

Company Registration No. 02016440

**TATA TECHNOLOGIES EUROPE
LIMITED**

Translated Financial Statements

31 March 2023



To,
The Board of Directors,
Tata Technologies Limited ('the Company')
Plot no 25,
Rajiv Gandhi Infotech Park.
Taluka Mulshi Hinjawadi,
Pune - 411057

Dear Sir,

I have verified the translated version of the audited standalone financial statements of TATA TECHNOLOGIES EUROPE LIMITED for the year ended 31st March 2023. The financial statements have been translated by the Company in Indian Rupee in accordance with the IND AS 21, The Effect of Changes in Foreign Currency Rates. The work carried out by us is in accordance with the Standard on Related Services (SRS) 4400, 'Engagements to Perform Agreed upon Procedures regarding Financial Information' issued by the Institute of Chartered Accountants of India.

As required under Schedule VI Part A Item No. (11)(I)(A)(ii)(b) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ('SEBI ICDR Regulations'), we have verified the translated financial information contained in the Annexures attached to this certificate which is proposed to be uploaded on the website of *the Company* in connection with its proposed initial public offering of equity shares of TATA Technologies Limited.

We have not audited the standalone financial statements of TATA TECHNOLOGIES EUROPE LIMITED or standalone or consolidated financial statements of its parent company, TATA TECHNOLOGIES LIMITED. These financial statements have been audited by other audit firms, whose reports have been furnished to us by the Company.

These translated financials should not in any way be construed as a reissuance or re-dating of any of the previous audit reports, nor should these be construed as a new opinion on any of the audited standalone financial statements referred to herein.

These translated financials are intended solely for use of the management of the Company for uploading on the website of the Company in connection with the proposed Initial Public Offering of equity shares of the Company. Our certificate should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

Disclaimer –

The above certification is based on the information and explanations provided by the management of the Company and its subsidiary Tata Technologies Europe Limited.

The above certificate is exclusively for the party mentioned above and not to be used for any other purpose.

For Chetan Mayur & Co.
Chartered Accountants
FRN – 123216W



Chetan Champak Shroff
Partner
Membership No – 104273
UDIN – 23104273BGSOJJ2515

Date – 21-Oct-2023

TATA Technologies Europe Limited

Income Statement For the year ended 31 March 2023

	Note	2023		2022	
		£'000	INR'000	£'000	INR'000
Turnover	3	1,63,629	1,58,47,240	1,13,941	1,16,00,276
Cost of sales		1,28,526	1,24,47,563	88,678	90,28,263
Gross profit		35,103	33,99,677.00	25,263	25,72,013
Distribution costs		2,714	2,62,847	1,988	2,02,397
Administrative expenses		6,940	6,72,129	4,996	5,08,640
Research and development expenditure credit		-3,245	-3,14,274	-661	-67,296
Other Income		-363	-35,156	-249	-25,351
Operating profit		29,057	28,14,131	19,189	19,53,623
Finance costs	6	468	45,325	530	53,959
Profit before taxation		28,589	27,68,806	18,659	18,99,664
Tax charge on profit	7	5,249	5,08,357	3,522	3,58,573
Profit for the financial year		23,340	22,60,449	15,137	15,41,091

All activities are continuing in nature.

