TRANSLATED FINANCIAL STATEMENTS

TATA TECHNOLOGIES PTE LTD

(Registration No. 198100504W)

31 MARCH 2020

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 TECHOLOGIES PTE LTD** for the year ended 31st March 2020. 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 TECHOLOGIES PTE LTD 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 TECHOLOGIES PTE LTD.

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 - 23104273BGSNVO6280
Date – 9th February 2023

TATA TECHNOLOGIES PTE LTD

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

ASSETS	NOTE	2020 US$	2020 INR	2019 US$	2019 INR
Non current assets					
Plant and equipment	3	4,15,957	3,14,57,787	1,09,744	75,88,661
Subsidiaries	4	10,68,52,458	8,08,09,84,267	10,68,52,458	7,38,87,13,905
Long term deposit	5	29,556	22,35,246	31,193	21,56,957
		10,72,97,971	**8,11,46,77,300**	**10,69,93,395**	**7,39,84,59,523**
Current assets					
Trade receivables	6	42,31,645	32,00,28,731	21,78,463	15,06,37,994
Other receivables	7	1,17,539	88,89,181	10,118	6,99,647
Amount due from subsidiary companies	4	40,715	30,79,174	-	-
Cash and cash equivalents	8	29,70,167	22,46,26,305	39,93,499	27,61,45,464
		73,60,066	**55,66,23,391**	**61,82,080**	**42,74,83,105**
TOTAL ASSETS		**11,46,58,037**	**8,67,13,00,691**	**11,31,75,475**	**7,82,59,42,628**
EQUITY AND LIABILTIES					
Equity					
Share capital	9	5,40,00,000	4,08,38,85,000	5,40,00,000	3,73,40,32,500
Capital reserve	10	4,59,35,488	3,47,39,86,119	4,59,35,488	3,17,63,81,576
Currency translation reserve	11	32,79,634	24,80,30,520	33,29,743	23,02,47,566
Retained earnings		73,83,508	55,83,96,249	83,60,450	57,81,14,669
		11,05,98,630	**8,36,42,97,888**	**11,16,25,681**	**7,71,87,76,311**
Non current liabilities					
Lease liabilities	12	2,51,823	1,90,44,744	-	-
Current liabilities					
Trade and other payables	13	31,48,014	23,80,76,429	15,15,372	10,47,86,079
Lease liabilities	12	99,641	75,35,600	-	-
Amount due to subsidiary companies	4	5,43,390	4,10,95,227	24,792	17,14,336
Provision for taxation		16,539	12,50,803	9,630	6,65,902
		38,07,584	**28,79,58,059**	**15,49,794**	**10,71,66,317**
TOTAL EQUITY AND LIABILITIES		**11,46,58,037**	**8,67,13,00,691**	**11,31,75,475**	**7,82,59,42,628**

For and on behalf of the Board

Patrick McGoldrick
Director

Warren Harris
Director

The accompanying notes are an integral part of the financial statements.

TATA TECHNOLOGIES PTE LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	NOTE	2020		2019	
		US$	INR	US$	INR
Revenue					
Turnover		87,13,043	61,76,31,023	89,12,217	62,29,13,169
Other revenues		29,116	20,63,911	72,373	50,58,460
Gain on sale of plant and equipment		860	60,962	-	-
Dividend income		1,89,64,770	1,34,43,32,893	-	-
		2,77,07,789	**1,96,40,88,789**	**89,84,590**	**62,79,71,629**
Cost and expenses					
Purchases and related direct cost expenses		70,76,129	50,15,97,065	70,67,619	49,39,86,283
Amortisation of trade marks		-	-	24,814	17,34,357
(Write back)/allowance for impairment of trade receivables		(5,791)	(4,10,500)	5,791	4,04,758
Depreciation		1,51,412	1,07,32,961	51,007	35,65,098
Exchange difference		(54,986)	(38,97,708)	(46,770)	-32,68,956
Intangible assets written off		-	-	1,79,499	1,25,45,957
Salaries and employee benefits	16	11,47,613	8,13,49,465	10,90,120	7,61,93,174
Other operating expenses	14	3,22,069	2,28,30,119	3,35,323	2,34,37,166
		86,36,446	61,22,01,402	87,07,403	60,85,97,837
Profit before taxation and interest		1,90,71,343	1,35,18,87,387	2,77,187	1,93,73,792
Finance cost - interest on leasing contracts		(13,723)	(9,72,766)	-	-
Profit before taxation		1,90,57,620	1,35,09,14,621	2,77,187	1,93,73,792
Taxation expenses	15	34,562	24,49,955	19,376	13,54,272
Profit for the year		1,90,23,058	1,34,84,64,666	2,57,811	1,80,19,520
OTHER COMPREHENSIVE INCOME:					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation		(50,109)	(35,52,017)	(45,951)	(32,11,713)
OTHER COMPREHENSIVE INCOME, net of tax		(50,109)	(35,52,017)	(45,951)	-32,11,713
TOTAL COMPREHENSIVE INCOME		1,89,72,949	1,34,49,12,649	2,11,860	1,48,07,807

For and on behalf of the Board

Patrick McGoldrick
Director

Warren Harris
Director

The accompanying notes are an integral part of the financial statements.

