- *The average number of direct employees in 2018 decreased to 649 in comparison to 680 in 2017.*

### Overview of the Company

The Strategic Report has been prepared solely to provide additional information to shareholders as a body to assess the Company's strategies and the potential for those strategies to succeed, and therefore should not be relied on by any other party or for any other purpose.

This review contains forward-looking statements which:

- (1) Have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report; and
- (2) Should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Tata Technologies Europe Limited is the European trading entity of Tata Technologies Limited (TTL), an Indian Company. Tata Technologies helps the world to drive, fly, build and farm by enabling its manufacturing clients across automotive, aerospace and, industrial machinery to create better products and improve the quality of lives that are exposed to those products. TTL operates its activities on a global operating model, and the details of this structure along with a more comprehensive review for the year can be found in its Annual Report which has been published on its website; [www.tatatechnologies.com](http://www.tatatechnologies.com).

Tata Technologies Europe Limited recorded a turnover of *£111.16 mn in 2018* and has strong order book & pipeline for the next year.

The Company made a profit after tax of *£6.67 mn (INR 570.47 mn) (2017: £12.49 mn (INR 1,014.76 mn))* with an outlook for higher profits in the forthcoming year. Significant investments have been made in sales, Research & Development and infrastructure to ensure that the Company stays at the leading edge in its industry in terms of the services and solutions it can offer its clients. The Company does not consider any non-financial areas that may impact its future growth strategies.

# TATA Technologies Europe Limited

## Strategic Report (continued)

The primary business lines in which the Company operates are as follows:

### **Engineering, Research and Development (ER&D)**

The Engineering, Research and Development (ER&D) group is the largest part of our business. We specialize in product development, digital manufacturing, teardown and benchmarking, project and programme execution, providing clients with the capacity to create and innovate new products from components to systems integration including full machine development programmes.

The ER&D line of business has proven capabilities in managing complete outsourced programme. Projects of this scale and complexity are achieved through a combination of automotive experts in the US and Europe, coupled with India's most experienced automotive engineers.

### **Connected Enterprise IT (CEIT)**

The CEIT group provides consulting and IT solutions that help manufacturing customers in optimizing critical enterprise processes through the application and data analytics of Enterprise Resource Planning, (ERP), Manufacturing Execution Systems, (MES), and Customer Relationship Management, (CRM), including the use of social media and improving manufacturing planning and performance. The group has an extensive experience in rapidly integrating the processes, systems, and data of companies acquired by manufacturers.

### **Product Lifecycle Management (PLM)**

The PLM group offers an integrated enterprise-wide proposition to help companies realise maximum value from their PLM investment. They address the product development technology solution requirements of manufacturers including end-to-end implementation of PLM technology, best practices and PLM consulting. PLM also includes the Company's proprietary applications iGETIT® and iCHECKIT.

### **Health and Safety**

The Company recognises the importance of its environmental policies. Initiatives designed to minimise the Company's impact on the environment include safe disposal of office waste, recycling and reducing energy consumption.

### **Financial risk management objectives and policies**

There are several potential risks and uncertainties identified which could have a material impact on the Company's long-term performance.

#### *Competitor risk*

The Company's main markets are becoming increasingly competitive internationally. The development of new technologies could result in significant new competition emerging which may have a material effect on the Company's business. Further, the Company's high reliance on few key customers poses a high risk on its future performance.

#### *Technological change*

The technology upon which the Company's products and services are based, and the products and services which are sold, may become obsolete or may not continue to have sufficient market acceptance to create adequate demand for the Company's products and services. To compete

# TATA Technologies Europe Limited

## Strategic Report (continued)

successfully, the Company will need to continue to improve its product and services and to develop and market new products and services that keep pace with the technological changes.

### *Credit risk*

To promote business, the Company offers credit period for some customers at their request. Delays or defaults in client payments could result in working capital shortages and reduction of Company's profits. To mitigate this, risk the Company has undertaken Credit Insurance and carries out timely and appropriate credit checks from reliable firms on potential customers before sales are made.

### *Foreign Exchange fluctuation risk*

The Company deals in multiple territories and currencies such as USD, EUR, and INR which results in some exchange rate fluctuation risks in a post-Brexit scenario. The company undertakes certain Forward Covers in the foreign currency towards the larger contracts to minimize the risks in consequence of this fluctuation.