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

The accompanying notes form part of financial statements

TATA Technologies Europe Limited

Balance Sheet At 31 March 2023

	Note	2023		2022	
		£'000	INR'000	£'000	INR'000
Non-current assets					
Property, plant and equipment	10	2,582	2,62,447	2,652	2,63,670
Right of use assets	11	7,340	7,46,073	6,697	6,65,837
Intangible assets	9	165	16,771	76	7,556
Investments in subsidiaries	12	55,937	56,85,705	55,937	55,61,447
Investments in Sub-lease	16	3,053	3,10,322	3,366	3,34,659
Deferred tax asset	13	750	76,234	608	60,449
Total non-current assets	A	69,827	70,97,552	69,336	68,93,618
Current assets					
Trade and other receivables	14	70,856	72,02,143	34,628	34,42,833
Cash and cash equivalents		35,483	36,06,662	38,998	38,77,314
Term deposits with bank		10,000	10,16,448	10,000	9,94,234
Current Investment in Sub-lease	16	342	34,763	110	10,937
Total current assets	B	1,16,681	1,18,60,016	83,736	83,25,318
Less: Current liabilities					
Trade and other payables	15	18,340	18,64,166	22,199	22,07,101
Accruals and deferred income	19	28,539	29,00,840	14,935	14,84,888
Current lease liabilities	18	1,565	1,59,074	1,202	1,19,507
Total current liabilities	C	48,444	49,24,080	38,336	38,11,496
Net current assets	D (B-C)	68,237	69,35,936	45,400	45,13,822
Total assets less current liabilities, being net assets	(A+D)	1,38,064	1,40,33,488	1,14,736	1,14,07,440
Non-current liabilities					
Long-term borrowings					
Long-term lease liabilities	18	11,393	11,58,039	11,405	11,33,924
Equity					
Share capital	17	11	1,119	11	1,094
Retained earnings		1,26,660	1,28,74,331	1,03,320	1,02,72,423
Equity attributable to owners of the Company		1,26,671	1,28,75,449	1,03,331	1,02,73,516
Total liabilities and shareholders funds		1,38,064	1,40,33,488	1,14,736	1,14,07,440

The accompanying notes form part of financial statements

These financial statements of Tata Technologies Europe Limited, registered No. 02016440, were approved by the Board of Directors.

Signed on behalf of the Board of Directors


Nachiket Paranjpe (Oct-20, 2023 16:30 GMT+2)

Nachiket Paranjpe
Director

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

	Share Capital		Retained Earnings		Total	
	£'000	INR'000	£'000	INR'000	£'000	INR'000
Total Comprehensive income for the period						
Balance at 1 April 2021	11	1,109	88,183	88,85,807	88,194	88,86,915
Profit for the financial year	-		15,137	15,41,091	15,137	15,41,091
Translation Reserve	-		-		-	-
Foreign currency translation	-	-15	-	-1,54,475	-	-1,54,490
Transactions with owners, recorded directly in equity						
Dividend	-		-		-	-
Balance at 31 March 2022	11	1,094	1,03,320	1,02,72,423	1,03,331	1,02,73,516

	Share Capital		Retained Earnings		Total	
	£'000	INR'000	£'000	INR'000	£'000	INR'000
Total Comprehensive income for the period						
Balance at 1 April 2022	11	1,094	1,03,320	1,02,72,423	1,03,331	1,02,73,516
Profit for the financial year	-		23,340	22,60,449	23,340	22,60,449
Translation Reserve	-		-		-	-
Foreign Currency Translation	-	25		3,41,459	-	3,41,484
Transactions with owners, recorded directly in equity						
Dividend	-		-		-	-
Balance at 31 March 2023	11	1,119	1,26,660	1,28,74,331	1,26,671	1,28,75,449

The accompanying notes form part of financial statements

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

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.

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. The results of the Company and its subsidiary are consolidated within the financial statements of Tata Motors Limited, a company registered in India. The group accounts of Tata Motors Limited, India are available to the public and can be obtained as set out in note 20. The registered office address of the parent Company preparing consolidated accounts is Bombay House, 24 Homi Mody Street, Mumbai, 400 001, India.

2. Significant Accounting policies

Basis of Accounting

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

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

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

- A Cash Flow Statement and related notes;
- Disclosures in respect of related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of all Key Management Personnel.

As the consolidated financial statements of Tata Motors Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share-Based Payments* in respect of group settled share-based payments; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

These financial statements have been prepared on a historical cost basis.

The functional and presentational currency of the Company is pound sterling. The financial statements are rounded to the nearest thousand (£'000).

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

Going concern

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

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

Accounting policies (continued)

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

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

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

Investments in subsidiaries

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

Revenue Recognition

Revenue represents amounts receivable for the provision of 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.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government Grant

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

Leases

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

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

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

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

Accounting policies (continued)

Sub lease

At the inception of the sub lease contract, the Company classifies the sub lease as a finance lease or an operating lease based on criteria in IFRS 16 Lease.

The sub lease which is classified as an operating lease, the lease liability and right to use of the head lease is not derecognised. The lease income which would be received from the sub lease over the lease term is recognised as other income in the Statement of Profit or Loss Account.

