

# ANNUAL REPORT OF TATA TECHNOLOGIES EUROPE LTD

**Company Registration No. 02016440**

**TATA TECHNOLOGIES EUROPE  
LIMITED**

**Annual Report and Financial Statements**

**31 March 2017**

# **TATA Technologies Europe Limited**

## **Annual Report and Financial Statements 2017**

<b>Contents</b>	<b>Page</b>
<b>Officers and Professional Advisers</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Directors' Report</b>	<b>6</b>
<b>Directors Responsibilities Statement</b>	<b>8</b>
<b>Independent Auditor's Report</b>	<b>9</b>
<b>Income Statement</b>	<b>11</b>
<b>Balance Sheet</b>	<b>12</b>
<b>Statement of changes in Equity</b>	<b>13</b>
<b>Notes to the Financial Statements</b>	<b>14</b>

# **TATA Technologies Europe Limited**

## **Officers and Professional Advisers**

### **Directors**

Praveen P Kadle  
Warren Harris  
Nicholas Sale

### **Secretary**

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

### **Registered office**

2 Temple Back East  
Temple Quay  
Bristol  
BS1 6EG

### **Business address**

Enterprise Centre  
Coventry University Technology Park  
Puma Way, Coventry  
West Midlands  
CV1 2TT

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

### **Bankers**

JP Morgan Chase  
125 London Wall  
London EC2Y 5AJ

### **Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Brindleyplace,  
Birmingham,  
B1 2HZ  
United Kingdom

# TATA Technologies Europe Limited

## Strategic Report

### Highlights

- *The total revenue increased to £133.24 mn (INR 10,824.68 mn) in 2017 in comparison to £113.57 mn (INR 10,803.72 mn) in 2016. The total revenue in 2017 comprised of £131.36 mn (INR 10,671.28 mn) from Rendering of Services, £0.53 mn (INR 43 mn) from Sale of Products and £1.35 mn (INR 109.67 mn) from Commission and other Non- Operating Income.*
- *The Company recorded an Operating Profit of £16.08 mn (INR 1,306.76 mn) in 2017 in comparison to £14.87 mn (INR £1,408.50s mn) in 2016.*
- *Net Cash and Cash Equivalents in 2017 reduced to £15.47 mn (INR 1,251.89 mn) in comparison to £32.11 mn (INR 3,065.33 mn) in 2016.*
- *The average number of direct employees in 2017 increased to 680 in comparison to 568 in 2016.*

### Overview of the Company

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

This review contains forward-looking statements which:

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

Tata Technologies Europe Limited is the European trading entity of Tata Technologies Limited (TTL), an Indian Company. Tata Technologies enables manufacturing companies, particularly in the aerospace, automotive and machine manufacturing industry to design and build better products through engineering services and the application of information technology to product development and manufacturing enterprise processes. 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 web site; [www.tatatechnologies.com](http://www.tatatechnologies.com).

Tata Technologies Europe Limited recorded a 17.49 % increase in turnover in comparison to the previous year and forecasts show further continuing growth which can largely be explained by two factors. Firstly, there has been an improvement in trading conditions in the countries where Tata Technologies Europe Limited operates. Secondly the Company has continued to secure multi-year IT and engineering contracts from leading Automotive OEMs which have contributed significantly towards the revenue during the current year, and the same is expected in the coming years as well. In accordance with this, the Company had about 680 direct employees as on 31 March 2017.

The Company made a profit after tax of £12.49 mn (INR 1,014.76 mn) (2016: £12.70 mn (INR 1,208.79 mn) in line with the Company's forecasted expectations with an outlook for higher profits in the forthcoming years as the European economy recovers from recession. Significant investments continue to be made in both sales and infrastructure to ensure that the Company stays at the leading edge in its industry in terms of the services and solutions it can offer its clients. The Company does not consider any non-financial areas that may impact its future growth strategies.

# **TATA Technologies Europe Limited**

## **Strategic Report (continued)**

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

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

The earlier lines of businesses of E&D and VPD were merged during 2016-17 to be renamed as ER&D. ER&D addresses the engineering and design needs of manufacturers through services for all stages of the product development and manufacturing process.