### *Failure to recruit and retain staff*

As the Company places, great importance on the customer service provided by its knowledgeable, unbiased and appropriately trained staff, its business may be adversely affected by an inability to recruit and retain sufficient personnel of the right calibre.

The Company's future success depends on its continuing ability to attract and subsequently retain highly skilled and qualified personnel in relation to management, sales support, marketing and technical personnel. The group in the past has recruited internationally and moved people around amongst its operations, particularly within the EU. There can be no guarantee that changes in immigration laws in a post Brexit scenario will allow this practice to continue.

### *Reliance on certain sectors, clients, and suppliers*

The Company mainly derives its revenues from two key sectors: automotive and aerospace. If both sectors were to experience a significant period of decline at the same time, this could have a significant adverse effect on the trading of the Company. Efforts are underway to diversify our customer base further to dilute these risks.

### *Future Outlook*

There continues to be significant growth in current and future opportunities as the Company expands in new sectors and new areas of operations.

With the purpose of expanding growth in the Nordic region and the increasing opportunities with a Swedish customer, we acquired a company called Escenda in May 2017 which is based in Gothenburg, Sweden.

In reflection of the strong outlook and growth in opportunities within the UK and across Europe, the Company has invested in the development of its European Headquarters, European Innovation and Development Centre (EIDC) at Tachbrook Park, Warwick which completed in March 2017.

Due to continuous investments in technology and resources, the Company has successfully carried out critical large-scale R&D programmes for its customers. The Company aims to continue to invest in research and development related activities to develop and retain diverse expertise to further strengthen its innovation and research capabilities for value added service to its customers.

# TATA Technologies Europe Limited

## Strategic Report (continued)

### Key Performance Indicators

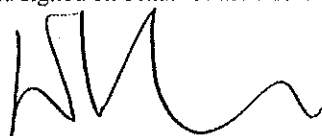
The Company has following key performance indicators to measure and assess progress against them.

	2018		2017	
	£ (mn)	INR (mn)	£ (mn)	INR (mn)
Revenue	111.16	9,500.27	133.24	10,824.68
Operating profit on ordinary activities	2.23	190.60	16.08	1,306.77
PBT	8.62	736.87	15.71	1,276.38
Average employee (numbers)	649	-	680	-

### Financial Performance

Tata Technologies is highly focused on delivery of value to its customers. The company has healthy order book, strong pipeline and expects improved growth in revenue, operating profit and profit after tax in the coming years. With its pragmatic approach to business, strong client relationships, unique service offerings along with the financial backing and global reach of the Tata Technologies Group, the Company continues to be well placed for future success and growth.

Approved by the Board of Directors'  
and signed on behalf of the Board



Warren Harris  
Director  
April 26 2018

# **Independent Auditor's Report to the members of Tata Technologies Europe Limited**

## **Opinion**

We have audited the financial statements of Tata technologies Europe Limited ("the company") for the year ended 31 March 2018 set out on pages 11 to 25, which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the significant accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March, 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

## **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

## **Independent Auditor's Report to the members of Tata Technologies Europe Limited (*continued*)**

- we have not received all the information and explanations we require for our auditor.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Matthew Buckingham (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*

One Snowhill  
Snow Hill Queensway  
Birmingham

B4 6GH  
United Kingdom

3 May 2018

# TATA Technologies Europe Limited

## Income Statement For the year ended 31 March 2018

	Note	2018		2017	
		£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
<b>Turnover</b>	3	111,159	9,500,268	133,243	10,824,677
Cost of sales		(97,201)	(8,307,269)	(107,682)	(8,748,064)
<b>Gross profit</b>		<b>13,958</b>	<b>1,192,999</b>	<b>25,561</b>	<b>2,076,613</b>
Distribution costs		(2,826)	(241,562)	(3,522)	(286,158)
Administrative expenses		(8,902)	(760,834)	(5,954)	(483,689)
Research and Development Expenditure Credit		6,617	565,511	-	-
<b>Operating profit</b>		<b>8,847</b>	<b>756,114</b>	<b>16,085</b>	<b>1,306,766</b>
Finance Costs	6	(225)	(19,249)	(374)	(30,385)
<b>Profit on ordinary activities before taxation</b>		<b>8,622</b>	<b>736,865</b>	<b>15,711</b>	<b>1,276,381</b>
Tax charge on profit	7	(1,947)	(166,393)	(3,220)	(261,606)
<b>Profit for the financial year</b>		<b>6,675</b>	<b>570,472</b>	<b>12,491</b>	<b>1,014,775</b>

All activities are continuing in nature.