TATA TECHNOLOGIES PTE LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share capital		Capital reserve		Currency translation reserve		Retained earnings		Total equity	
	US$	INR	US$	INR	US$	INR	US$	INR	US$	INR
Balance at 31 March 2018	5,40,00,000	3,73,40,32,500	4,59,35,488	3,17,63,81,576	33,75,694	23,34,25,020	81,02,639	56,02,07,359	11,14,13,821	7,70,41,26,455
Total comprehensive income	-	-	-		(45,951)	(32,11,713)	2,57,811	1,80,19,520	2,11,860	1,48,07,807
Foreign Currency Translation						34,259		(1,92,210)	-	(1,57,951)
Balance at 31 March 2019	**5,40,00,000**	**3,73,40,32,500**	**4,59,35,488**	**3,17,63,81,576**	**33,29,743**	**23,02,47,566**	**83,60,450**	**57,81,14,669**	**11,16,25,681**	**7,71,87,76,311**
Balance at 31 March 2019	5,40,00,000	3,73,40,32,500	4,59,35,488	3,17,63,81,576	33,29,743	23,02,47,566	83,60,450	57,81,14,669	11,16,25,681	7,71,87,76,311
Total comprehensive income	-		-		(50,109)	(35,52,017)	1,90,23,058	1,34,84,64,666	1,89,72,949	1,34,49,12,649
Foreign Currency Translation		34,98,52,500		29,76,04,543		2,13,34,971		14,43,66,914	-	81,31,58,928
Dividend paid (Note 22)	-		-		-	-	(2,00,00,000)	(1,51,25,50,000)	(2,00,00,000)	(1,51,25,50,000)
Balance at 31 March 2020	**5,40,00,000**	**4,08,38,85,000**	**4,59,35,488**	**3,47,39,86,119**	**32,79,634**	**24,80,30,520**	**73,83,508**	**55,83,96,249**	**11,05,98,630**	**8,36,42,97,888**

For and on behalf of the Board

Patrick McGoldrick
Director

Warren Harris
Director

The accompanying notes are an integral part of the financial statements.

TATA TECHNOLOGIES PTE LTD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020		2019	
	US$	INR	US$	INR
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before taxation	1,90,57,620	1,35,09,14,621	2,77,187	1,93,73,792
Adjustments for:				
Amortisation of trade marks	-	-	24,814	17,34,357
Write back/allowance for impairment of trade receivables	(5,791)	(4,10,500)	5,791	4,04,758
Depreciation of plant and equipment	1,51,412	1,07,32,961	51,007	35,65,099
Gain from disposal of plant and equipment	(860)	(60,962)	-	-
Intangible assets written off	-	-	1,79,499	1,25,45,957
Interest income	(27,907)	(19,78,210)	(69,286)	-48,42,696
Interest for leasing liabilties	13,723	9,72,766	-	-
Unrealised exchange differences	27,194	19,27,668	(2,634)	-1,84,102
Foreign Currency Translation		9,08,77,242		
Currency translation differences	(50,109)	(35,52,017)	(45,951)	-35,56,094
Operating profit before working capital changes	1,91,65,282	1,44,94,23,569	4,20,427	2,90,41,071
(Increase)/decrease in receivables	(21,74,346)	(16,44,40,353)	10,91,915	7,55,04,557
Increase in amount due to subsidiaries - trade	4,77,883	3,61,41,097	59,667	41,25,898
Increase/(decrease) in creditors	16,32,642	12,34,72,633	(16,39,531)	-11,33,71,519
Cash generated from/(used in) operation	1,91,01,461	1,44,45,96,946	(67,522)	-46,99,993
Interest income	27,907	19,78,210	69,286	48,42,696
Tax paid	(27,653)	(19,60,205)	(27,797)	-19,42,852
Net cash flow generated from/(used in) operating activities	1,91,01,715	1,44,46,14,951	(26,033)	-18,00,149
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of intangible assets	-	-	(52,742)	-36,47,043
Proceed on sale of plant and equipment	860	65,040	-	-
Purchase of plant and equipment	(15,444)	(11,67,991)	(2,034)	-1,40,649
Net cash flow used in investing activities	(14,584)	(11,02,951)	(54,776)	-37,87,692
CASH FLOWS FROM FINANCIAL ACTIVITIES				
Repayment of leasing liabilities	(1,08,911)	(82,36,667)	-	-
Dividend paid	(2,00,00,000)	(1,51,25,50,000)	-	-
Net cash flow used in financing activities	(2,01,08,911)	(1,52,07,86,667)	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,21,780)	(7,72,74,667)	(80,809)	(55,87,841)
Effect of exchange rates changes on cash and cash equivalents	(1,552)	(1,17,374)	(1,315)	-90,931
Foreign Currency Translation Difference	-	2,58,72,882	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	39,93,499	27,61,45,464	40,75,623	28,18,24,236
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	29,70,167	22,46,26,305	39,93,499	27,61,45,464

For and on behalf of the Board

Patrick McGoldrick
Director

Warren Harris
Director

The accompanying notes are an integral part of the financial statements.

TATA TECHNOLOGIES PTE LTD

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

1 GENERAL INFORMATION

Tata Technologies Pte Ltd, (the "company") is a limited liability company domiciled and incorporated in Singapore. The company's registered office and principle place of business is at 78 Shenton Way, #14-02, Singapore 079120.