The services of this group include Concept Development, Vehicle Attributes (VA)/ Vehicle Engineering (VE), Computer Aided Engineering (CAE), Detailed Engineering, Embedded Software Development, Product Verification, and Manufacturing Process Design, Tool Design and Validation, applied to major product subsystems and components.

The ER&D line of business also provides complete outsourced program management, concept development, detail design, validation and manufacturing planning services. 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 and Information Technology (CEIT)**

The earlier group of ESG was renamed to CEIT during 2016-17. CEIT addresses the Information Technology needs of manufacturers including business solutions, strategic consulting, ERP implementation, systems integration, IT networking and infrastructure solutions and program management.

The CEIT 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. It also has extensive experience in rapidly integrating the processes, systems and data of companies acquired by manufacturers.

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

PLM addresses 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.

### **Market Conditions**

Traditional aerospace leaders in North America and Europe are facing challenges from emerging manufacturers in countries such as China and Russia. This opens opportunities for us not only during the design cycle of aircraft manufacturing, but also during the aftermarket and MRO phases. Tata Technologies combines a global network of innovation experts, program managers and highly-skilled engineers for aircraft engineering and design solutions, that leverages a mature and proven global engineering engagement model to deliver optimized design processes, quicker material selection, design integration, design for manufacturability and automated knowledge capture and dissemination techniques.

# **TATA Technologies Europe Limited**

## **Strategic Report (continued)**

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

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

#### *Competitor risk*

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

#### *Technological change*

The technology upon which the Company's products and services are based, and the products and services which are sold, may become obsolete or may not continue to have sufficient market acceptance to create adequate demand for the Company's products and services. To compete successfully, the Company will need to continue to improve its product and services and to develop and market new products and services that keep pace with the technological changes.

#### *Credit risk*

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

#### *Foreign Exchange fluctuation risk*

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

#### *Failure to recruit and retain staff*

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

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

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

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

#### *Future Outlook*

There continues to be significant growth in current and future opportunities as the Company expands in new sectors and new areas of operations. During the year 2016-17, the Company secured large deals with new customers such as Volvo in Sweden, PSA France and Next EV in China within the automotive sector.

# TATA Technologies Europe Limited

## Strategic Report (continued)

With the purpose of expanding growth in the Nordic region and the increasing opportunities in the Volvo business in Sweden, a new branch was set up in 23<sup>rd</sup> May 2016 in Gothenburg Sweden.

The Company has historically been a Value Added Reseller (VAR) as part of its PLM Product business. With the intention to channelize the focus on developing the ongoing and future opportunities with key customers and on projects for rendering key engineering services, the Company decided to sell its PLM Products business to Majenta Solutions Limited w.e.f 12<sup>th</sup> May 2016.

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

As a result of continuous investments in technology and resources, the Company has successfully carried out critical large scale R&D programs for its customers in Automotive and Aerospace sectors. During the year, the Company has also won small projects which expands its horizon to Industrial Heavy Machinery customers such as Caterpillar. 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. This has also reflected from the investment in Plant & Machinery that the company has undertaken as part of its capital expenditure for its new EU HQ. The company has also made sustainable investment towards development of an excellent BREEAM building for its Warwick offices.

### Key Performance Indicators

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

	2017		2016	
	£ (mn)	INR (mn)	£ (mn)	INR (mn)
Revenue	133.24	10,824.68	113.57	10,803.72
Operating profit on ordinary activities	16.08	1,306.77	14.87	1,408.50
PBT	15.71	1,276.38	15.95	1517.94
Average employee (numbers)	680	-	568	-

### Financial Performance

Tata Technologies is highly focused on delivery of value to its customers, marketing and sales and as such, it is seeing improved order bookings. The Company 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

Nicholas Sale  
Director  
May 4<sup>th</sup> 2017



# **TATA Technologies Europe Limited**

## **Directors' Report**

The Directors present their Annual Report and the Audited Financial Statements for the year ended 31 March 2017.