There are no items of other comprehensive income in either year other than those reflected in the profit and loss account. Accordingly, no separate statement of other comprehensive income is presented.

The accompanying notes form part of financial statements

# TATA Technologies Europe Limited

## Balance Sheet At 31 March 2018

	Note	2018		2017	
		£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
<b>Non-Current Assets</b>					
Property, Plant and Equipment	10	4,557	420,591	4,204	340,674
Intangible assets	9	285	26,090	510	41,287
Capital Work in Progress		-	-	12	942
Investments in Subsidiaries	11	61,899	5,712,206	55,937	4,526,365
Deferred Tax Asset	12	103	9,665	322	25,942
<b>Total Non-Current Assets</b>	<b>A</b>	<b>66,844</b>	<b>6,168,552</b>	<b>60,985</b>	<b>4,935,210</b>
<b>Current assets</b>					
Trade and other Receivables	13	46,860	4,324,429	44,968	3,557,252
Cash at bank and in hand		11,917	1,099,781	15,471	1,251,895
Other Current Assets		-	-	14,562	1,178,268
<b>Total Current Assets</b>	<b>B</b>	<b>58,777</b>	<b>5,424,210</b>	<b>75,001</b>	<b>5,987,415</b>
<b>Less: Current Liabilities</b>					
Short Term Borrowings	15	7,300	673,678	29,746	2,411,787
Trade Payables	14	1,087	98,765	262	21,295
Provisions	14	797	73,516	327	26,440
Amounts owed to group undertakings	14	17,010	1,569,795	12,799	848,965
Current Tax Liabilities		5,035	466,131	4,746	384,004
Accruals and deferred income		15,716	1,450,304	16,067	1,300,213
<b>Total Current Liabilities</b>	<b>C</b>	<b>46,945</b>	<b>4,332,189</b>	<b>63,947</b>	<b>4,992,704</b>
<b>Net current assets</b>	<b>D (B-C)</b>	<b>11,832</b>	<b>1,092,021</b>	<b>11,054</b>	<b>994,711</b>
<b>Total assets less current liabilities, being net assets</b>	<b>(A+D)</b>	<b>78,676</b>	<b>7,260,573</b>	<b>72,039</b>	<b>5,929,921</b>
<b>Non-Current Liabilities</b>					
Long-term Borrowings	15	-	-	7	539
<b>Equity</b>					
Share capital	16	11	987	11	866
Retained Earnings		78,665	7,259,586	72,021	5,928,516
<b>Equity attributable to owners of the Company</b>		<b>78,676</b>	<b>7,260,573</b>	<b>72,032</b>	<b>5,929,382</b>
<b>Total liabilities and Shareholders funds</b>		<b>78,676</b>	<b>7,260,573</b>	<b>72,039</b>	<b>5,929,921</b>

The accompanying notes form part of financial statements

These financial statements of Tata Technologies Europe Limited, registered No. 02016440, were approved by the Board of Directors and authorised for issue on April 26 2018.

Signed on behalf of the Board of Directors

Warren Harris

Director

## TATA Technologies Europe Limited

### Statement of changes in equity For the year ended 31 March 2018

	Share Capital		Retained Earnings		Total	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Balance at 1 April 2016	11	989	59,530	5,682,371	59,541	5,683,360
Profit for the financial year	-	-	12,491	1,014,775	12,491	1,014,775
Securities Premium Reserve	-	-	-	-	-	-
Foreign exchange difference	-	(123)	-	(768,630)	-	(768,753)
<b>Balance at 31 March 2017</b>	<b>11</b>	<b>866</b>	<b>72,021</b>	<b>5,928,516</b>	<b>72,032</b>	<b>5,929,382</b>

	Share Capital		Retained Earnings		Total	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Balance at 1 April 2017	11	866	72,021	5,928,516	72,032	5,929,382
Profit for the financial year	-	-	6,675	570,472	6,675	570,472
Translation Reserve	-	-	(31)	(2,649)	(31)	(2,649)
Foreign exchange difference	-	121	-	763,247	-	763,368
<b>Balance at 31 March 2018</b>	<b>11</b>	<b>987</b>	<b>78,665</b>	<b>7,259,586</b>	<b>78,676</b>	<b>7,260,573</b>

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2018

### 1. General Information

The Company is a private Company limited by shares and is registered in England. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the strategic report.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Tata Motors Limited, a company registered in India. The group accounts of Tata Motors Limited, India are available to the public and can be obtained as set out in note 19. The registered office address of the parent Company preparing consolidated accounts is Bombay House, 24 Homi Mody Street, Mumbai, 400 001, India.