The sub lease which is classified as a finance lease, the lease liability of the head lease is not derecognised, instead the right to use asset of the head lease is derecognised and net investment in sub lease is recognised. The interest income received on the net investment in sub lease is recognised in Statement of Profit or Loss Account over the lease term.

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.

Property Plant and Equipment

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

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

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

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

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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Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument at another entity.

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cash and cash equivalents comprise cash balances and call deposits.

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

Accounting policies (continued)

Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment of financial assets

The Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the statement of comprehensive income.

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

Accounting policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs to sell or its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation under the liabilities is discharged or cancelled or expires.

When existing financial liabilities are replaced by others from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

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 2023

Accounting policies (continued)

Share based payments

Share-based compensation benefits are provided to the employees via the Share based long term incentive scheme 2022 ("SLTI 2022"). The statement of profit and loss expense for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

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.

Estimation of costs under percentage of completion method

The revenue and profit of fixed price professional services contracts is recognised on a percentage of completion basis when the outcome of a contract can be estimated reliably. Management exercises judgement in identifying onerous service contracts and determining whether a contract's outcome can be estimated reliably. Management also makes estimates in the calculation of future contract costs, fair values of contracts, the value of discounts given, the value of upgrade clauses in contracts which are used in determining the value of amounts recoverable on contracts and timing of revenue recognition. Estimates are continually revised based on changes in the facts relating to each contract.

Impairment of debtors

The Company makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors, and historical experience.

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

3. Turnover

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

	2023		2022	
	£'000	INR'000	£'000	INR'000
Revenue Analysis				
Rendering of Services	1,62,835	1,57,70,342	1,13,849	1,15,90,910
Sale of Products	-	-	-	-
Other non-operating Income	794	76,898	92	9,366
	1,63,629	1,58,47,240	1,13,941	1,16,00,276

Timing of transfer of goods or services	2023		2022	
	£'000	INR'000	£'000	INR'000
Products and services transferred at a point in time	55,343	53,59,892	48,694	49,57,512
Products and services transferred over time	1,07,492	1,04,10,450	65,155	66,33,398
	1,62,835	1,57,70,342	1,13,849	1,15,90,910

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

Geographical analysis of turnover by destination fore rendering of services(including other income)	2023		2022	
	£'000	INR'000	£'000	INR'000
United Kingdom	90,033	87,19,570	71,952	73,25,397
India	35	3,390	59	6,007
USA	523	50,652	578	58,846
Rest of World	67,868	65,72,921	38,110	38,79,960
Rest of Europe	4,376	4,23,809	3,150	3,20,700
	1,62,835	1,57,70,342	1,13,849	1,15,90,910

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2023		2022	
	£'000	INR'000	£'000	INR'000
Receivables	49,321	50,13,223	24,186	24,04,654
Contract assets	7,403	7,52,476	1,942	1,93,080
Contract liabilities	10,328	10,49,787	6,623	6,58,481

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers.

The amount of revenue recognised in current period that was included in the contract liability balance at the beginning of the period was £ 6,400 i.e. INR 6,50,527 (2022: £ 1100 i.e. INR 1,11,809).

Movement in the contract assets and the contract liabilities balances during the year are as follows:

	2023		2022	
	£'000	INR'000	£'000	INR'000
Contract assets				
Balance at the beginning of the year	1,942	1,93,080	1,387	1,39,762
Foreign Currency Translation		4,313		-1,862
Revenue recognised during the year (net of cumulative catchup adjustments)	93,146	94,67,807	60,141	59,79,423
Invoices raised during the year	-87,685	-89,12,724	-59,586	-59,24,243
Balance at the end of the year	7,403	7,52,476	1,942	1,93,080
Contract liabilities				
Balance at the beginning of the year	6,623	6,58,481	1,346	1,35,630
Foreign Currency Translation		14,712		-1,806
Revenue recognised that was included in the unearned deferred revenue balance at the beginning of the year (net of cumulative catch-up adjustments)	-6,392	-6,49,714	-1,129	-1,12,249
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	10,097	10,26,308	6,406	6,36,906
Balance at the end of the year	10,328	10,49,787	6,623	6,58,481

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

4. Auditor's remuneration

Fees payable to KPMG LLP, Birmingham and their associates for the audit of the Company's annual accounts were £115,120 i.e. INR 1,11,49,211 (2022- £104,225 i.e. INR 1,00,94,045).

