

Company Registration No. 02016440

**TATA TECHNOLOGIES EUROPE
LIMITED**

Annual Report and Financial Statements

31 March 2016

TATA Technologies Europe Limited

Report and Financial Statements 2016

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TATA Technologies Europe Limited

Officers and Professional Advisors

Directors

Praveen P Kadle
Warren Harris
Nicholas Sale

Secretary

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

Registered office

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Temple Quay
Bristol
BS1 6EG

Business address

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

Bankers

JP Morgan Chase
125 London Wall
London EC2Y 5AJ

Auditor

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

TATA Technologies Europe Limited

Strategic Report

Highlights

- *The Share Capital in 2016 and 2015 was 10,697 shares.*
- *The total revenue increased to £113.12 mn (INR 10,766.80 mn) in 2016 in comparison to £108.32 mn (INR 10,680.45 mn) in 2015. The total revenue in 2016 comprised of £107.31 mn (INR 10,213.87 mn) from Sale of Services, £5.79 mn (INR 551.51 mn) from Sale of Products and £0.015 mn (INR 1.43 mn) from Commission and other Non- Operating Income.*
- *The Company recorded an Operating Profit of £14.72 mn (INR £1,401.37 mn) in 2016 in comparison to £13.94 mn (INR £1,374.02 mn) in 2015.*
- *Net Cash and Cash Equivalents in 2016 increased to £32.11 mn (INR 3,065.33 mn) in comparison to £29.76mn (INR 2,751.36 mn) in 2015.*
- *The average number of direct employees in 2016 increased to 568 in comparison to 503 in 2015.*

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.

Tata Technologies Europe Limited recorded a 4.43 % 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 568 direct employees as on 31 March 2016.

The Company made a profit after tax of £13.18 mn (INR 1,254.12 mn) (2015: £10.71 mn (INR 1,056.44 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 and Design (E&D)

E&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 includes 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.

Vehicle Programs & Development Group (VPD)

The VPD 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.

Enterprise Solution Group (ESG)

ESG 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 ESG 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 up 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 a number of 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. In order 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

In order 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 implemented policies that require appropriate credit checks from reliable firms on potential customers before sales are made.

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. There can be no guarantee that changes in immigration laws in the relevant jurisdictions 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 of these 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.

These relationships, which are not governed by any long-term contractual framework, can change over time as a result of many factors including changing personnel either at the group or at the suppliers, or change in ownership of the suppliers, or differences over the manner in which products are sold by the Company.

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 2015-16, the Company secured large deals with new customers such as Volvo in Sweden and Next EV in China within the automotive sector. The Company also secured its first contract within the defence sector as it won business with Emirates Defence Technologies, UAE.

Changes in relationships with the Company's suppliers may restrict its ability to sell a wide range of Product Lifecycle Management ("PLM") products at competitive prices.

TATA Technologies Europe Limited

Strategic Report (continued)

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 and a dedicated Engineering, Innovation and Design centre for infrastructure spread across 63,000 sq. ft. at Tachbrook Park, Leamington Spa.

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. The Company aims to continue to invest in learning 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.

	2016		2015	
	£ (mn)	INR (mn)	£ (mn)	INR (mn)
Revenue	113.12	10,766.80	108.32	10,680.45
Operating profit on ordinary activities	14.42	1,372.43	13.94	1,374.02
PBT	15.95	1517.94	14.28	1,408.14
Average employee (numbers)	568	-	503	-

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
April 29 2016

TATA Technologies Europe Limited

Directors' Report

The Directors present their Annual Report and the Audited Financial Statements for the year ended 31 March 2016.

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 2016 (2015: £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 £113.12 mn with an operating profit of £14.72 mn in 2016. 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. With respect to loan taken during the year the directors expect to be able to repay the loan 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 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 £14,350 (2015- £19,020) 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/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

Nicholas Sale

Director

April 29 2016

TATA Technologies Europe Limited

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual 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. The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the Company has changed its accounting framework from pre-2015 UK GAAP to Financial Reporting Standard 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 accounting estimates that are reasonable and prudent;
- * State whether applicable 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.