The company is a wholly-owned subsidiary of Tata Technologies Limited, a company incorporated in India. Its ultimate holding company is Tata Motor Limited, a company incorporated in India. Related companies in these financial statements refer to members of the ultimate holding company.

The principal activities of the company are that of development of software and marketing of computer systems and software, provision of engineering support and maintenance services and computer consultancy and related services.

The company has a branch in Korea. The principal activities of the subsidiary companies are set out in Note 4 to the accounts.

The financial statements for the year ended 31 March 2020 were authorized for issue in accordance with a resolution of the board of directors on 16 May 2020.

2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There were no significant critical accounting estimates and assumptions used, or critical judgment applied.

ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATION

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the company has adopted all the new and amended standards which are relevant to the company and are effective for annual financial periods beginning on or after 1 January 2019. Except for the adoption of FRS 116 *Leases* described below, the adoption of these standards did not have any material effect on the financial performance or position of the company.

FRS 116 Leases

FRS 116 supersedes FRS 17 Leases, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases-Incentives and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATION (CONTINUED)

FRS 116 Leases

The company adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the company applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The effect of adopting FRS 116 as at 1 April 2019 was as follows:

	Increase/(decrease)	
	US$	**INR**
Property, plant and equipment	442,181	3,34,41,044
Lease liabilities	(442,181)	(3,34,41,044)

The company has lease contracts for office premises. Before the adoption of FRS 116, the company classified each of its leases (as lessee) at the inception date as an operating lease. The accounting policy prior to 1 April 2019 is disclosed in significant accounting policies - Leases

Upon adoption of FRS 116, the company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 April 2019 is disclosed in significant accounting policies – Leases. The standard provides specific transition requirements and practical expedients, which have been applied by the company.

Leases previously accounted for as operating leases

The company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the amount equal to the lease liability, adjusted for previously recognised prepaid or accrued lease payments.

The company also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 April 2019:

- right-of-use assets of US$442,181 i.e., INR 3,34,41,044 were recognised and presented within property, plant and equipment.
- additional lease liabilities of US$442,181 i.e., (INR 3,34,41,044) were recognised.

NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FRS 116 Leases (continued)

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019 as follows:

	US$	INR
Operating lease commitments as at 31 March 2019	1,64,356	1,24,29,833
Add: Extension options which are reasonably certain to be exercised	3,29,982	2,49,55,714
Less: Overtaken lease commitment in prior year	17,697	13,38,380
	4,76,641	3,60,47,167
Weighted average incremental borrowing rate as at 1 April 2019	3.45%	3.45%
Lease liabilities as at 1 April 2019	4,42,181	3,34,41,044

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The company has not adopted the following standards that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 1 and FRS 8 *Definition of Material*	1 January 2020
Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

BASIS OF CONSOLIDATION

Consolidated financial statements of the company and its subsidiaries have not been prepared. Its immediate holding company, Tata Technologies Limited, a company incorporated in India, prepares consolidated financial statements which include the results of the company and all its subsidiaries. Copies of the consolidated financial statements can be obtained from 25, Pune Infotech Park, Hlnjawadi, Pune, India.

A list of the company's subsidiary companies is shown in Note 4.

SUBSIDIARIES

Investments in subsidiaries are carried at cost less accumulated impairment losses in the company's statement of financial position. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Subsidiaries are entities over which the company has power to govern the financial and operating policies, so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSIDIARIES (CONTINUED)

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of minority interest.

CURRENCY TRANSLATION

Functional and presentation currency

The financial statements of the company are measured using the currency of the primary economic environment in which the company operates (“functional currency”).The financial statements are presented in United States Dollar, which is the functional and presentation currency of the company.

Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

PLANT AND EQUIPMENT

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. When significant parts of plant and equipment is required to be replaced in intervals, the company recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PLANT AND EQUIPMENT (CONTINUED)

All other items of plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows: -

Computer equipment	1 to 3 years
Office furniture and equipment	5 to 10 years
Motor vehicle	10 years

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Plant and equipment
Investment in subsidiaries

Plant and equipment and investment in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value–in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the Cash Generating Unit (“CGU”) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVTOCI & FVTPL. The company only has debt instruments at amortised cost.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the company's right to receive payments is established. For investments in equity instruments which the company has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtor's ability to pay.

The company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, adjusted for previously recognized prepaid or accrued lease payment. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2 – Impairment of non-financial asset.

The company's right-of-use assets are presented within property, plant and equipment (Note 3).

Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occur.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

(i) As lessee (continued)

Lease liabilities (Continued)

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases of office premise (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

These accounting policies are applied before the initial application date of FRS 116, 1 April 2019:

i) As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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 an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

SHARE CAPITAL

Proceeds from issuance of ordinary shares are classified as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Revenue is measured based on the consideration to which the company expects to be entitled in exchange for transferring control of a promised service to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the company satisfies a performance obligation by transferring a control of a promised service to the customer. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Sale of goods

Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods.

Services rendered

Revenue is recognised at the point in time when services have been rendered to and accepted by customers.

Interest income

Interest income is recognised as interest accrues (using the effective interest method) unless collectability is in doubt.