### **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 2 Temple Back East, Temple Quay, Bristol, BS1 6EG.

### **Dividends**

The Directors do not propose any payment of dividend for the year 2017 (2016: £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.

Whilst the current economic conditions and underlying risks do create some uncertainty over the level of demand for the Group services, the business was still able to generate revenue of £133.24 mn with an operating profit of £16.08 mn in 2017. The Directors expect a general level of improvement in the areas where Tata Technologies Europe Limited operates as a result 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 from 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 Sale

### Directors' indemnities

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

### Charitable and political contributions

The Company has contributed £18,800 (2016- £14,350) for charity during the current year.

### Employees

#### Disabled employees

It is the policy of the Company to support the employment of disabled employees where possible, both in recruitment and by retention of employees who become disabled while in the employment of the Company.

#### Employee Consultation

The Company is conscious that its employees are critical contributors to its success. The Company continues to provide employees with relevant information and to seek their views on matters of common concern. The group encourages good communications with employees which are initially established through publication of a monthly newsletter distributed to all employees.

### 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.

Deloitte LLP have acted as auditor in the current year. Deloitte LLP will resign as auditor and a resolution to appoint a new auditor will be proposed at the forthcoming Annual General Meeting.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Nicholas Sale  
Director

May 4<sup>th</sup> 2017

# **TATA Technologies Europe Limited**

## **Directors' Responsibilities Statement**

The Directors are responsible for preparing the Strategic Report, 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 the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The auditor's responsibilities in relation to the financial statements are set out in its report on page 9.

# **TATA Technologies Europe Limited**

## **Independent Auditors' Report**

We have audited the financial statements for the year ended 31 March 2017 of Tata Technologies Europe Limited which comprises the Income Statement, the Balance Sheet, the Statement of changes in equity and the related notes, 1-19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (UKGAAP), including Financial Reporting Standard 101 "Reduced Disclosure Framework".

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.

### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

# TATA Technologies Europe Limited

## Independent Auditors' Report

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



Jonathan Dodworth (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Birmingham, UK

May 4<sup>th</sup> 2017

# TATA Technologies Europe Limited

## Income Statement For the year ended 31 March 2017

		2017		2016	
	Note	£'000	INR'000	£'000	INR'000
			(see note 2)		(see note 2)
<b>Turnover</b>	3	133,243	10,824,677	113,575	10,803,716
Cost of sales		(107,682)	(8,748,064)	(89,212)	(8,491,257)
<b>Gross profit</b>		<b>25,561</b>	<b>2,076,613</b>	<b>24,362</b>	<b>2,312,459</b>
Distribution costs		(3,522)	(286,158)	(4,614)	(439,174)
Administrative expenses		(5,954)	(483,689)	(4,875)	(464,787)
<b>Operating profit</b>		<b>16,085</b>	<b>1,306,766</b>	<b>14,873</b>	<b>1,408,497</b>
Finance Costs	6	(374)	(30,385)	(515)	(41,857)
<b>Profit on ordinary activities before taxation</b>		<b>15,711</b>	<b>1,276,381</b>	<b>14,358</b>	<b>1,366,640</b>
RDEC Credit		-	-	1,589	151,199
<b>Profit before Taxation</b>		<b>15,711</b>	<b>1,276,381</b>	<b>15,947</b>	<b>1,517,839</b>
Tax charge on profit on ordinary activities	7	(3,220)	(261,606)	(3,247)	(309,053)
<b>Profit for the financial year</b>		<b>12,491</b>	<b>1,014,775</b>	<b>12,700</b>	<b>1,208,786</b>

Revenue and operating profit are all derived from continuing operations.

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.