5. Staff Costs

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

	2023 No.	2022 No.
Selling and administration	44	36
Management	11	10
Direct	658	519
Total	713	565

Their aggregate remuneration comprised:

	2023		2022	
	£'000	INR'000	£'000	INR'000
Employment costs				
Wages and salaries	41,882	40,56,213	30,377	30,92,667
Social security costs	4,609	4,46,375	3,387	3,44,829
Other pension costs	2,928	2,83,573	2,180	2,21,945
Share based payment costs	36	3,487	-	-
	49,455	47,89,648	35,944	36,59,441

The director's remuneration has been shown separately in note below (Refer Note 20).

6. Interest

	2023		2022	
	£'000	INR'000	£'000	INR'000
Bank interest	20	1,937	68	6,923
Interest on lease liabilities	448	43,388	462	47,036
	468	45,325	530	53,959

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

7. Tax

	2023		2022	
	£'000	INR'000	£'000	INR'000
UK Corporation Tax				
Current tax	5,803	5,62,012	3,757	3,82,498
Current tax -prior year adjustment	-412	-39,902	-	-
Corporation Tax	5,391	5,22,110	3,757	3,82,498
Deferred tax-current year charge	-492	-47,650	-235	-23,925
Deferred tax-prior year adjustment	412	39,902	-	-
Deferred tax – Effect of rate change	-62	-6,005	-	-
	-142	-13,753	-235	-23,925
	5,249	5,08,357	3,522	3,58,573

Factors affecting the taxation rate

On 3 March 2021, the UK Government announced that the main rate of corporation tax would increase from 19% to 25% with effect from 1 April 2023. As this change was substantively enacted as at the balance sheet date, any relevant deferred tax balances have been calculated at rate of 25%.

The differences are reconciled below:

	2023		2022	
	£'000	INR'000	£'000	INR'000
Profit on ordinary activities before taxation	28,589	27,68,805	18,659	18,99,663
UK statutory rate of tax charge 19%	5,432	5,26,082	3,545	3,60,915
Effects of:				
Expenses not deductible for tax purposes	-12	-1,162	-23	-2,342
Difference between current and deferred tax rates	-109	-10,556	-	-
Effect of changes in tax rates	-62	-6,005	-	-
Total taxation	5,249	5,08,359	3,522	3,58,573

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

8. Profit on ordinary activities before taxation

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

	2023		2022	
	£'000	INR'000	£'000	INR'000
Depreciation/amortisation	1,796	1,73,940	1,810	1,84,275
Exchange differences	104	10,072	-54	-5498
Operating lease rentals				
- plant, machinery and vehicles	263	25,471	64	6516
- other	76	7,360	-13	-1324
Auditors Remuneration:				
Fees payable to the Company's auditors for the audit of the company's annual financial statements	115	11,138	104	10,588

9. Intangible Assets

	Software	
	£'000	INR'000
Cost		
At 1 April 2022	1,957	1,94,572
Foreign Currency Translation		4,346
Additions	144	14,637
Disposals	-	-
At 31 March 2023	2,101	2,13,555
Depreciation		
At 1 April 2022	1,881	1,87,016
Foreign Currency Translation		4,441
Charge for the year	55	5,327
Disposals	-	-
At 31 March 2023	1,936	1,96,784
Net book value		
At 31 March 2023	165	16,771
At 31 March 2022	76	7,556