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

EMPLOYEE BENEFITS

Retirement benefits

The company makes contribution to the Central Provident Fund ("CPF") Scheme in Singapore, a defined contribution retirement scheme.

Obligations for contributions to defined contribution retirement plan are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the balance sheet date in the country where the company operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

i. Critical accounting estimates and assumptions

Impairment of investment in subsidiaries

The company assesses at each reporting date whether there is an indication that the investment in subsidiaries may be impaired. Impairment test are performed by management when there are indications of impairment. This will require an estimation of the value in use of the cash-generating units. The value in use calculation requires the entity to estimate the future cash flow expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of investment in subsidiaries at the balance sheet date is disclosed in the Note 4 to financial statements.

Provision for expected credit losses of trade receivables

The company uses a provision matrix to calculate expected credit loss (ECL) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on thec historical observed default rates. The company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the company's trade receivables is disclosed in Note 6.

ii. Critical judgements in applying the entity's accounting policies

The management is of the opinion that any instances of judgements (other than those arising from estimates described above) are not expected to have significant effect on the amounts recognised in the financial statements.

RELATED PARTIES

A party is considered to be related to the company if:

i) The party, directly or indirectly through one or more intermediaries,
- controls, is controlled by, or is under common control with, the company;
- has an interest in the company that gives it significant influence over the company; or
- has joint control over the company;

ii) The party is an associate;

iii) The party is a jointly-controlled entity;

iv) The party is a member of the key management personnel of the company;

v) The party is a close member of the family of any individual referred to in (i) or (iv); or

vi) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v).

NOTES TO THE FINANCIAL STATEMENTS

3 PLANT AND EQUIPMENT

	Computer equipment		Office furniture & equipment		Motor vehicles		Office premise		Total	
	US$	INR	US$	INR	US$	INR	US$	INR	US$	INR
2020										
Cost										
At beginning of year	56,799	39,27,580	1,24,587	86,15,035	1,81,632	1,25,59,626	-	-	3,63,018	2,51,02,241
Foreign Currency Translation Difference		3,67,986	-	8,07,168	-	11,76,748	-	-	-	23,51,902
Effect of adopting FRS 116	-	-	-		-		4,42,181	3,34,41,044	4,42,181	3,34,41,044
At beginning of year (restated)	56,799	42,95,566	1,24,587	94,22,203	1,81,632	1,37,36,374	4,42,181	3,34,41,044	8,05,199	6,08,95,187
Additions	7,201	5,44,594	8,243	6,23,397	-	-	-	-	15,444	11,67,991
Disposal	-	-	(11,515)	(8,70,851)	-	-	-	-	(11,515)	(8,70,851)
At end of year	64,000	48,40,160	1,21,315	91,74,749	1,81,632	1,37,36,374	4,42,181	3,34,41,044	8,09,128	6,11,92,327
Accumulated depreciation										
At beginning of year	52,309	36,17,101	66,255	45,81,451	1,34,710	93,15,028	-	-	2,53,274	1,75,13,580
Depreciation	4,588	3,25,224	26,619	18,86,909	18,163	12,87,499	1,02,042	72,33,329	1,51,412	1,07,32,961
Foreign Currency Translation		3,60,653		5,55,468		9,58,876		4,83,853	-	23,58,850
Disposal	-		(11,515)	(8,70,851)	-		-		(11,515)	(8,70,851)
At end of year	56,897	43,02,978	81,359	61,52,977	1,52,873	1,15,61,403	1,02,042	77,17,182	3,93,171	2,97,34,540
Carrying amount 2020	**7,103**	**5,37,182**	**39,956**	**30,21,772**	**28,759**	**21,74,971**	**3,40,139**	**2,57,23,862**	**4,15,957**	**3,14,57,787**
2019										
Cost										
At beginning of year	54,765	37,86,931	1,24,587	86,15,035	1,81,632	1,25,59,626	-	-	3,60,984	2,49,61,592
Additions	2,034	1,40,649	-	-	-	-	-	-	2,034	1,40,649
At end of year	56,799	39,27,580	1,24,587	86,15,035	1,81,632	1,25,59,626	-	-	3,63,018	2,51,02,241
Accumulated depreciation										
At beginning of year	45,984	31,79,736	39,736	27,47,695	1,16,547	80,59,079	-	-	2,02,267	1,39,86,510
Depreciation	6,325	4,42,081	26,519	18,53,527	18,163	12,69,490	-	-	51,007	35,65,098
Foreign Currency Translation		(4,716)		(19,771)		(13,541)	-	-	-	(38,028)
At end of year	52,309	36,17,101	66,255	45,81,451	1,34,710	93,15,028	-	-	2,53,274	1,75,13,580
Carrying amount 2019	**4,490**	**3,10,479**	**58,332**	**40,33,584**	**46,922**	**32,44,598**	-	-	**1,09,744**	**75,88,661**

Motor vehicle is held in trust by a director for the company.

Right-of use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

4 SUBSIDIARY COMPANIES

	2020		2019	
	US$	INR	US$	INR
Unquoted equity shares, at cost	10,68,52,458	8,08,09,84,267	10,68,52,458	7,38,87,13,905

The non-trade amount due from/(to) subsidiaries is unsecured, interest-free and repayable on demand.