# TATA Technologies Europe Limited

## Balance Sheet At 31 March 2017

	Note	2017		2016	
		£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
<b>Non-Current Assets</b>					
Property, Plant and Equipment	10	4,204	239,916	786	75,014
Intangible assets	9	510	41,287	256	24,462
Capital Work in Progress		12	941	189	18,040
Investments in Subsidiaries	11	55,937	4,526,365	55,937	5,339,345
Deferred Tax Asset	12	322	25,942	244	23,265
<b>Total Non-Current Assets</b>	<b>A</b>	<b>60,985</b>	<b>4,935,210</b>	<b>57,412</b>	<b>5,480,126</b>
<b>Current assets</b>					
Trade and other Receivables	13	44,968	3,557,252	26,670	2,545,666
Cash at bank and in hand		15,471	1,251,895	32,114	3,065,334
Other Current Assets		14,562	1,178,268	2,073	197,903
<b>Total Current Assets</b>		<b>75,001</b>	<b>5,987,415</b>	<b>60,857</b>	<b>5,808,903</b>
<b>Less: Current Liabilities</b>					
Short Term Borrowings	15	29,746	2,411,787	17,871	1,705,821
Trade Payables	14	262	21,295	1,280	122,223
Provisions	14	327	26,440	575	54,869
Amounts owed to group undertakings	14	12,799	848,965	8,132	776,190
Current Tax Liabilities		4,746	384,004	5,156	492,212
Accruals and deferred income		16,067	1,300,213	17,377	1,658,568
<b>Net current assets</b>	<b>B</b>	<b>11,054</b>	<b>994,711</b>	<b>10,466</b>	<b>999,020</b>
<b>Total assets less current liabilities, being net assets</b>	<b>(A+B)</b>	<b>72,039</b>	<b>5,929,921</b>	<b>67,878</b>	<b>6,479,146</b>
<b>Non-Current Liabilities</b>					
Long-term Borrowings	15	7	539	8,337	795,754
<b>Equity</b>					
Share capital	16	11	866	11	1,021
Retained Earnings		72,021	5,928,516	59,530	5,682,371
<b>Equity attributable to owners of the Company</b>		<b>72,032</b>	<b>5,929,382</b>	<b>59,542</b>	<b>5,683,392</b>
<b>Total liabilities and Equity</b>		<b>72,039</b>	<b>5,929,921</b>	<b>67,878</b>	<b>6,479,146</b>

These financial statements of Tata Technologies Europe Limited, registered No. 02016440, were approved by the Board of Directors and authorised for issue on May 4<sup>th</sup> 2017.

Signed on behalf of the Board of Directors

Nicholas Sale

Director

## TATA Technologies Europe Limited

### Statement of changes in equity For the year ended 31 March 2017

	Share Capital		Retained Earnings		Total	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Balance at 1 April 2015	11	989	46,830	4,329,474	46,841	4,330,463
Profit for the financial year	-	-	12,700	1,208,789	12,700	1,208,789
Securities Premium Reserve	-	-	-	-	-	-
Foreign exchange difference	-	-	-	144,108	-	144,140
Balance at 31 March 2016	11	989	59,530	5,682,371	59,541	5,683,392

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



# **TATA Technologies Europe Limited**

## **Notes to the Financial Statements Year ended 31 March 2017**

### **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 00, India.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 April 2016.

### **2. Significant Accounting policies**

#### **Basis of Accounting**

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

#### **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 2017**

### **Accounting policies (continued)**

#### **Interest revenue**

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.

#### **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 2017

### 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.

### Accounting policies (continued)

#### Intangible Assets

Intangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

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

The financial information is prepared in accordance with FRS 101 and is expressed in Pounds Sterling, the functional currency of the company. The balances presented in Indian Rupees alongside the Pound Sterling balances represent the FRS 101 balances translated into Indian Rupees at a fixed exchange rate of 1 Pounds Sterling = INR 81.2403 for the Profit and Loss Account for year ended 31 March 2017 and 1 Pounds Sterling = INR 80.91854 for the Balance Sheet as at 31 March 2017 (1 Pounds Sterling = INR 95.18020 for the Profit and Loss Account for year ended 31 March 2016 and 1 Pounds Sterling = INR 95.45230 for the Balance Sheet as at 31 March 2016). These have been provided solely for the convenience of the reader and to meet the requirements of Section 129 of the Indian Companies Act, 2013, which requires that a parent company must also file subsidiary financial statements in India. These translations should not be construed as a representation that any or all the amounts could be converted into Indian Rupees at this or any other rate, or that any of all the amounts presented are prepared in accordance with Indian GAAP.

