

Company Registration No. 02016440

**TATA TECHNOLOGIES EUROPE
LIMITED
Annual Report and Financial Statements
31 March 2020**

TATA Technologies Europe Limited

Annual Report and Financial Statements 2020

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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

Banker

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 £97.95 mn in 2020 in comparison to £105.99 mn in 2019. The total revenue in 2020 comprised of £97.02 mn from Rendering of Services, £0.01 mn from Sale of Products and £0.92 mn from other Non- Operating Income.

- *Tata Technologies Europe Limited (“The Company”) recorded an Operating Profit of £14.45 mn in 2020 in comparison to £16.2 mn in 2019.*
- *Net Cash and Cash Equivalents in 2020 decreased to £16.24 mn in comparison to £21.4 mn in 2019.*
- *Borrowings increased to £4.01 in comparison to Nil in 2019.*
- *The average number of direct employees in 2020 increased to 640 in comparison to 619 in 2019.*

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

Strategic Report (continued)

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

Engineering, Research and Development (ER&D)

The ER&D line of business delivers complex engineering programs and specialist domain services to our global customers, from shared services to components, sub-systems and systems, to vehicle programs leveraging global resource pool throughout the entire product realization lifecycle.

Digital Enterprise Solutions (DES)

The DES line of business helps our customers by partnering with them to align their people and processes throughout the enterprise, enabling effective realization across the Product Lifecycle. This includes helping them identify and deploy emerging technologies, tools and solutions to manufacture, service and realize better products.

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 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.

TATA Technologies Europe Limited

Strategic Report (continued)

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. The Directors have considered the potential impact of COVID-19 on revenue and operating costs in the forecast. As the majority of the company's sales are to the auto industry, despite the slowdown in the industry, the company forecasts to continue to be profitable and cash generative. In assessing the forecast, the Directors have applied reasonably possible worst-case sensitivities around reductions in sales

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

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.

TATA Technologies Europe Limited

Strategic Report (continued)

Future Outlook

COVID 19 pandemic will have adverse impact on the performance of the Company in the short term but the Directors still believe that there will be significant growth in 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

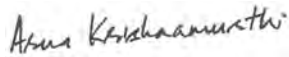
The Company has following key performance indicators to measure and assess progress against them.

	2020	2019
	£ (mn)	£ (mn)
Revenue	97.95	105.99
Operating profit	12.38	13.92
Add: Research and development expenditure costs	2.07	2.28
Adjusted operating profit	14.45	16.20
Profit before taxation	13.95	16.03
Average employee (numbers)	640	619

Financial Performance

Tata Technologies is highly focused on delivery of value to its customers. The Directors believe that the Company has sufficient funding in place and expect the Company to be in compliance with its debt covenants even in current downside scenario due to COVID-19. 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

15 July 2020

TATA Technologies Europe Limited

Directors' Report

The Directors present their Annual Report and the Audited Financial Statements for the year ended 31 March 2020. 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 Company had paid interim dividend of 1262.04 GBP per share aggregating to 13.5M GBP on equity share capital of the Company as on 12th June 2019.

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. 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 have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

In making this assessment the Directors have considered the potential impact of the emergence and spread of COVID-19 on revenue and operating costs. As the majority of the company's sales are to a few key automotive customers any delay in the roll out of new models or model enhancements by these customers will have a direct impact on the activity of the Company. In applying their reasonably possible downside scenario the directors have considered the impact of such delays on forecast revenue, forecast cost base and forecast working capital movements and are satisfied that the Company's existing and available cash resources will be sufficient to meet its liabilities as they fall due.

The Company therefore continues to adopt the going concern basis in preparing its 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. Arun Krishnamurthi

Directors' indemnities

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

Charitable and political contributions

The Company has contributed £15,000 (2019- £15,000) for charity during the current year.

Branches outside the UK

The Company has branches in Europe (Netherlands, France & Germany).

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 as well as our online platforms such as Workplace by Facebook. 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 Workplace forum 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. 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 confirm 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.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

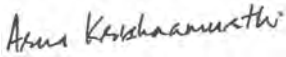
TATA Technologies Europe Limited

Directors' Report (Continued)

Post balance sheet activities

10,000 ordinary shares of the Company of nominal value £1 each held by INCAT International PLC. were transferred to Tata Technologies Pte Ltd (Singapore) on 27th May 2020. Consequently, the Company has become a 100% subsidiary of Tata Technologies Pte Ltd.