### 2. Significant Accounting policies

#### Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of all Key Management Personnel; and

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### Going concern

The financial statements have been prepared using the going concern basis of accounting. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As such, they have adopted the going concern basis of accounting in preparing the financial statements.

#### Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

#### Revenue Recognition

Revenue represents amounts receivable for goods and services net of value added tax and trade discounts, together with commissions' receivable. For contracts, which are for the supply of services and hardware on a time and material basis, turnover is recognised as goods and services are delivered.

For long term contracts, turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are included only when they have been agreed by the customer. For certain contracts, turnover from supply of services for projects is recognized using the percentage of completion method based on milestones agreed with the customer at the outset of the project.

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2018

### Accounting policies (continued)

#### Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue 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.

#### Other income

The Company recognises income by way of grant from research and development activities when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

#### Operating leases

The annual rentals on operating leases are charged to the profit and loss account on a straight-line basis over the life of the lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

#### Foreign exchange

Transactions denominated in foreign currencies are translated to the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale.

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less, at a future date, at rates expected to apply when they crystallise based on current tax rates and law or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Cash flow statement

The company is a wholly owned subsidiary and the cash flows of the company are included in the consolidated cash flow statement of Tata Motors Limited. Consequently, the company is exempt under section 8 of FRS 101 from the requirement to prepare a cash flow statement.

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2018

### Accounting policies (continued)

#### Property Plant and Equipment

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. 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:

Plant and machinery- 5 years	- 20% on cost
Plant and machinery- 15 years (for Leased Assets)	- 7% on cost
Fixtures, fittings and equipment	- 25% on cost
Vehicles	- 25% on cost
Leasehold Improvements	Lease Period

Residual value is calculated on prices prevailing at the date of acquisition.

#### Intangible Assets

Intangible fixed assets are stated at cost less depreciation and any provision for impairment. 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:

Software Licenses	- 33.3% on cost
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#### General note on translation to Indian Rupees

The financial information is prepared in accordance with FRS 101 and is expressed in Pounds Sterling, the functional currency of the company. The balances presented in Indian Rupees alongside the Pound Sterling balances represent the FRS 101 balances translated into Indian Rupees at a fixed exchange rate of 1 Pounds Sterling = INR 85.46520 for the Profit and Loss Account for year ended 31 March 2018 and 1 Pounds Sterling = INR 92.28463 for the Balance Sheet as at 31 March 2018 (1 Pounds Sterling = INR 81.24030 for the Profit and Loss Account for year ended 31 March 2017 and 1 Pounds Sterling = INR 80.91854 for the Balance Sheet as at 31 March 2017). These have been provided solely for the convenience of the reader and to meet the requirements of Section 129 of the Indian Companies Act, 2013, which requires that a parent company must also file subsidiary financial statements in India. These translations should not be construed as a representation that any or all the amounts could be converted into Indian Rupees at this or any other rate, or that any of all the amounts presented are prepared in accordance with Indian GAAP.

#### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits are required to settle, a provision is expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2018

### 2a. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use for the calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates to calculate the present values.

Following an annual impairment review of investments in subsidiaries, management have taken the judgement not to impair investments as they believe each of the Company's investments is supported by its underlying net assets or discounted cash flows to estimate its value in use.

### 3. Turnover

An analysis of the Company's revenue is as follows:

	2018		2017	
	£'000	INR'000 (see note 2)	£'000	INR'000 (See note 2)
<b>Revenue Analysis</b>				
Rendering of Services	110,861	9,474,790	131,355	10,671,297
Sale of Products	93	7,982	531	43,125
Other non-operating Income	205	17,496	1,357	110,255
	<b>111,159</b>	<b>9,500,268</b>	<b>133,243</b>	<b>10,824,677</b>

An analysis of the Group's revenue by geographical market is set out below.

