

Company Registration No. 02016440

**TATA TECHNOLOGIES EUROPE
LIMITED**

Annual Report and Financial Statements

31 March 2019

TATA Technologies Europe Limited

Annual Report and Financial Statements 2019

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TATA Technologies Europe Limited

Officers and Professional Advisers

Directors

Praveen P Kadle
Warren Harris
Arun Krishnamurthi

Registered & Business office

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 £105.99 mn in 2019 in comparison to £111.16 mn in 2018. The total revenue in 2019 comprised of £105.37 mn from Rendering of Services, £0.05 mn from Sale of Products and £0.57 mn from other Non- Operating Income.*
- *Tata Technologies Europe Limited (“The Company”) recorded an Operating Profit of £16.2 mn in 2019 in comparison to £8.8 mn in 2018.*
- *Net Cash and Cash Equivalents in 2019 increased to £21.4 mn in comparison to £11.9 mn in 2018.*
- *Borrowings have reduced to Nil in 2019 in comparison to £7.3m in 2018.*
- *The average number of direct employees in 2019 decreased to 618 in comparison to 649 in 2018.*

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” or “the Group”), 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.

Tata Technologies Europe Limited recorded a turnover of £106.0 mn in 2019, and the Directors believe it has strong order book & pipeline for the next year.

The Company made a profit after tax of £12.9 mn (2018: £6.7 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.

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 I T (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.

TATA Technologies Europe Limited

Strategic Report (continued)

Technological change

The technology upon which the Company's 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 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 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 worldwide. 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.

Brexit

As the UK continues to negotiate Brexit deal with European union, we will be considering how this new political landscape will impact TTEL. Irrespective of the outcome of the negotiations, whether that be with or without a deal, there will likely be significant changes for UK business. We have identified potential risks for our business & potential impact on accounting & reporting.

In the short-term, elevated political instability and economic uncertainty will result in:

- increased market volatility for asset prices and exchange rates
- potentially higher UK inflation as a consequence of sterling depreciation
- credit rating downgrades and certain sectors potentially experiencing increased difficulty in obtaining or renewing credit
- expectations that investment and acquisition activity could be curtailed until the uncertainty subsides, contributing to lower short-term economic growth forecasts and higher risk premiums

TATA Technologies Europe Limited

Strategic Report (continued)

In the long term, we expect below potential risks.

- People movement within EU & outside EU
- Potential changes in taxes, social security contribution & tariffs
- Change in customer operating model & strategies

As a consequence, the board of directors will continue to assess the impact of the increased economic uncertainty and market volatility on interim and annual financial statements; and ensure management are monitoring developments to assess what impact, if any, these have on the business model, strategy, business plans, forecasts and financial reporting.

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.

Due to continuous investments in technology and resources, the Company has successfully carried out critical large-scale R&D programmes for its customers & has been able to win new 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.

Key Performance Indicators

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

	2019	2018
	£ (mn)	£ (mn)
Revenue	105.99	111.16
Operating profit	13.92	2.23
Add: Research and development expenditure costs	2.28	6.61
Adjusted operating profit	16.20	8.84
Profit before taxation	16.03	8.62
Average employee (numbers)	618	649

Financial Performance

Tata Technologies is highly focused on delivery of value to its customers. The Directors believe that 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



Arun Krishnamurthi

Director

June 5, 2019

TATA Technologies Europe Limited

Directors' Report

The Directors present their Annual Report and the Audited Financial Statements for the year ended 31 March 2019. The statement of Directors' responsibilities, is to be considered as a part of this report.

Principal activities

Tata Technologies Europe Limited provides engineering and design solutions to leading manufacturers and their suppliers in the automotive, aerospace and general manufacturing industries. Through a range of product lifecycle management and enterprise resource planning services the Company helps its customers to realize product superiority with its digital manufacturing, application lifestyle manufacturing, systems integration solutions and other IT hardware, software and ongoing support.

Country of incorporation

Tata Technologies Europe Limited has been incorporated in the United Kingdom with its registered address at European Innovation and Development Centre (EIDC) Olympus Avenue, Tachbrook Park, Warwick, United Kingdom, CV34 6RJ.