TATA Technologies Europe Limited

Independent Auditors' Report

Independent Auditor's Report to the members of TATA Technologies Europe Limited

We have audited the financial statements for the year ended 31 March 2016 which comprise the Income Statement, the Statement of Financial Position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and 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 auditors' 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 Directors' Responsibilities Statement, 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

TATA Technologies Europe Limited

Independent Auditors' Report

Independent Auditor's Report to the members of TATA Technologies Europe Limited (CONTINUED)

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 behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Birmingham, UK

April 2016

TATA Technologies Europe Limited

Income Statement Year ended 31 March 2016

		2016		2015	
	Note	£'000	INR'000	£'000	INR'000
			(see note 2)		(see note 2)
Turnover	3	113,120	10,766,804	108,324	10,680,452
Cost of sales		(92,060)	(8,762,331)	(85,276)	(8,408,031)
Gross profit		21,060	2,004,473	23,048	2,272,421
Distribution costs		(4,614)	(439,174)	(5,712)	(563,220)
Administrative expenses		(2,027)	(192,866)	(3,399)	(335,179)
Operating profit		14,419	1,372,433	13,937	1,374,022
Finance Costs	6	(61)	(5,793)	346	34,117
Profit on ordinary activities before taxation		14,358	1,366,640	14,283	1,408,139
RDEC Credit		1,589	151,199	-	-
Profit before Taxation		15,947	1,517,839	-	-
Tax charge on profit on ordinary activities	7	(3,247)	(309,053)	(3,567)	(351,700)
Profit for the financial year		12,700	1,208,786	10,716	1,056,439

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 2016

		2016		2015	
	Note	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Non-Current Assets					
Property, Plant and Equipment	10	975	93,054	529	48,880
Intangible assets	9	256	24,462	121	11,194
Investments in Subsidiaries	11	55,937	5,339,345	55,937	5,171,340
Deferred Tax Asset	12	244	23,265	429	39,686
Total Non-Current Assets	A	57,412	5,480,126	57,016	5,271,100
Current assets					
Trade and other Receivables	13	26,670	2,545,666	23,354	2,198,698
Cash at bank and in hand		32,114	3,065,334	29,761	2,751,360
Other Current Assets		2,073	197,903	-	-
Total Current Assets		60,857	5,808,903	53,115	4,950,058
Less: Current Liabilities					
Short Term Borrowings	15	17,871	1,705,821	8,337	770,729
Trade Payables	14	1,280	122,223	4,644	429,334
Provisions	14	575	54,869	432	39,958
Amounts owed to group undertakings	14	8,132	776,190	5,564	514,384
Current Tax Liabilities		5,156	492,212	10,696	988,732
Accruals and deferred income		17,377	1,658,568	16,948	1,606,720
Net current assets	B	10,466	999,020	6,494	600,201
Total assets less current liabilities, being net assets	(A+B)	67,878	6,479,146	63,510	5,871,301
Non-Current Liabilities					
Long-term Borrowings	15	8,337	795,754	16,667	1,540,814
Equity					
Share capital	16	11	1,021	11	989
Retained Earnings	17	59,530	5,682,371	46,833	4,329,498
Equity attributable to owners of the Company		59,542	5,683,392	46,844	4,330,487
Total liabilities and Equity		67,878	6,479,146	63,510	5,871,301

These financial statements of Tata Technologies Europe Limited, registered No. 02016440, were approved by the Board of Directors and authorised for issue on April 29 2016.

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 2016

	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 2014	11	995	23,956	2,384,467	23,967	2,385,462
Profit for the financial year	-	-	10,715	1,056,439	10,716	1,056,439
Securities Premium Reserve	-	-	12,160	1,124,234	12,161	1,124,234
Foreign exchange difference	-	(6)	-	(235,642)	-	(235,648)
Balance at 31 March 2015	11	989	46,830	4,329,494	46,842	4,330,463

	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	46,842	4,330,463
Profit for the financial year	-	-	12,700	1,208,789	12,700	1,208,789
Securities Premium Reserve	-	-	-	-	-	-
Foreign exchange difference	-	32	-	144,108	-	144,140
Balance at 31 March 2016	11	1,021	59,530	5,682,371	59,542	5,683,392

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2016

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 43. 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. Accordingly, in the year ended 31 March 2016 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'

This transition is not considered to have had a material effect on the financial statements.

Going concern

The financial statements have been prepared using the going concern basis of accounting.

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 sales 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.

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.

TATA Technologies Europe Limited

Notes to the Financial Statements **Year ended 31 March 2016**

Accounting policies (continued)

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.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant 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 of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as 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.

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	- 33.3% on cost
Fixtures, fittings and equipment	- 25% on cost
Vehicles	- 25% on cost

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

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2016

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 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 (Previous Year: 1 Pounds Sterling = INR 98.59740 for the Profit and Loss Account for year ended 31 March 2015 and 1 Pounds Sterling = INR 92.44890 for the Balance Sheet as at 31 March 2015). 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 of the amounts presented are prepared in accordance with Indian GAAP.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result 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, taking into account 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 of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

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

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

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Notes to the Financial Statements Year ended 31 March 2016

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 calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £55,937,000 with no impairment loss recognised in 2016 or 2015.