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



Arun Krishnamurthi

Director

Registered office address:
European Innovation and Development Centre
Olympus Avenue
Tachbrook Park
Warwick
CV34 6RJ

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), including 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 judgements 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 2020 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, and related notes, including the 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 2020 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

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 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

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.

for and on behalf of KPMG LLP, Statutory Auditor



Xavier Timmermans

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

United Kingdom

15 July 2020

TATA Technologies Europe Limited

Income Statement For the year ended 31 March 2020

		2020	2019
	Note	£'000	£'000
Turnover	3	97,949	105,994
Cost of sales		(77,866)	(83,467)
Gross profit		20,083	22,527
Distribution costs		(2,136)	(1,749)
Administrative expenses		(5,570)	(6,855)
Research and development expenditure credit		2,069	2,285
Operating profit		14,446	16,208
Finance costs	6	(493)	(180)
Profit before taxation		13,953	16,028
Tax charge on profit	7	(2,587)	(3,150)
Profit for the financial year		11,366	12,878

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

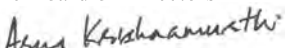
Balance Sheet At 31 March 2020

		2020	2019
	Note	£'000	£'000
Non-current assets			
Property, plant and equipment	10	3,046	3,530
Right of use assets	11	12,091	-
Intangible assets	9	134	250
Investments in subsidiaries	12	64,167	62,226
Deferred tax asset	13	358	120
Total non-current assets	A	79,796	66,126
Current assets			
Trade and other receivables	14	31,057	39,873
Cash at bank and in hand		16,239	21,396
Total current assets	B	47,296	61,269
Less: Current liabilities			
Short term borrowings	16	4,011	-
Trade payables	15	1,787	1,052
Provisions	15	1,259	523
Amounts owed to group undertakings	15	5,871	18,092
Current tax liabilities		3,643	4,365
Accruals and deferred income		8,646	11,851
Current Lease Liabilities	18	869	-
Total current liabilities	C	26,086	35,883
Net current assets	D (B-C)	21,210	25,386
Total assets less current liabilities, being net assets	(A+D)	101,006	91,512
Non-current liabilities			
Long-term borrowings	16	-	-
Long-term lease liabilities	18	11,627	-
Equity			
Share capital	17	11	11
Retained earnings		89,368	91,501
Equity attributable to owners of the Company		89,379	91,512
Total liabilities and shareholders funds		101,006	91,512

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 15 July 2020

Signed on behalf of the Board of Directors

Arun Krishnamurthi 

Director

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

Statement of changes in Equity

	Share Capital	Retained Earnings	Total
	£'000	£'000	£'000
Total Comprehensive income for the period			
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

	Share Capital	Retained Earnings	Total
	£'000	£'000	£'000
Total Comprehensive income for the period			
Balance at 1 April 2019	11	91,501	91,512
Profit for the financial year	-	11,366	11,366
Translation Reserve	-	1	1
Foreign exchange difference	-	-	-
Transactions with owners, recorded directly in equity			
Dividend Paid	-	(13,500)	(13,500)
Balance at 31 March 2020	11	89,368	89,379

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

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 20. 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 Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. 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 have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

In making this assessment the Directors have considered the potential impact of the emergence and spread of COVID-19 on revenue and operating costs. As the majority of the company's sales are to a few key automotive customers any delay in the roll out of new models or model enhancements by these customers will have a direct impact on the activity of the Company. In applying their reasonably possible downside scenario the directors have considered the impact of such delays on forecast revenue, forecast cost base and forecast working capital movements and are satisfied that the Company's existing and available cash resources will be sufficient to meet its liabilities as they fall due.

The Company therefore continues to adopt the going concern basis in preparing its financial statements.

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

Accounting policies (continued)

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.

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.

leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics

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.

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

Accounting policies (continued)

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.

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
Right of use asset	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.

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

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.

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

3. Turnover

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

	2020	2019
	£'000	£'000
Revenue Analysis		
Rendering of Services	97,022	105,372
Sale of Products	11	48
Other non-operating Income	916	574
	97,949	105,994

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

	2020	2019
	£'000	£'000
Geographical analysis of turnover by destination (including other income)		
United Kingdom	84,165	92,216
India	-	-
USA	412	162
Rest of World	104	489
Rest of Europe	13,268	13,127
	97,949	105,994

4. Auditor's remuneration

Fees payable to KPMG LLP, Birmingham and their associates for the audit of the Company's annual accounts were £104,225.(2019- £73,840).