Dividends

The Directors do not propose any payment of dividend for the year 2019 (2018: NIL).

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report above. The Strategic Report, Directors' Report and Financial Statements also describe the financial and liquidity position of the Company and the Company's objectives, policies and processes for managing its principal risks.

The Directors expect a general level of improvement in the areas where Tata Technologies Europe Limited operates as a resolute of the investments made in sales and infrastructure.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors expect to repay the loans taken during the year as per repayment schedule for its internal resources. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Capital Structure

The details of the authorized and issued share capital have been shown along with the movements from the previous year in Statement of Changes in Equity below. The Company has no individual shareholders and 10,000 of the Company's shares are held by INCAT International PLC and 697 shares by Tata Technologies Pte Ltd., Singapore, resulting in an issued capital consisting of 10,697 shares which have been allotted and fully paid at £1 each.

The Company has the authority to issue ordinary shares under its Articles of Association. No person has any special rights of control over the Company's share capital which are all issued and fully paid.

The Directors are not aware of any agreements resulting in restrictions on the transfer of shares or voting rights which are governed by the provisions as per the Articles of Association, the Companies Act and any other related legislation.

TATA Technologies Europe Limited

Directors' Report (Continued)

Directors

The names of the Directors who served the Company throughout the year and to the date of this report were as follows:

Mr. Praveen Kadle

Mr. Warren Harris

Mr. Nicholas John Cameron Sale (ceased as on 10th December 2018)

Mr. Arun Krishnamurthi (appointed as on 10th December 2018)

Directors' indemnities

The Company is currently holding a valid Directors and Officers insurance policy.

Charitable and political contributions

The Company has contributed £15,000 (2018- £24,200) for charity during the current year.

Branches outside the UK

The company has branches in the Europe. The Branch at Sweden has been closed.

Employees

Tata Technologies has clear channels of communication to reach out to employees. This is done on a regular basis through quarterly briefings and town halls done periodically. The town halls and briefings are chaired by members of the leadership team who brief employees and provide information on matters of concern to them as employees. These sessions are followed by question and answer sessions, so employees can ask questions and provide feedback. The MD's blog is also an important channel where employees receive regular update on company affairs and provides the opportunity to employees to engage into a dialogue with employees. VOICESPOT, Tata Technologies' employee engagement platform, one to one meeting with human resource partners help gather feedback from employees. Regional leadership teams and collective bargaining in certain countries help the Company consult with employees on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests. While annual goal setting exercise helps align employees to common objectives, the associated performance pay and bonus schemes encourages the involvement of employees in the Company's performance by achieving these common objectives.

Equal Opportunity and Disabled employees: The Company supports the principle of equal opportunities in employment and opposes all forms of unlawful or unfair discrimination on the grounds of race, age, nationality, religion, ethnic or national origin, sexual orientation, gender or gender reassignment, marital status or disability. The Company also, where possible, supports sympathetic consideration to disabled persons in their application for employment with the Company and to protect the interests of existing members of the staff who are disabled.

Auditor

Each of the persons who are a Director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

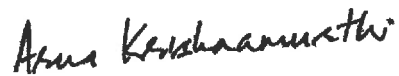
TATA Technologies Europe Limited

Directors' Report (Continued)

KPMG LLP was appointed as an auditor for the year ended 31 March 2019. KPMG LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

This confirmation is given and should be interpreted in accordance with the provisions of S. 418 of the Companies Act, 2006.

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



Arun Krishnamurthi

Director

June 5, 2019

TATA Technologies Europe Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), includes FRS 101 Reduced Disclosure Framework

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2019 which comprise the Income Statement, 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 2019 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty, when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, 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.

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.