Details of the subsidiaries are as follows:

Name of company	Country of incorporation & place of business	Percentage 2020 %	Percentage 2019 %	Principal activities
+^Tata Technologies Inc (Sole stockholder of Class B common stock)	Michigan, USA	#96	#96	Information technology & consultancy services
+* INCAT International Plc	United Kingdom	100	100	Information technology & consultancy services
+*Tata Technologies Europe Limited	United Kingdom	##100	##100	Information technology & consultancy services
+*Tata Technologies (Thailand) Limited	Thailand	100	100	Information technology & consultancy services
+*Tata Manufacturing Technologies (Shanghai) Co., Ltd	China	100	100	Information technology & consultancy services

^ Not required to be audited by local laws.
* Audited by other firms.
+ Subsidiaries consolidated by immediate holding company, Tata Technologies Limited.
# Percentage of shareholding held by subsidiary, Tata Technologies Europe Limited in Tata Technologies Inc.
Percentage of shareholding include 93% shares held by subsidiary, Incat International Plc in Tata Technologies Europe Limited.

Copies of the consolidated financial statements of Tata Technologies Limited can be obtained from 25, Pune Infotech Park, Hinjawadi, Pune, India.

NOTES TO THE FINANCIAL STATEMENTS

5 LONG TERM DEPOSIT

	2020		2019	
	US$	INR	US$	INR
Deposits	29,556	22,35,246	31,193	21,56,957

6 TRADE RECEIVABLES

	2020		2019	
	US$	INR	US$	INR
Trade debtors				
- Third parties	35,22,380	26,63,88,793	15,64,119	10,81,56,874
- Related companies	98,815	74,73,131	1,14,238	78,99,415
	36,21,195	27,38,61,924	16,78,357	11,60,56,289
Less: Allowance for expected credit losses	-	-	(5,791)	(4,00,440)
	36,21,195	27,38,61,924	16,72,566	11,56,55,849
Accrued income	6,10,450	4,61,66,807	5,05,897	3,49,82,145
	42,31,645	32,00,28,731	21,78,463	15,06,37,994

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms.

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follows:

	2020		2019	
	US$	INR	US$	INR
Balance at beginning of year	5,791	4,10,500	-	-
Write back/Charge to profit and loss	(5,791)	(4,10,500)	5,791	4,00,440
Balance at end of year	-	-	5,791	4,00,440

7 OTHER RECEIVABLES

	2020		2019	
	US$	INR	US$	INR
Cost billed in advance	48,022	36,31,784	-	-
Prepayments	69,517	52,57,397	4,471	3,09,164
Payment made to suppliers	-	-	-	-
Staff advances	-	-	5,647	3,90,483
	1,17,539	88,89,181	10,118	6,99,647

NOTES TO THE FINANCIAL STATEMENTS

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2020		2019	
	US$	INR	US$	INR
Fixed deposits with banks	21,45,763	16,22,78,691	33,12,151	22,90,31,101
Bank and cash balances	8,24,404	6,23,47,614	6,81,348	4,71,14,363
Cash and cash equivalents in statement of cash flow	29,70,167	22,46,26,305	39,93,499	27,61,45,464

Fixed deposits bear interest at effective interest rates ranging between 0.35% and 1.39% per annum and for a tenure of approximately 7 to 275 days.

9 SHARE CAPITAL

	2020		2019	
	US$	INR	US$	INR
Issued and fully paid - 86,463,759 ordinary shares	5,40,00,000	4,08,38,85,000	5,40,00,000	3,73,40,32,500

The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry which have no par value, carry one vote per share without restriction.

10 CAPITAL RESERVE

Capital reserve of the company was derived as follows:

Tata Technologies, USA, a subsidiary of the company acquired during the financial year ended 31 March 2006, made a 338(g) election as per US IRS provisions to treat the acquisition of INCAT International Plc as a deemed asset sale resulting in INCAT International Plc's investment in INCAT Holdings USA/iKnowledge Solutions Inc. getting distributed as in specie dividend to Tata Technologies, USA. In turn Tata Technologies, USA has distributed in specie dividend to the company, the shares of iKnowledge Solutions Inc. and INCAT International Plc.

The carrying values of these investments as at 31 March 2006 in the respective holding company's audited accounts were adopted for this in specie dividend, i.e. US$85,935,488 for INCAT International Plc and US$6,840,817 for iKnowledge Solutions Inc. As the surplus of the in specie dividend over the cost of investment arose from a group restructuring shortly after the investment was made, the directors are of the opinion this surplus is capital in nature hence it has been taken to the Capital Reserve.

NOTES TO THE FINANCIAL STATEMENTS

11 CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises all foreign exchange differences arising from change in the company's functional currency from Singapore Dollar to United States Dollar in financial year ended 31 March 2013 and the translation of the financial statements of its Korea Branch's foreign operations whose functional currency is different from the functional currency of the company.