3. Turnover

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

	2016		2015	
	£'000	INR'000 (see note 2)	£'000	INR'000 See note 2)
Revenue Analysis				
Sale of Services	107,311	10,213,870	95,746	9,440,330
Sale of Products	5,794	551,507	12,412	1,223,751
Other Non Operating Income	15	1,427	166	16,371
	113,120	10,766,804	108,324	10,680,452

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

	2016		2015	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Geographical analysis of turnover by destination (including other income)				
United Kingdom	109,700	10,441,294	98,893	9,750,574
Rest of Europe	3,420	325,510	9,431	929,878
	113,120	10,766,804	108,324	10,680,452

4. Auditor's remuneration

Fees payable to Deloitte LLP, Birmingham and their associates for the audit of the Company's annual accounts were £70,000 (2015- £65,000).

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.

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2016

5. Staff Costs

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

	2016 No.	2015 No.
Selling and administration	81	74
Management	10	8
Direct	477	421
Total	568	503

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

Their aggregate remuneration comprised:

	2016		2015	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Employment costs				
Wages and salaries	26,359	2,508,842	24,124	2,320,107
Social security costs	2,941	279,904	3,105	298,601
Other pension costs	692	65,934	572	55,032
	29,992	2,854,680	27,801	2,673,740

6. Net Finance Costs

	2016		2015	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Bank interest Receivable	454	43,246	629	61,972
Bank interest Payable	(515)	(49,039)	(283)	(27,855)
	(61)	(5,793)	346	34,117

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Notes to the Financial Statements Year ended 31 March 2016

7. Tax

	2016		2015	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
UK Corporation Tax				
Current tax	2,915	287,411	3,006	296,398
Current tax -prior year adjustment	147	14,494	562	55,454
Corporation Tax	3,062	301,905	3,569	351,852
Deferred tax-current year charge	(24)	(2,366)		
Deferred tax-prior year charge	209	20,607	(1)	(152)
	3,247	320,146	3,567	351,700

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% (2015: 21%). The differences are reconciled below:

	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Profit on ordinary activities before taxation	15,947	1,517,839	14,283	1,408,139
UK statutory rate of tax charge	3,189	303,568	2,999	295,709
Effects of:				
Expenses not deductible for tax purposes	92	8,757	25	2,455
French Tax losses	(61)	(5,806)	-	-
Non-deductible RDEC credit	(317)	(30,172)	-	-
Prior year adj of Current Tax	147	13,991	(1)	98
Prior year adj of Deferred Tax	209	19,892	-	-
Other relief	(12)	(1,177)	(19)	(1,668)
Tax at branches	-	-	-	-
Current taxation charge for the period	3,247	309,053	3,004	296,398

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2016

8. Profit on ordinary activities before taxation

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

	2016		2015	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Depreciation of tangible assets	398	37,874	354	34,908
Exchange differences	(357)	(33,959)	(357)	(35,178)
Operating lease rentals				
- plant, machinery and vehicles	449	42,776	616	60,773
- other	713	67,838	792	78,041
Loss on Sale of asset	112	10,662	-	-

9. Intangible Assets

	Intangible £'000	Intangible INR'000 (see note 2)
Cost		
At 1 April 2015	190	17,564
Additions	244	23,233
Disposals	(1)	(62)
Exchange difference	-	638
At 31 March 2016	433	41,373
Depreciation		
At 1 April 2015	69	6,370
Charge for the year	109	10,358
Disposals	(1)	(62)
Exchange difference	-	245
At 31 March 2016	177	16,911
Net book value		
At 31 March 2016	256	24,462
At 31 March 2015	121	11,194

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Notes to the Financial Statements Year ended 31 March 2016

10. Property, Plant and Equipment

	Plant and machinery £'000	Fixtures, Fittings and equipment £'000	Freehold Land £'000	Capital Work In Progress £'000	Total £'000
Cost					
At 1 April 2015	1,515	677	-	-	2,192
Additions	565	16	1,750	189	2,520
Disposals	(265)	(164)	(1,750)	-	(2,179)
At 31 March 2016	1,815	529	-	189	2,533
Depreciation					
At 1 April 2015	1,079	584	-	-	1,663
Charge for the year	248	41	-	-	289
Disposals	(239)	(155)	-	-	(393)
At 31 March 2016	1,088	470	-	-	1,559
Net book value					
At 31 March 2016	727	59	-	189	975
At 31 March 2015	436	93	-	-	529