Chris Cole (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

United Kingdom

~~5 June 2019~~
5 June 2019

TATA Technologies Europe Limited

Income Statement For the year ended 31 March 2019

		2019	2018
	Note	£'000	£'000
Turnover	3	105,994	111,159
Cost of sales		(83,467)	(97,201)
Gross profit		22,527	13,958
Distribution costs		(1,749)	(2,826)
Administrative expenses		(6,855)	(8,902)
Research and development expenditure credit		2,285	6,617
Operating profit		16,208	8,847
Finance costs	6	(180)	(225)
Profit before taxation		16,028	8,622
Tax charge on profit	7	(3,150)	(1,947)
Profit for the financial year		12,878	6,675

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 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Property, plant and equipment	10	3,530	4,557
Intangible assets	9	250	285
Investments in subsidiaries	11	62,226	61,899
Deferred tax asset	12	120	103
Total non-current assets	A	66,126	66,844
Current assets			
Trade and other receivables	13	39,873	46,860
Cash at bank and in hand		21,396	11,917
Total current assets	B	61,269	58,777
Less: Current liabilities			
Short term borrowings	15	-	7,300
Trade payables	14	1,052	1,087
Provisions	14	523	797
Amounts owed to group undertakings	14	18,092	17,010
Current tax liabilities		4,365	5,035
Accruals and deferred income		11,851	15,716
Total current liabilities	C	35,883	46,945
Net current assets	D (B-C)	25,386	11,832
Total assets less current liabilities, being net assets	(A+D)	91,512	78,676
Non-current liabilities			
Long-term borrowings	15	-	-
Equity			
Share capital	16	11	11
Retained earnings		91,501	78,665
Equity attributable to owners of the Company		91,512	78,676
Total liabilities and shareholders funds		91,512	78,676

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 June 5, 2019.

Signed on behalf of the Board of Directors

Arun Krishnamurthi

Arun Krishnamurthi

Director

TATA Technologies Europe Limited

Statement of changes in equity For the year ended 31 March 2019

	Share Capital	Retained Earnings	Total
	£'000	£'000	£'000
Balance at 1 April 2017	11	72,021	72,032
Profit for the financial year	-	6,675	6,675
Translation Reserve	-	(31)	(31)
Foreign exchange difference	-	-	-
Balance at 31 March 2018	11	78,665	78,676

	Share Capital	Retained Earnings	Total
	£'000	£'000	£'000
Balance at 1 April 2018	11	78,665	78,676
Profit for the financial year	-	12,878	12,878
Translation Reserve	-	(42)	(42)
Foreign exchange difference	-	-	-
Balance at 31 March 2019	11	91,501	91,512

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2019

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 2019

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 2019

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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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.

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.

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Notes to the Financial Statements Year ended 31 March 2019

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:

	2019 £'000	2018 £'000
Revenue Analysis		
Rendering of Services	105,372	110,861
Sale of Products	48	93
Other non-operating Income	574	205
	105,994	111,159

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

	2019 £'000	2018 £'000
Geographical analysis of turnover by destination (including other income)		
United Kingdom	92,216	93,144
India	-	5
USA	162	187
Rest of World	489	1,427
Rest of Europe	13,127	16,396
	105,994	111,159

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 (2018- £73,840).

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2019

5. Staff Costs

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

	2019	2018
	No.	No.
Selling and administration	37	56
Management	9	11
Direct	573	582
Total	619	649

Their aggregate remuneration comprised:

	2019	2018
	£'000	£'000
Employment costs		
Wages and salaries	33,513	35,383
Social security costs	3,081	3,514
Other pension costs	1,135	812
	37,729	39,709

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

6. Interest

	2019	2018
	£'000	£'000
Bank interest	(180)	(225)
	(180)	(225)

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2019

7. Tax

	2019 £'000	2018 £'000
UK Corporation Tax		
Current tax	3,166	1,728
Current tax -prior year adjustment	-	-
Corporation Tax	3,166	1,728
Deferred tax-current year charge	(16)	460
Deferred tax-prior year adjustment	-	(241)
	3,150	1,947

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% (2018: 19%).