12 LEASE LIABILITIES

	2020		2019	
	US$	INR	US$	INR
Lease liabilities				
Current	99,641	75,35,600	-	-
Non-Current	2,51,823	1,90,44,744	-	-
	3,51,464	2,65,80,344	-	-

A reconciliation of liabilities arising from financing activities is as follows:

					Non-cash changes							
	01/04/2019		Cash flows		Accretion of interest		Exchange		Other		31/03/2020	
	US$	INR	US$	INR	US$	INR	US$	INR	US$	INR	US$	INR
Lease liabilities												
- Current	96,271	72,80,735	(1,08,911)	(82,36,667)	13,723	10,37,836	4,471	3,38,131	94,087	71,15,565	99,641	75,35,600
- Non-current	3,45,910	2,61,60,309	-	-	-	-	-	-	(94,087)	(71,15,565)	2,51,823	1,90,44,744
	4,42,181	**3,34,41,044**	**(1,08,911)**	**(82,36,667)**	**13,723**	**10,37,836**	**4,471**	**3,38,131**	-	-	**3,51,464**	**2,65,80,344**

13 TRADE AND OTHER PAYABLES

	2020		2019	
	US$	INR	US$	INR
Trade payables				
- Third parties	1,41,654	1,07,12,938	49,770	34,41,533
- Immediate holding company	19,67,405	14,87,89,922	5,53,200	3,82,53,089
- Related company	3,248	2,45,638	15,611	10,79,481
	21,12,307	**15,97,48,498**	**6,18,581**	**4,27,74,103**
Accrued cost of sales	5,30,890	4,01,49,883	2,92,684	2,02,38,733
Accrued payroll costs	1,97,207	1,49,14,272	1,96,568	1,35,92,431
Accrued operating expenses	2,46,519	1,86,43,616	3,17,482	2,19,53,483
GST/VAT payable	61,091	46,20,160	90,057	62,27,329
	31,48,014	**23,80,76,429**	**15,15,372**	**10,47,86,079**

NOTES TO THE FINANCIAL STATEMENTS

14 OTHER OPERATING EXPENSES

Other operating expenses comprises of:

	2020		2019	
	US$	INR	US$	INR
Legal and professional fee	50,119	35,52,725	52,108	36,42,052
Rent	-	-	1,06,276	74,28,087
Repair and maintenance - premises	16,430	11,64,654	3,008	2,10,242
Travel and transport	21,081	14,94,344	87,670	61,27,633
Withholding tax	1,76,796	1,25,32,326	-	-
Others	57,643	40,86,070	86,261	60,29,152
	3,22,069	2,28,30,119	3,35,323	2,34,37,166

15 TAXATION

	2020		2019	
	US$	INR	US$	INR
Current	34,562	24,49,955	19,376	13,54,272

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	2020		2019	
	US$	INR	US$	INR
Accounting profit	1,90,57,620	1,35,09,14,640	2,77,187	1,93,73,791
Tax at the applicable tax rate of 17%	32,39,795	22,96,55,460	47,122	32,93,559
Tax effect of:				
- Expenses not deductible for tax purposes	8,921	6,32,372	38,778	27,10,361
- Income not taxable	(32,24,011)	(22,85,36,599)	-	-
- S13(8)	(35,058)	(24,85,114)	(45,334)	(31,68,588)
- Tax losses not recognised as deferred tax asset	10,353	7,33,881	6,989	4,88,491
- Utilisation of tax losses	-	-	(47,555)	(33,23,823)
Foreign tax	34,562	24,49,955	19,376	13,54,272
	34,562	24,49,955	19,376	13,54,272

NOTES TO THE FINANCIAL STATEMENTS

15 TAXATION – (CONTINUED)

Unrecognised tax losses and unabsorbed capital allowances

Subject to the agreement of the Comptroller of Income Tax and the compliances with relevant provisions of the Income Tax Act, the company has unrecognised tax losses and unabsorbed capital allowance carry forward available for offsetting against future taxable income as follows:

	2020		2019	
	US$	INR	US$	INR
Tax losses:				
Balance at beginning of year	19,17,973	13,40,55,380	21,97,708	15,36,07,262
Current year	60,900	43,16,945	(2,79,735)	(1,95,51,882)
Balance at end of year	19,78,873	13,83,72,325	19,17,973	13,40,55,380
Unrecorded deferred tax asset on above	3,36,408	2,38,46,550	3,26,055	2,27,89,386

16 EMPLOYEE BENEFITS

	2020		2019	
	US$	INR	US$	INR
Salaries	8,63,649	6,12,20,450	8,64,590	6,04,29,913
Bonus	1,48,408	1,05,20,020	84,357	58,96,073
Defined contribution plan	55,865	39,60,035	52,419	36,63,789
Other staff benefits	79,691	56,48,960	88,754	62,03,399
	11,47,613	8,13,49,465	10,90,120	7,61,93,174

Employee benefits include directors' remuneration as disclosed in Note 17.

17 RELATED PARTY TRANSACTIONS

During the year, significant transactions between the company, its immediate holding company and its related companies, on terms as agreed with the respective companies, were as follows:

	2020		2019	
	US$	INR	US$	INR
With immediate holding company				
Purchases	43,30,331	30,69,58,977	28,72,862	20,07,96,678
With subsidiary companies				
Sales	(16,537)	(11,72,238)	(21,117)	(14,75,958)
Purchases	5,64,016	3,99,80,725	1,32,100	92,33,037
With related companies				
Sales	(14,62,067)	(10,36,39,789)	(14,43,677)	(10,09,04,793)
Purchases	21,336	15,12,419	34,171	23,88,358

17 RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of directors and key management personnel

	2020		2019	
	US$	INR	US$	INR
Directors' fees	3,676	2,60,576	3,772	2,63,641
Directors' remuneration	3,00,631	2,13,10,469	3,05,133	2,13,27,057
	3,04,307	2,15,71,045	3,08,905	2,15,90,698

18 LEASES

The company has lease contracts for office premises. The company's obligations under these leases are secured by the lessor's title to the leased assets. The company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options which are further discussed below.