	Plant and machinery INR'000 (see note 2)	Fixtures, Fittings & Equipment INR'000 (see note 2)	Freehold Land INR'000 (see note 2)	Capital Work In Progress INR'000 (see note 2)	Total INR'000 (see note 2)
Cost					
At 1 April 2015	140,062	62,458	-	-	202,520
Additions	53,739	1,561	166,565	18,065	239,931
Disposals	(25,160)	(15,597)	(166,565)	-	(207,321)
Exchange difference	4,632	2,083	-	-	6,713
At 31 March 2016	173,273	50,505	-	18,065	241,843
Depreciation					
At 1 April 2015	99,692	53,948	-	-	153,640
Charge for the year	23,602	3,915	-	-	27,516
Disposals	(22,716)	(14,720)	-	-	(37,436)
Exchange difference	3,304	1,765	-	-	5,069
At 31 March 2016	103,882	44,908	-	-	148,789
Net book value					
At 31 March 2016	69,392	5,597	-	18,065	93,054
At 31 March 2015	40,370	8,510	-	-	48,880

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2016

Capital Works in Progress consists of CAT B related expenditure carried out by the Company in relation to the development of its business premises at Tachbrook Park, Leamington Spa.

11. Subsidiaries

Non-Current Investments	£'000	INR'000 (see note 2)
Balance at 1 April 2015	55,937	5,171,340
Additions	-	-
Disposals	-	-
Foreign exchange difference	-	168,005
Balance at 31 March 2016	55,937	5,339,345

12. Deferred tax

	2016		2015	
	£'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	156	14,847	197	19,424
Short term timing differences	88	8,353	232	20,262
	244	23,200	429	39,686

13. Trade and other Receivables

Receivables falling due within one year	2016		2015	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Trade Receivables	17,127	1,634,850	14,384	1,329,815
Amounts owed by group undertakings	6,168	588,788	5,398	499,070
Other debtors	795	75,931	402	37,189
Prepayments and accrued income	2,580	246,097	3,170	292,966
	26,670	2,545,666	23,354	2,159,040

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2016

14. Trade and other Payables

Creditors: amounts falling due within one year	2016		2015	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Trade Payables	1,280	122,223	4,644	429,334
Provisions	575	54,869	432	39,958
Amounts owed to group undertakings	8,132	776,191	5,564	514,385
	9,987	953,283	10,640	983,677

15. Borrowings

Amounts due for settlement within 12 months

	2016		2015	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Short term bank loans	15,798	1,507,918	8,337	770,729
Short term borrowings	2,073	197,903	-	-
	17,871	1,705,821	8,337	770,729

The Company's Short Term Borrowings comprises of the amounts received from the *Universities Superannuation Fund Scheme* towards the funding of the upcoming business premises of the Company at Tachbrook Park, Leamington Spa and funded to the Company as the Contractor for carrying out the construction against a 15 year operating lease at the end of the project.

Amounts due for settlement after 12 months

	2016		2015	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Long-term Borrowings	8,336	795,754	16,667	1,540,814

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

An unsecured term loan has been taken by the Company of £16,667,000 (2015- £25,000,000). 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.

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2016

16. Share Capital and Reserves

	£'000	2016 INR'000 (see note 2)	£'000	2015 INR'000 (see note 2)
Called up, allotted and fully paid 10,697 ordinary shares of £1 each	11	1,021	11	989

17. Retained Earnings

Retained Earnings	£'000	INR'000 (see note 2)
Balance at 1 April 2015	46,831	4,329,474
Profit for the financial year	12,700	1,208,789
Securities Premium Reserve	-	-
Foreign exchange difference	-	144,108
Balance at 31 March 2016	59,531	5,682,371

18. Operating Lease Commitments

	Land and Buildings		Other	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Leases which expire:				
Within one year	167	437	413	403
Within two to five years	4,911	423	377	431
After five years	12,882	81	-	-
Total commitments	17,960	941	790	834

	Land and Buildings		Other	
	2016 INR'000 (see note 2)	2015 INR'000 (see note 2)	2016 INR'000 (see note 2)	2015 INR'000 (see note 2)
Leases which expire:				
Within one year	15,918	43,066	39,298	39,711
Within two to five years	467,384	41,699	35,893	42,543
After five years	1,226,117	8,015	-	-
Total commitments	1,709,419	92,780	75,191	82,254

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2016

19. Directors' remuneration:

	2016		2015	
	£'000	INR'000 (see note 2)	£'000	INR'000 (see note 2)
Aggregate emoluments for qualifying services	208	19,833	174	17,145
Contributions to a money purchase pension scheme	12	1,114	10	986
	220	20,947	184	18,131

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.

21. Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the year ended 31 March 2016 and the date of transition to FRS 101 was therefore 1 April 2014. There have been no material changes from the transition.