### Provisions

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

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

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

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2017

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

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

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

#### Impairment of investments in subsidiaries

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

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

### 3. Turnover

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

	2017		2016	
	£'000	INR'000 (see note 2)	£'000	INR'000 See note 2)
<b>Revenue Analysis</b>				
Rendering of Services	131,355	10,671,297	107,311	10,213,870
Sale of Products	531	43,125	5,794	551,507
Other non-operating Income	1,357	110,255	470	38,339
	<b>133,243</b>	<b>10,824,677</b>	<b>113,575</b>	<b>10,803,716</b>

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

	2017		2016	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note2)
<b>Geographical analysis of turnover by destination (including other income)</b>				
United Kingdom	111,760	9,051,924	110,155	10,525,879
Rest of Europe	21,483	1,772,753	3,420	325,510
	<b>133,243</b>	<b>10,824,677</b>	<b>113,575</b>	<b>10,803,716</b>

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2017

### 4. Auditor's remuneration

Fees payable to Deloitte LLP, Birmingham and their associates for the audit of the Company's annual accounts were £75,000 (2016- £70,000).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

### 5. Staff Costs

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

	2017 No.	2016 No.
Selling and administration	22	81
Management	12	10
Direct	646	477
<b>Total</b>	<b>680</b>	<b>568</b>

The director's remuneration has been shown separately in note below.

Their aggregate remuneration comprised:

	2017		2016	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
<b>Employment costs</b>				
Wages and salaries	36,068	2,926,738	26,359	2,508,842
Social security costs	3,572	290,191	2,941	279,904
Other pension costs	821	66,675	692	65,934
	<b>40,461</b>	<b>3,283,604</b>	<b>29,992</b>	<b>2,854,680</b>

### 6. Interest

	2017		2016	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Bank interest Payable	(374)	(30,385)	(515)	(49,039)
	<b>(374)</b>	<b>(30,385)</b>	<b>(515)</b>	<b>(49,039)</b>

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2017

### 7. Tax

	2017		2016	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
<b>UK Corporation Tax</b>				
Current tax	3,270	265,656	2,915	287,411
Current tax -prior year adjustment	27	2,193	147	14,494
Corporation Tax	<b>3,297</b>	<b>267,849</b>	<b>3,062</b>	<b>301,905</b>
Deferred tax-current year charge	(77)	(6,243)	(24)	(2,366)
Deferred tax-prior year charge	-	-	209	20,607
	<b>3,220</b>	<b>261,606</b>	<b>3,247</b>	<b>320,146</b>

### Factors affecting the taxation rate

The taxation rate for each period is different to the standard rate of corporation tax in the UK of 20% (2016: 20%).

A further reduction to 19% from 1 April 2017 and 17% from 1 April 2020 have been substantively enacted. UK temporary differences are measured at the rate at which they are expected to reverse.

The differences are reconciled below:

	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Profit on ordinary activities before taxation	<b>15,759</b>	<b>1,280,291</b>	<b>15,947</b>	<b>1,517,839</b>
UK statutory rate of tax charge	3,152	256,058	3,189	303,568
Effects of:				
Expenses not deductible for tax purposes	185	15,048	92	8,757
French Tax losses	(61)	(4,956)	(61)	(5,806)
Non-deductible RDEC credit	-	-	(317)	(30,172)
Prior year adjustment of Current Tax	27	2,193	147	13,991
Prior year adjustment of Deferred Tax	-	-	209	19,892
Other relief	(125)	(10,155)	(12)	(1,177)
Tax at branches	42	3,418	-	-
	-	-	-	-
Current taxation charge for the period	<b>3,220</b>	<b>261,606</b>	<b>3,247</b>	<b>309,053</b>