(a) Carrying amounts of right-of-use assets classified within property, plant and equipment

	Office premises	
	US$	INR
At 1 April 2019	4,42,181	3,34,41,044
Depreciation	(1,02,042)	(72,33,329)
At 31 March 2020	3,40,139	2,62,07,715

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 12 and the maturity analysis of lease liabilities is disclosed in Note 20.

(c) Amounts recognised in profit or loss

	2020	
	US$	INR
Depreciation of right-of-use assets	1,02,042	72,33,329
Interest expense on lease liabilities	13,723	9,72,766
Lease expense not capitalised in lease liabilities:		
- Expense relating to short-term leases	16,271	11,53,383
Total amount recognised in profit or loss	1,32,036	93,59,478

NOTES TO THE FINANCIAL STATEMENTS

19 COMMITMENT

As at 31 March 2019, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

		2019	
		US$	INR
Lease which expires:			
Within one year		1,23,267	85,23,759
Within two to five years		41,089	28,41,253

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2019 amounted to US$106,276 i.e., INR 74,28,087.

As disclosed in Note 2 Leases, the Company has adopted FRS 116 on 1 April 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 March 2020, except for short-term and low-value leases.

20 FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The company does not have written risk management policies and guidelines which set out its tolerance for risk and its general risk management philosophy but management may use natural hedges or closely monitor the company's business risk exposures in connection with its financial assets and liabilities and adopts the appropriate measures including the use of other financial instruments when considered necessary to reduce any potential financial risk exposures of losses.

It is the company's policy not to trade in derivative contracts.

Capital risk

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, or obtain new borrowings.

The company is not subject to externally imposed capital requirements.

Liquidity risk

The company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the company's operations and to mitigate the effects of fluctuations in cash flows. Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

	One year or less		One to five years		Total	
	US$	INR	US$	INR	US$	INR
2020						
Financial assets						
Refundable deposits	-		29,556	22,35,246	29,556	22,35,246
Trade receivables	42,31,645	32,00,28,731	-	-	42,31,645	32,00,28,731
Amount due from subsidiary companies	40,715	30,79,174	-	-	40,715	30,79,174
Cash and short-term deposits	29,70,167	22,46,26,305	-	-	29,70,167	22,46,26,305
Total undiscounted financial assets	72,42,527	54,77,34,210	29,556	22,35,246	72,72,083	54,99,69,456
Financial liabilities						
Trade and other payables	30,86,923	23,34,56,269	-	-	30,86,923	23,34,56,269
Leasing liabilities	1,09,994		2,62,207		3,72,201	-
Amount due to subsidiary companies	5,43,390	4,10,95,227	-	-	5,43,390	4,10,95,227
Total undiscounted financial liabilities	37,40,307	27,45,51,496	2,62,207	-	40,02,514	27,45,51,496
Total net undiscounted financial assets/(liabilities)	35,02,220	27,31,82,714	(2,32,651)	22,35,246	32,69,569	27,54,17,960
2019						
Financial assets						
Refundable deposits	-	-	31,193	21,56,957	31,193	21,56,957
Trade receivables	21,78,463	15,06,37,994	-	-	21,78,463	15,06,37,994
Other receivables	5,647	3,90,483	-	-	5,647	3,90,483
Cash and short-term deposits	39,93,499	27,61,45,464	-	-	39,93,499	27,61,45,464
Total undiscounted financial assets	61,77,609	42,71,73,941	31,193	21,56,957	62,08,802	42,93,30,898
Financial liabilities						
Trade and other payables	14,25,315	9,85,58,750	-	-	14,25,315	9,85,58,750
Amount due to subsidiary companies	24,792	17,14,336	-	-	24,792	17,14,336
Total undiscounted financial liabilities	14,50,107	10,02,73,086	-	-	14,50,107	10,02,73,086
Total net undiscounted financial assets	47,27,502	32,69,00,855	31,193	21,56,957	47,58,695	32,90,57,812

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

(i) Price risk

The company has no exposure to price risk.

(ii) Interest rate risk

The company's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The company constantly monitors its interest rate risk and does not utilise interest rate swap or other arrangements for trading or speculative purposes. As at 31 March 2020 and 2019, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments.

Interest risk sensitivity

The company has no exposure to interest risk because the company's financial instruments are at fixed rate.

(iii) Foreign exchange risk

The company has transactional currency exposures arising mainly from amount due from subsidiaries that are denominated in currencies other than the United States dollar ("USD"), primarily Singapore dollar ("SGD") and Korean won ("KW").