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	£'000
Profit on ordinary activities before taxation	16,028	8,622
UK statutory rate of tax charge	3,045	1,638
Effects of:		
Expenses not deductible for tax purposes	105	550
Prior year adjustment of tax	-	(241)
Total taxation	3,150	1,947

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2019

8. Profit on ordinary activities before taxation

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

	2019	2018
	£'000	£'000
Depreciation/amortisation	1,046	1,428
Exchange differences	111	206
Operating lease rentals		
- plant, machinery and vehicles	521	658
- other	1,260	1,558
Fees payable to the Company's auditors for the audit of the company's annual financial statements	74	74
Non-Audit Fees payable to company's auditor member firms in respect of quarterly review procedures	-	14
(Gain)/ Loss on Sale of asset	-	(1)

9. Intangible Assets

	Intangible £'000
Cost	
At 1 April 2018	1,609
Additions	173
Disposals	(8)
Exchange difference	
At 31 March 2019	1,774
Depreciation	
At 1 April 2018	1,324
Charge for the year	205
Disposals	(5)
Exchange difference	
At 31 March 2019	1,524
Net book value	
At 31 March 2019	250
At 31 March 2018	285

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2019

10. Property, Plant and Equipment

	Plant and machinery £'000	Fixtures, Fittings and Equipment £'000	Leasehold Improvements £'000	Total £'000
Cost				
At 1 April 2018	4,685	2,026	1,489	8,200
Additions	199	97	1	297
Disposals	(267)	(228)	-	(495)
Reclassification	440	(440)	-	-
At 31 March 2019	5,057	1,455	1,490	8,002
Depreciation				
At 1 April 2018	1,927	1,411	305	3,643
Charge for the year	722	239	85	1,046
Disposals	(161)	(56)	-	(217)
Reclassification	621	(621)	-	-
At 31 March 2019	3,109	973	390	4,472
Net book value				
At 31 March 2019	1,948	483	1,099	3,530
At 31 March 2018	2,758	615	1,184	4,557

11. Subsidiaries

Non-Current Investments	£'000
Balance at 1 April 2018	61,899
Additions	327
Disposals	-
Foreign exchange difference	-
Balance at 31 March 2019	62,226

Subsidiary undertakings and Companies directly held by the 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
Escenda Engineering AB	Sweden	Lindholmspiren 7, 41756 Gothenburg.	Ordinary	100%	Trading

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2019

Subsidiary undertakings and Companies indirectly held by the 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 GMBH, Germany (in process of liquidation)	Germany	Stuhlsatzenhausweg 69, 66123 Saarbrücken, Germany	Ordinary	100%	Dormant

12. Deferred tax

	2019 £'000	2018 £'000
The amounts provided for deferred tax assets are:		
Capital allowances in excess of depreciation	93	73
Short term timing differences	27	30
	120	103

13. Trade and Other receivables

Receivables falling due within one year	2019 £'000	2018 £'000
Trade receivables (inclusive of 10,366 in 2019 and 10,469 at 2018 owed by Group undertakings)	17,430	18,575
Amounts owed by Group undertakings	5,491	5,809
Other debtors	4,538	5,599
Prepayments and accrued income (inclusive of £5,405 in 2019 and £8,956 at 2018 related to Group undertakings)	12,414	16,877
	39,873	46,860

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2019

14. Trade and other payables

Creditors: amounts falling due within one year	2019	2018
	£'000	£'000
Trade payables	1,052	1,087
Provisions	523	797
Amounts owed to group undertakings	18,092	17,010
	19,667	18,894

15. Borrowings

Amounts due for settlement within 12 months	2019	2018
	£'000	£'000
Short term bank loans	-	7,300
Short term borrowings	-	-
	-	7,300

During the current year, the Company has repaid the loan taken from JP Morgan amounting to £7,300,000. There are no outstanding short term borrowings as of 31 March 2019.

Amounts due for settlement after 12 months	2019	2018
	£'000	£'000
Long-term Borrowings	-	-

16. Share Capital and Reserves

	2019	2018
	£'000	£'000
Called up, allotted and fully paid		
10,697 ordinary shares of £1 each	11	11

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2019

17. Operating Lease Commitments

	Land and Buildings		Other	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Leases which expire:				
Within one year	1,161	1,475	349	433
Within two to five years	4,644	4,956	232	285
After five years	9,287	10,448	-	-
Total commitments	15,092	16,879	581	718

18. Directors' remuneration:

	2019 £'000	2018 £'000
Aggregate emoluments for qualifying services	151	172
Contributions to a money purchase pension scheme	7	13
	158	185

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 £ 72,493 for the year and is a member of the Company's defined contribution pension scheme and had accrued entitlements of £3,298 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.