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

10. Property, Plant and Equipment

	Plant and machinery		Fixtures, Fittings and Equipment		Leasehold Improvements		Vehicles		Total	
	£'000	INR'000	£'000	INR'000	£'000	INR'000	£'000	INR'000	£'000	INR'000
Cost										
At 1 April 2022	6,138	6,10,260	1,319	1,31,139	1,433	1,42,474	62	6,164	8,952	8,90,037
Foreign Currency Translation		13,636		2,931		3,183		138	-	19,888
Additions	587	59,665	30	3,049	-	-	-	-	617	62,714
Disposals			-	-	-	-	-26	-2,643	-26	-2,643
At 31 March 2023	6,725	6,83,561	1,349	1,37,119	1,433	1,45,657	36	3,659	9,543	9,69,996
Depreciation										
At 1 April 2022	4,514	4,48,798	1,231	1,22,389	524	52,097	31	3,083	6,300	6,26,367
Foreign Currency Translation		12,477		2,990		1,606		92	-	17,165
Charge for the year	511	49,490	53	5,133	92	8,910	31	3,002	687	66,535
Disposals	-	-	-	-	-	-	-26	-2,518	-26	-2,518
At 31 March 2023	5,025	5,10,765	1,284	1,30,512	616	62,613	36	3,659	6,961	7,07,549
Net book value										
At 31 March 2023	1,700	1,72,796	65	6,607	817	83,044	-	-	2,582	2,62,447
At 31 March 2022	1,624	1,61,462	88	8,750	909	90,377	31	3,081	2,652	2,63,670

11. Right of use assets

	Right of use Buildings		Right of use Motor Vehicles		Right of use Office equipment		Total	
	£'000	INR'000	£'000	INR'000	£'000	INR'000	£'000	INR'000
Cost								
At 1 April 2022	8,209	8,16,166	1,199	1,19,209	13	1,293	9,421	9,36,668
Foreign Currency Translation		18,236		2,663		28	-	20,927
Additions	884	89,854	813	82,637	-	-	1,697	1,72,491
Disposals	-	-	-	-	-	-	-	-
Reclass to net investment in								
At 31 March 2023	9,093	9,24,256	2,012	2,04,509	13	1,321	11,118	11,30,086
Depreciation								
At 1 April 2022	2,013	2,00,140	698	69,398	13	1,293	2,724	2,70,831
Foreign Currency Translation		7,775		3,300		28	-	11,103
Charge for the year	689	66,729	365	35,350	-	-	1,054	1,02,079
Disposals	-	-	-	-	-	-	-	-
Reclass to net investment in								
At 31 March 2023	2,702	2,74,644	1,063	1,08,048	13	1,321	3,778	3,84,013
Net book value								
At 31 March 2023	6,391	6,49,612	949	96,461	-	-	7,340	7,46,073
At 31 March 2022	6,196	6,16,027	501	49,811	-	-	6,697	6,65,837

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

12. Subsidiaries

Non-Current Investments	£'000	INR'000
Balance at 1 April 2022	55,937	55,61,447
Additions	-	-
Disposals	-	-
Foreign currency translation	-	1,24,258
Balance at 31 March 2023	55,937	56,85,705

Subsidiary undertakings and Companies directly held by the Company	Country of incorporation	Registered Address	Class	Shares held and voting rights %	Status
Tata Technologies Inc.	United States	6001 Cass Avenue Suite 600 Detroit, MI USA-48202	Class B Voting Shares	96.05%	Trading
Tata Technologies de Mexico, S.A. de C.V.	Mexico	Bldv Independencia 2120 Int 304 Torreon, Coahuila Mexico Col Estrella C.P. 27010, Mexico	Ordinary	96.05%	Under liquidation
Cambric Limited	Bahamas	C/o H&J Corporate Services Ltd, Montagu Foreshore, East Bay Street, PO Box SS-19084, Nassau, Bahamas	Ordinary	96.05%	Dormant

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

15. Trade and other payables

	2023		2022	
	£'000	INR'000	£'000	INR'000
Trade payables	1,563	1,58,871	960	95,446
Advances	2	203	8,790	8,73,932
Amounts owed to group undertakings	13,478	13,69,969	9,771	9,71,466
Current tax liabilities	3,297	3,35,123	2,678	2,66,257
	18,340	18,64,166	22,199	22,07,101

16. Investments in Sub-Lease

The table below provides details regarding the contractual maturities of Net investment in sub lease, including estimated interest receipts as at March 31, 2023:

Net investment in sub lease – Maturity analysis

Particulars	Carrying Amount	Due in first year	Due in second year	Due in third to fifth year	Due after fifth year	Total
(a) Net Investment in sub lease (amounts in £'000)	3,395	490	462	1,130	1,916	3,998
(a) Net Investment in sub lease (amounts in INR'000)	3,45,084	49,806	46,960	1,14,859	1,94,751	4,06,376