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2017

### 8. Profit on ordinary activities before taxation

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

	2017		2016	
	£'000	INR'000	£'000	INR'000
	(see note 2)		(see note 2)	
Depreciation of tangible assets	685	55,630	398	37,874
Exchange differences	246	20,005	(357)	(33,959)
Operating lease rentals				
- plant, machinery and vehicles	429	34,860	449	42,776
- other	704	57,228	713	67,838
Fees payable to the company's auditors for the audit of the company's annual financial statements	75	6,093	65	5,281
Non-Audit Fees payable to company's auditor member firms	28	2,275	27	2,193
Loss on Sale of asset	1	57	112	9,100

### 9. Intangible Assets

	Intangible £'000	Intangible INR'000 (see note 2)
<b>Cost</b>		
At 1 April 2016	433	41,373
Additions	245	35,361
Disposals	(1)	-
Exchange difference	-	(6,440)
At 31 March 2017	<b>677</b>	<b>70,294</b>
<b>Depreciation</b>		
At 1 April 2016	177	16,911
Charge for the year	109	14,729
Disposals	(1)	-
Exchange difference	-	(2,633)
At 31 March 2017	<b>285</b>	<b>29,007</b>
<b>Net book value</b>		
At 31 March 2017	<b>392</b>	<b>41,287</b>
At 31 March 2016	<b>256</b>	<b>24,462</b>

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2017

### 10. Property, Plant and Equipment

	Plant and machinery £'000	Fixtures, Fittings & Equipment £'000	Leasehold Improvements £'000	Total £'000
<b>Cost</b>				
At 1 April 2016	1,815	529	-	2,344
Additions	2,816	79	1,459	4,354
Disposals	(4)	-	-	(4)
At 31 March 2017	<b>4,627</b>	<b>608</b>	<b>1,459</b>	<b>6,694</b>
<b>Depreciation</b>				
At 1 April 2016	1,088	471	-	1,559
Charge for the year	633	81	220	934
Disposals	(3)	-	-	(3)
At 31 March 2017	<b>1,718</b>	<b>552</b>	<b>220</b>	<b>2,490</b>
<b>Net book value</b>				
At 31 March 2017	<b>2,909</b>	<b>57</b>	<b>1,239</b>	<b>4,204</b>
At 31 March 2016	<b>727</b>	<b>59</b>	<b>-</b>	<b>786</b>

	Plant and machinery INR'000 (see note 2)	Fixtures, Fittings & Equipment INR'000 (see note 2)	Leasehold Improvements INR'000 (see note 2)	Total INR'000 (see note 2)
<b>Cost</b>				
At 1 April 2016	173,273	50,505	-	223,778
Additions	228,773	6,418	118,553	353,744
Disposals	(370)	-	-	(370)
Exchange difference	(27,288)	(7,715)	-	(35,003)
At 31 March 2017	<b>374,388</b>	<b>49,208</b>	<b>118,553</b>	<b>542,149</b>
<b>Depreciation</b>				
At 1 April 2016	103,882	44,908	-	148,790
Charge for the year	51,432	6,580	17,867	75,879
Disposals	(238)	-	-	(238)
Exchange difference	(16,020)	(6,864)	(72)	(22,956)
At 31 March 2017	<b>139,056</b>	<b>44,624</b>	<b>17,795</b>	<b>201,475</b>
<b>Net book value</b>				
At 31 March 2017	<b>235,333</b>	<b>4,584</b>	<b>100,758</b>	<b>340,674</b>
At 31 March 2016	<b>69,392</b>	<b>5,597</b>	<b>-</b>	<b>93,054</b>



# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2017

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

### 11. Subsidiaries

Non-Current Investments	£'000	INR'000 (see note 2)
Balance at 1 April 2016	55,937	5,339,345
Additions	-	-
Disposals	-	-
Foreign exchange difference	-	(812,980)
Balance at 31 March 2017	55,937	4,526,365

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

  