	2018		2017	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note2)
<b>Geographical analysis of turnover by destination (including other income)</b>				
United Kingdom (including India, USA and rest of World)	94,763	8,098,980	111,760	9,051,924
Rest of Europe	16,396	1,401,288	21,483	1,772,753
	<b>111,159</b>	<b>9,500,268</b>	<b>133,243</b>	<b>10,824,677</b>

### 4. Auditor's remuneration

Fees payable to KPMG LLP, Birmingham and their associates for the audit of the Company's annual accounts were £73,840 (\*2017- £75,000).

\*Payable to Deloitte LLP, being erstwhile auditors, who have resigned in the current year.

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2018

### 5. Staff Costs

The average monthly number of employees (including executive directors) was:

	2018 No.	2017 No.
Selling and administration	56	22
Management	11	12
Direct	582	646
<b>Total</b>	<b>649</b>	<b>680</b>

Their aggregate remuneration comprised:

	2018		2017	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
<b>Employment costs</b>				
Wages and salaries	35,383	3,024,018	36,068	2,926,738
Social security costs	3,514	300,362	3,572	290,191
Other pension costs	812	69,417	821	66,675
	<b>39,709</b>	<b>3,393,797</b>	<b>40,461</b>	<b>3,283,604</b>

The director's remuneration has been shown separately in note below (Refer Note 18)

### 6. Interest

	2018		2017	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Bank interest	(225)	(19,249)	(374)	(30,385)
	<b>(225)</b>	<b>(19,249)</b>	<b>(374)</b>	<b>(30,385)</b>

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2018

### 7. Tax

	2018		2017	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
<b>UK Corporation Tax</b>				
Current tax	1,728	147,713	3,270	265,656
Current tax -prior year adjustment	-	-	27	2,193
<b>Corporation Tax</b>	<b>1,728</b>	<b>147,713</b>	<b>3,297</b>	<b>267,849</b>
Deferred tax-current year charge	460	39,280	(77)	(6,243)
Deferred tax-prior year adjustment	(241)	(20,600)	-	-
	<b>1,947</b>	<b>166,393</b>	<b>3,220</b>	<b>261,606</b>

#### Factors affecting the taxation rate

The taxation rate for each period is different to the standard rate of corporation tax in the UK of 19% (2017: 20%).

A further reduction to 17% from 1 April 2020 has been substantively enacted. UK temporary differences are measured at the rate at which they are expected to reverse.

The differences are reconciled below:

	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Profit on ordinary activities before taxation	<b>8,622</b>	<b>736,865</b>	<b>15,711</b>	<b>1,276,381</b>
UK statutory rate of tax charge	1,638	140,004	3,152	256,058
Effects of:				
Expenses not deductible for tax purposes	550	46,989	185	15,048
French Tax losses	-	-	(61)	(4,956)
Prior year adjustment of tax	(241)	(20,600)	27	2,193
Other relief	-	-	(125)	(10,155)
Tax at branches	-	-	42	3,418
<b>Total taxation</b>	<b>1,947</b>	<b>166,393</b>	<b>3,220</b>	<b>261,606</b>

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2018

### 8. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after the following charges/ (credits):

	2018		2017	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Depreciation/amortisation	1,428	122,251	685	55,630
Exchange differences	206	17,573	246	20,005
Operating lease rentals				
- plant, machinery and vehicles	658	56,208	429	34,860
- other	1,558	133,114	704	57,228
Fees payable to the company's auditors for the audit of the company's annual financial statements	73	6,239	75	6,093
Non-Audit Fees payable to company's auditor member firms in respect of quarterly review procedures	14	1,197	28	2,275
(Gain)/ Loss on Sale of asset	(1)	(80)	1	57

### 9. Intangible Assets

	Intangible £'000	Intangible INR'000 (see note 2)
<b>Cost</b>		
At 1 April 2017	1,559	70,294
Additions	50	4,256
Disposals	-	-
Exchange difference	-	73,889
At 31 March 2018	1,609	148,439
<b>Depreciation</b>		
At 1 April 2017	1,049	29,007
Charge for the year	275	23,705
Disposals	-	-
Exchange difference	-	69,637
At 31 March 2018	1,324	122,349
<b>Net book value</b>		
At 31 March 2018	<b>285</b>	<b>26,090</b>
At 31 March 2017	<b>510</b>	<b>41,287</b>