Reconciliation	£'000	INR'000
Particulars		
As per maturity analysis	3,998	4,06,376
(less) Unearned interest income	-603	-61,292
Carrying Value	<u>3,395</u>	<u>3,45,084</u>

The movement in the net investment in sublease asset during the year ended March 31, 2023 and March 31, 2022 is as follows:

Particulars	2023		2022	
	£'000	INR'000	£'000	INR'000
Opening Balance	3,476	3,45,596	-	-
Foreign Currency Translation	-	7,332	-	-
Additions	-	-	3,455	3,43,508
Interest Income	128	12,397	21	2,088
Lease rental received	-209	-20,241	-	-
Closing Balance	3,395	3,45,084	3,476	3,45,596

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

17. Share Capital and Reserves

	2023		2022	
	£'000	INR'000	£'000	INR'000
Called up, allotted and fully paid				
10,697 ordinary shares of £1 each	11	1,119	11	1,094

18. Leases

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

	Future minimum lease payment				Interest				Present value of minimum lease payment			
	2023		2022		2023		2022		2023		2022	
	£'000	INR'000	£'000	INR'000	£'000	INR'000	£'000	INR'000	£'000	INR'000	£'000	INR'000
Leases which expire:												
Within one year	1,997	2,02,985	1,629	1,61,961	-432	-43,911	-427	-42,454	1,565	1,59,074	1,202	1,19,507
Within two to five years	6,672	6,78,174	5,714	5,68,105	-1,232	-1,25,226	-1,346	-1,33,824	5,440	5,52,948	4,368	4,34,282
After five years	6,390	6,49,510	7,695	7,65,063	-437	-44,419	-658	-65,421	5,953	6,05,091	7,037	6,99,642
Total commitments	15,059	15,30,669	15,038	14,95,129	-2,101	-2,13,556	-2,431	-2,41,699	12,958	13,17,113	12,607	12,53,431

Following amounts are recognised in the statement of profit and loss for the year ended March 31, 2023

	£'000	INR'000
Interest expense on lease liabilities	448	43,388
Variable lease payment not included in the measurement of lease liabilities	-	-
Expenses related to short-term leases	339	32,832
Expenses related to low-value assets, excluding short-term leases of low-value assets	-	-

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

19. Accruals and deferred income

	2023		2022	
	£'000	INR'000	£'000	INR'000
Accruals for expenses (inclusive of £7,438 in 2023 and £2,233 at 2022 owed to group undertakings)	14,834	15,07,799	5,960	5,92,563
Contract Liabilities (inclusive of £ 560 in 2023 and £ 780 at 2022 owed to group undertakings)	10,328	10,49,787	6,623	6,58,481
Other accruals	3,377	3,43,254	2,352	2,33,844
	28,539	29,00,840	14,935	14,84,888

20. Directors' remuneration

	2023		2022	
	£'000	INR'000	£'000	INR'000
Aggregate emoluments for qualifying services	316	30,604	342	34,819
Contributions to a money purchase pension scheme	12	1,162	11	1,120
	328	31,766	353	35,939

The highest paid director did not exercise any share options in the year though he was granted Stock options under the "Tata Technologies Limited Share based Long Term Incentive Scheme 2022" under which employees of India as well as overseas subsidiaries of Tata Technologies Limited, India were granted stock options. Under the scheme, there are two types of options, namely Employee Stock Option Plan (ESOP) and Performance Stock Options (PS). Vesting is subject to achievement of prescribed criteria as per the scheme. The highest paid director had emoluments for qualifying services of £ 315,592 i.e., INR 3,05,64,643 for the year and is a member of the Company's defined contribution pension scheme and had accrued entitlements of £11,698 under the scheme for the year.

	Number of directors	
	2023	2022
The number of directors who exercised share options was	None	-
The number of directors in respect of whose qualifying services shares receivable under long term incentive schemes was	2	-

TATA Technologies Europe Limited

Notes to the Financial Statements Year ended 31 March 2023

21. Controlling Party

The immediate parent companies are Tata Technologies Pte, Limited, a company registered in Singapore and Tata Technologies Limited, a company registered in India. 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.