Subsidiary undertakings and Companies indirectly held by parent Company	Country of incorporation	Registered Address	Class	Shares held and voting rights %	Status
Tata Technologies de Mexico	Mexico	Blvd, Independencia, #1600, Ote, 27100 Torreon, Coahuila	Ordinary	100%	Trading
Cambric Limited, Bahamas	Bahamas	C/o H&J Corporate Services Ltd, East Bay Street, PO Box SS-19084	Ordinary	99.96%	Dormant
Cambric UK Limited	United Kingdom	Dunfermline, Fife, United Kingdom, KY12 7HY	Ordinary	100%	Dormant
Cambric GMBH, Germany	Germany	Stuhlsatzenhausweg 69, 66123 Saarbrücken, Germany	Ordinary	100%	Dormant
Midwest Managed Services	United States	555 E Broadway, Suite 300, Salt Lake City, UT 84102	Ordinary	100%	Trading

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2017

### 12. Deferred tax

	2017		2016	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
The amounts provided for deferred tax assets are:				
Capital allowances in excess of depreciation	125	10,182	156	14,847
Short term timing differences	196	15,863	88	8,353
	<b>321</b>	<b>26,045</b>	<b>244</b>	<b>23,200</b>

### 13. Trade and other Receivables

Receivables falling due within one year	2017		2016	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Trade Receivables	24,187	1,917,445	17,127	1,634,850
Amounts owed by group undertakings	4,989	403,712	6,168	588,788
Other debtors	782	21,525	795	75,931
Prepayments and accrued income	15,010	1,214,570	2,580	246,097
	<b>44,968</b>	<b>3,557,252</b>	<b>26,670</b>	<b>2,545,666</b>

### 14. Trade and other Payables

Creditors: amounts falling due within one year	2017		2016	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Trade Payables	262	21,295	1,280	122,223
Provisions	327	26,440	575	54,869
Amounts owed to group undertakings	12,799	848,965	8,132	776,191
	<b>13,388</b>	<b>896,700</b>	<b>9,987</b>	<b>953,283</b>

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2017

### 15. Borrowings

Amounts due for settlement within 12 months	2017		2016	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Short term bank loans	14,846	1,201,334	15,798	1,507,918
Short term borrowings	14,900	1,210,453	2,073	197,903
	<b>29,746</b>	<b>2,411,787</b>	<b>17,871</b>	<b>1,705,821</b>

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

Amounts due for settlement after 12 months	2017		2016	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Long-term Borrowings	7	539	8,337	795,754

The Company's Long Term Borrowings comprises of the below:

An unsecured term loan has been taken by the Company of £6,667 (2016- £8,333,333). The loan was taken out on 26 March 2015. Repayments commenced on 26 March 2016 and will continue until 26 March 2018. The loan carries interest rate at LIBOR plus 0.90 per cent.

### 16. Share Capital and Reserves

	2017		2016	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
<b>Called up, allotted and fully paid</b>				
10,697 ordinary shares of £1 each	11	866	11	989

### 17. Operating Lease Commitments

	Land and Buildings		Other	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Leases which expire:				
Within one year	1,657	167	434	413
Within two to five years	5,684	4,911	274	377
After five years	12,245	12,882	-	-
<b>Total commitments</b>	<b>19,586</b>	<b>17,960</b>	<b>708</b>	<b>790</b>

# TATA Technologies Europe Limited

## Notes to the Financial Statements Year ended 31 March 2017

	Land and Buildings		Other	
	2017	2016	2017	2016
	INR'000	INR'000	INR'000	INR'000
	(see note 2)	(see note 2)	(see note 2)	(see note 2)
Leases which expire:				
Within one year	134,633	13,587	35,274	33,542
Within two to five years	461,740	398,932	22,271	30,636
After five years	994,790	1,046,542	-	-
Total commitments	<b>1,591,163</b>	<b>1,459,061</b>	<b>57,545</b>	<b>64,178</b>

### 18. Directors' remuneration:

	2016		2015	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Aggregate emoluments for qualifying services	184	14,968	208	19,833
Contributions to a money purchase pension scheme	12	975	12	1,114
	<b>196</b>	<b>15,943</b>	<b>220</b>	<b>20,947</b>

The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes. The highest paid director had emoluments for qualifying services of £184,240 for the year and is a member of the Company's defined contribution pension scheme and had accrued entitlements of £12,600 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.