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

5. Staff Costs

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

	2020	2019
	No.	No.
Selling and administration	33	37
Management	10	9
Direct	597	573
Total	640	619

Their aggregate remuneration comprised:

	2020	2019
	£'000	£'000
Employment costs		
Wages and salaries	33,061	33,513
Social security costs	3,367	3,081
Other pension costs	1,770	1,135
	38,198	37,729

The director's remuneration has been shown separately in note below (Refer Note 19)

6. Interest

	2020	2019
	£'000	£'000
Bank interest	(33)	(180)
Borrowing costs Lease liabilities	(460)	-
	(493)	(180)

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

7. Tax

	2020 £'000	2019 £'000
UK Corporation Tax		
Current tax	2,826	3,166
Current tax -prior year adjustment	-	-
Corporation Tax	2,826	3,166
Deferred tax-current year charge	(239)	(16)
Deferred tax-prior year adjustment	-	-
	2,587	3,150

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% (2019: 19%).

The differences are reconciled below:

	£'000	£'000
Profit on ordinary activities before taxation	13,953	16,028
UK statutory rate of tax charge	2,651	3,045
Effects of:		
Expenses not deductible for tax purposes	(64)	105
Prior year adjustment of tax	-	-
Total taxation	2,587	3,150

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget, it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

8. Profit on ordinary activities before taxation

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

	2020	2019
	£'000	£'000
Depreciation/amortisation	2,102	1,046
Exchange differences	53	111
Operating lease rentals		
- plant, machinery and vehicles	156	521
- other	33	1,260
Fees payable to the Company's auditors for the audit of the company's annual financial statements	150	74
Non-Audit Fees payable to company's auditor member firms in respect of quarterly review procedures	-	-
(Gain)/ Loss on Sale of asset	-	-

9. Intangible Assets

	Intangible £'000
Cost	
At 1 April 2019	1,774
Additions	33
Disposals	
Exchange difference	
At 31 March 2020	1,807
Depreciation	
At 1 April 2019	1,524
Charge for the year	149
Disposals	
Exchange difference	
At 31 March 2020	1,673
Net book value	
At 31 March 2020	134
At 31 March 2019	250

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

10. Property, Plant and Equipment

	Plant and machinery	Fixtures, Fittings and Equipment	Leasehold Improvements	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2019	5,057	1,455	1,490	8,002
Additions	347	36		383
Disposals				
Reclassification				
At 31 March 2020	5,404	1,491	1,490	8,385
Depreciation				
At 1 April 2019	3,109	973	390	4,472
Charge for the year	553	229	85	867
Disposals				
Reclassification				
At 31 March 2020	1,742	1,202	475	5,339
Net book value				
At 31 March 2020	1,742	289	1,015	3,046
At 31 March 2019	1,948	483	1,099	3,530

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Notes to the Financial Statements Year ended 31 March 2020

11. Right of use assets

	Right of use Buildings	Right of use Motor Vehicles	Right of use Office equipment	Total
	£'000	£'000	£'000	£'000
Cost At 1 April 2019				-
Effect of transition on adoption of IFRS 16	12,713	434	13	13,160
Additions		166		166
Disposals				-
Reclassification				-
At 31 March 2020	12,713	600	13	13,326
Depreciation				
At 1 April 2019				-
Effect of transition on adoption of IFRS 16				-
Charge for the year	1,024	206	5	1,235
Disposals				-
Reclassification				-
At 31 March 2020	1,024	206	5	1,235
Net book value				
At 31 March 2020	11,689	394	8	12,091
At 31 March 2019				

12. Subsidiaries

Non-Current Investments	£'000
Balance at 1 April 2019	62,226
Additions	1,941
Disposals	-
Foreign exchange difference	-
Balance at 31 March 2020	64,167

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	6001 Cass Avenue Suite 600 Detroit, MI USA-48202	Ordinary	96.05%	Trading