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2018

### 10. Property, Plant and Equipment

	Plant and machinery £'000	Fixtures, Fittings and Equipment £'000	Leasehold Improvements £'000	Total £'000
<b>Cost</b>				
At 1 April 2017	4,627	608	1,459	6,694
Additions	58	1,418	30	1,506
Disposals	-	-	-	-
At 31 March 2018	<b>4,685</b>	<b>2,026</b>	<b>1,489</b>	<b>8,200</b>
<b>Depreciation</b>				
At 1 April 2017	1,718	552	220	2,490
Charge for the year	209	859	85	1,153
Disposals	-	-	-	-
At 31 March 2018	<b>1,927</b>	<b>1,411</b>	<b>305</b>	<b>3,643</b>
<b>Net book value</b>				
At 31 March 2018	<b>2,758</b>	<b>615</b>	<b>1,184</b>	<b>4,557</b>
At 31 March 2017	<b>2,909</b>	<b>56</b>	<b>1,239</b>	<b>4,204</b>

	Plant and Machinery INR'000 (see note 2)	Fixtures, Fittings & Equipment INR'000 (see note 2)	Leasehold Improvements INR'000 (see note 2)	Total INR'000 (see note 2)
<b>Cost</b>				
At 1 April 2017	374,388	49,208	118,553	542,149
Additions	4,886	121,221	2,532	128,639
Disposals	-	-	-	-
Exchange difference	53,076	16,539	16,344	85,959
At 31 March 2018	<b>432,350</b>	<b>186,968</b>	<b>137,429</b>	<b>756,747</b>
<b>Depreciation</b>				
At 1 April 2017	139,056	44,624	17,795	201,475
Charge for the year	17,859	73,414	7,273	98,546
Disposals	-	-	-	-
Exchange difference	114,967	(81,936)	3,104	36,135
At 31 March 2018	<b>271,882</b>	<b>36,102</b>	<b>28,172</b>	<b>336,156</b>
<b>Net book value</b>				
At 31 March 2018	<b>160,468</b>	<b>150,866</b>	<b>109,257</b>	<b>420,591</b>
At 31 March 2017	<b>235,332</b>	<b>4,584</b>	<b>100,758</b>	<b>340,674</b>

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2018

Capital Works in Progress consists of capital investments being made by the Company in relation to the development of its business premises at Tachbrook Park, Warwick.

### 11. Subsidiaries

Non-Current Investments	£'000	INR'000 (see note 2)
Balance at 1 April 2017	55,937	4,526,365
Additions	5,962	550,052
Disposals	-	-
Foreign exchange difference	-	635,789
Balance at 31 March 2018	<u>61,899</u>	<u>5,712,206</u>

Subsidiary undertakings and Companies directly held by parent Company	Country of incorporation	Registered Address	Class	Shares held and voting rights %	Status
Tata Technologies Inc.	United States	41050, W Eleven Mile Road, Novi, MI 48375	Ordinary	96.06%	Trading

Subsidiary undertakings and Companies indirectly held by parent Company	Country of incorporation	Registered Address	Class	Shares held and voting rights %	Status
Tata Technologies de Mexico	Mexico	Blvd, Independencia, #1600, Ote, 27100 Torreon, Coahuila	Ordinary	100%	Trading
Cambric Limited, Bahamas	Bahamas	C/o H&J Corporate Services Ltd, East Bay Street, PO Box SS-19084	Ordinary	99.96%	Dormant
Cambric UK Limited	United Kingdom	C/o Blick Rothenberg 16 Great Queen Street  Covent Garden, London WC2B5AH	Ordinary	100%	Dormant
Cambric GMBH, Germany  (in process of liquidation)	Germany	Stuhlsatzenhausweg 69, 66123 Saarbrücken, Germany	Ordinary	100%	Dormant
Midwest Managed Services	United States	555 E Broadway, Suite 300, Salt Lake City, UT 84102	Ordinary	100%	Trading
Escenda Engineering AB	Sweden	Lindholmospiren 7, 41756 Gothenburg.	Ordinary	100%	Trading

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2018

### 12. Deferred tax

	2018		2017	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
The amounts provided for deferred tax assets are:				
Capital allowances in excess of depreciation	73	6,704	126	10,079
Short term timing differences	30	2,961	196	15,863
	<b>103</b>	<b>9,665</b>	<b>322</b>	<b>25,942</b>