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

Subsidiary undertakings and Companies indirectly held by the Company	Country of incorporation	Registered Address	Class	Shares held and voting rights %	Status
Escenda Engineering AB	Sweden	Lindholmospiren 7, 41756 Gothenburg.	Ordinary	100%	Trading
Tata Technologies de Mexico, S.A. de C.V.	Mexico	Blvd, Independencia, #1600, Ote, 27100 Torreon, Coahuila	Ordinary	96.05%	Under liquidation
Cambric Limited	Bahamas	C/o H&J Corporate Services Ltd, East Bay Street, PO Box SS-19084	Ordinary	96.05%	Dormant
Cambric GMBH	Germany	Stuhlsatzenhausweg 69, 66123 Saarbrücken, Germany	Ordinary	96.05%	Under liquidation

13. Deferred tax

	2020 £'000	2019 £'000
The amounts provided for deferred tax assets are:		
Capital allowances in excess of depreciation	197	93
Short term timing differences	161	27
	358	120

14. Trade and Other receivables

Receivables falling due within one year	2020 £'000	2019 £'000
Trade receivables (inclusive of £11,801 in 2020 and £10,366 at 2019 owed by Group undertakings)	18,107	17,430
Amounts owed by Group undertakings	516	5,491
Other debtors	2,275	4,538
Prepayments and accrued income (inclusive of £4,199 in 2020 and £5,405 at 2019 related to Group undertakings)	10,159	12,414
	31,057	39,873

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

15. Trade and other payables

Creditors: amounts falling due within one year	2020 £'000	2019 £'000
Trade payables	1,787	1,052
Provisions	1,259	523
Amounts owed to group undertakings	5,871	18,092
	8,917	19,667

16. Borrowings

Amounts due for settlement within 12 months	2020 £'000	2019 £'000
Short term bank loans	4,011	-
Short term borrowings	-	-
	4,011	-

The Company's Short term borrowings comprises of the amount received from the Mizuho bank towards the factoring of JLR invoices. This amount is fully repaid on 03 April 2020. There are no outstanding short-term borrowings as of 31 March 2019.

Amounts due for settlement after 12 months	2020 £'000	2019 £'000
Long-term Borrowings	-	-

17. Share Capital and Reserves

Called up, allotted and fully paid 10,697 ordinary shares of £1 each	2020 £'000	2019 £'000
	11	11

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

18. Leases

The Company has transitioned to IFRS 16 effective from April 01, 2019 by modified retrospective approach with following practical expedients on date of initial application of IFRS 16.

1) With leases previously classified as operating leases according to IAS 17, the lease liability was measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate at April 1, 2019. The respective right-of-use asset was recognised at an amount equal to the lease liability;

2) Regardless of their original lease term, leases for which the lease term ends latest on March 31, 2020, were recognised as short-term leases;

3) At the date of initial application, the measurement of a right-of-use asset excluded the initial direct costs; and

4) Hindsight was considered when determining the lease term if the contract contains options to extend or terminate the leases.

The following is the reconciliation of total operating lease commitments at 31 March 2019 (as disclosed in the financial statement to 31 March 2019) to the lease liabilities recognised at 01 April 2019

Particulars	Total
Total Operating lease commitments disclosed as at March 31, 2019	15,673
Recognition exemption	-
Lease of low value assets / short term lease	(33)
Variable lease payments based on an index or a rate (net of incentive)	2,742
Operating lease liabilities before discounting	18,382
Discounted using incremental borrowing rate	(5,222)
Operating lease liabilities	13,160
Reasonably certain extension options	-
Total Lease liabilities recognized under IFRS 16 as at April 1, 2019	13,160

Following is the summary of future minimum lease rental payments under non-cancellable operation leases entered by the Company:

	2020
	£'000
Leases which expire:	
Within one year	869
Within two to five years	3,364
After five years	8,263
Total commitments	<u>12,496</u>

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

Current	869
Non-current	11,627

The impact of IFRS 16 on various heads of income statement during the financial year 2019-20 has been as follows:

Particulars	2020 £'000
Rent Expenses	(1,291)
Depreciation Right of use assets (ref note 11)	1,235
Interest Expense (ref note 6)	460
Net impact on profit before tax	404

19. Directors' remuneration:

	2020 £'000	2019 £'000
Aggregate emoluments for qualifying services	274	151
Contributions to a money purchase pension scheme	29	7
	303	158

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 £ 273,605 for the year and is a member of the Company's defined contribution pension scheme and had accrued entitlements of £28,875 under the scheme for the year.

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2020

20. 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.