### 13. Trade and other Receivables

Receivables falling due within one year	2018		2017	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Trade Receivables	18,575	1,714,229	24,187	1,917,445
Amounts owed by group undertakings	5,809	536,051	4,989	403,712
Other debtors	5,599	516,676	782	21,525
Prepayments and accrued income	16,877	1,557,473	15,010	1,214,570
	<b>46,860</b>	<b>4,324,429</b>	<b>44,968</b>	<b>3,557,252</b>

### 14. Trade and other Payables

Creditors: amounts falling due within one year	2018		2017	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Trade Payables	1,087	98,765	262	21,295
Provisions	797	73,516	327	26,440
Amounts owed to group undertakings	17,010	1,569,795	12,799	848,965
	<b>18,894</b>	<b>1,742,076</b>	<b>13,388</b>	<b>896,700</b>

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2018

### 15. Borrowings

Amounts due for settlement within 12 months	2018		2017	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Short term bank loans	7,300	673,678	14,846	1,201,334
Short term borrowings	-	-	14,900	1,210,453
	<b>7,300</b>	<b>673,678</b>	<b>29,746</b>	<b>2,411,787</b>

The Company's Short Term Borrowings comprised of the amounts received from the *Universities Superannuation Fund Scheme*, towards the funding of the business premises of the Company at EIDC, Tachbrook Park, Warwick and funded to the Company acting as the Contractor against an operating lease for 15 years after completion.

During the current year, the Company has taken a new loan from JP Morgan amounting to £7,300. This loan is currently under renewal for one year upto April 2019, original due date being 26 April 2018. The loan carried interest rate at LIBOR + 0.75 per cent. Short term bank loan of previous year has been repaid.

Amounts due for settlement after 12 months	2018		2017	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Long-term Borrowings	-	-	7	539

In previous year, an unsecured term from Bank of America was taken out on 26 March 2015. Unpaid balance being of £ Nil (2017- £6,667). Repayments commenced on 26 March 2016 and has been fully squared off during the year. This loan carried interest rate at LIBOR plus 0.90 per cent.

### 16. Share Capital and Reserves

Called up, allotted and fully paid 10,697 ordinary shares of £1 each	2018		2017	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
	11	987	11	866

### 17. Operating Lease Commitments

	Land and Buildings		Other	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Leases which expire:				
Within one year	1,475	1,657	433	434
Within two to five years	4,956	5,684	285	274
After five years	10,448	12,245	-	-
Total commitments	<b>16,879</b>	<b>19,586</b>	<b>718</b>	<b>708</b>

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2018

	Land and Buildings		Other	
	2018	2017	2018	2017
	INR'000	INR'000	INR'000	INR'000
	(see note 2)	(see note 2)	(see note 2)	(see note 2)
Leases which expire:				
Within one year	126,082	134,633	36,971	35,274
Within two to five years	423,529	461,740	24,369	22,271
After five years	892,965	994,790	-	-
<b>Total commitments</b>	<b>1,442,576</b>	<b>1,591,163</b>	<b>61,340</b>	<b>57,545</b>

### 18. Directors' remuneration:

	2018		2017	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Aggregate emoluments for qualifying services	172	14,674	184	14,968
Contributions to a money purchase pension scheme	13	1,083	12	975
	<b>185</b>	<b>15,757</b>	<b>196</b>	<b>15,943</b>

The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes. The highest paid director had emoluments for qualifying services of £171,700 for the year and is a member of the Company's defined contribution pension scheme and had accrued entitlements of £12,667 under the scheme for the year.

### 19. Controlling Party

The immediate parent companies are INCAT International Plc, a company registered in the United Kingdom and Tata Technologies Pte, Limited, a company registered in Singapore. The ultimate parent company and controlling party of the company is Tata Motors Limited, a company registered in India.

Tata Motors Limited is the parent company of the largest group to which this company belongs and for which group financial statements are prepared. The smallest group to which this company belongs and for which group financial statements are prepared is headed by Tata Technologies Limited, an intermediate parent company. Copies of the consolidated financial statements of Tata Motors Limited can be obtained from Bombay House, 24 Homi Mody Street, Mumbai, 400 001, India.