	USD		SGD		KW		Total	
	US$	INR	US$	INR	US$	INR	US$	INR
2020								
Financial assets								
Refundable deposits	-	-	29,556	22,35,246	-	-	29,556	22,35,246
Trade receivables	38,18,891	28,88,13,179	3,14,251	2,37,66,018	98,503	74,49,536	42,31,645	32,00,28,733
Amount due from subsidiaries	40,715	30,79,174	-	-	-	-	40,715	30,79,174
Cash and cash equivalents	24,48,296	18,51,58,506	87,330	66,04,550	4,34,541	3,28,63,249	29,70,167	22,46,26,305
	63,07,902	47,70,50,859	4,31,137	3,26,05,814	5,33,044	4,03,12,785	72,72,083	54,99,69,458
Financial liabilities								
Trade and other payables	(26,45,621)	(20,00,81,702)	(3,25,538)	(2,46,19,625)	(1,15,764)	(87,54,942)	(30,86,923)	(23,34,56,269)
Amount due to subsidiary companies	(5,43,390)	(4,10,95,227)	-	-	-	-	(5,43,390)	(4,10,95,227)
Lease liabilities	-	-	(3,51,464)	(2,65,80,344)	-	-	(3,51,464)	(2,65,80,344)
	(31,89,011)	(24,11,76,929)	(6,77,002)	(5,11,99,969)	(1,15,764)	(87,54,942)	(39,81,777)	(30,11,31,840)
Net financial assets/(liabilities)	31,18,891	23,58,73,930	(2,45,865)	(1,85,94,155)	4,17,280	3,15,57,843	32,90,306	24,88,37,618
Less: Net financial assets denominated in the company's functional currency	(31,18,891)	(23,58,73,930)	-	-	-	-	(31,18,891)	(23,58,73,930)
Foreign currency exposure	-	-	(2,45,865)	(1,85,94,155)	4,17,280	3,15,57,843	1,71,415	1,29,63,688

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

(iii) Foreign exchange risk (Continued)

	USD		SGD		KW		Total	
	US$	INR	US$	INR	US$	INR	US$	INR
2019								
Financial assets								
Refundable deposits	-	-	31,193	21,56,957	-	-	31,193	21,56,957
Trade receivables	12,27,065	8,48,50,011	9,51,398	6,57,87,982	-	-	21,78,463	15,06,37,993
Other receivables	-	-	5,647	3,90,483	-	-	5,647	3,90,483
Cash and bank balances	32,58,368	22,53,12,074	3,30,887	2,28,80,422	4,04,244	2,79,52,967	39,93,499	27,61,45,463
	44,85,433	31,01,62,085	13,19,125	9,12,15,844	4,04,244	2,79,52,967	62,08,802	42,93,30,896
Financial liabilities								
Trade and other payables	(10,07,728)	(6,96,83,132)	(4,09,537)	(2,83,18,972)	(8,050)	(5,56,647)	(14,25,315)	(9,85,58,751)
Amount due to subsidiary companies	(24,792)	(17,14,336)	-	-	-	-	(24,792)	(17,14,336)
	(10,32,520)	(7,13,97,468)	(4,09,537)	(2,83,18,972)	(8,050)	(5,56,647)	(14,50,107)	(10,02,73,087)
Net financial assets	34,52,913	23,87,64,617	9,09,588	6,28,96,872	3,96,194	2,73,96,320	47,58,695	32,90,57,809
Less: Net financial assets denominated in the company's functional currency	(34,52,913)	(23,87,64,617)	-	-	-	-	(34,52,913)	(23,87,64,617)
Foreign currency exposure	-	-	9,09,588	6,28,96,872	3,96,194	2,73,96,320	13,05,782	9,02,93,192

Foreign exchange risk sensitivity

The following table details the sensitivity to a 5% increase and decrease in USD against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the USD strengthens by 5% (2019: 5%) against the relevant foreign currencies, with all other variables held constant, profit for the year will decrease by:

	2020		2019	
	US$	INR	US$	INR
SGD	12,293	9,29,689	37,748	26,10,227
KW	17,317	13,09,641	16,442	11,36,944

A 5% weakening of the United States dollar against the relevant foreign currencies at 31 March would have had the equal but opposite effect on profit for the year on the basis that all other variables remained constant.

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. For trade receivables, the company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the company adopts the policy of dealing only with high credit quality counterparties. The counterparty's payment profile and credit exposure are continuously monitored by the management.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

To minimise credit risk, the company has developed and maintained the company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the company's own trading records to rate its major customers and other debtors.

The company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Actual and significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of the debtors in the company and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

The company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The company has no significant concentration to credit risk.

Trade receivables

The company has applied the simplified approach by using a provision matrix to measure lifetime expected credit loss allowance for trade receivables.

The company estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

There has been no change in the estimation techniques or significant assumptions made during the current financial year. Based on the company historical credit loss experience and having considered current and forecasts of future conditions, the company assessed the credit loss experience for trade receivables to be insignificant and concluded that no credit loss allowance required to be recognised.

Other financial assets at amortised cost

The company measured credit loss exposure for other receivables using 12-month expected credit loss ("ECL"). The company assessed the latest financial performance and financial position of the respective counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and considered the financial undertaking received from its shareholder, and concluded that there has been no significant increase in credit risk since initial recognition of these financial assets. The company determined that the ECL is insignificant and no loss allowance is required at the balance sheet date.

Credit risk exposure for cash and bank balances is limited and insignificant. Consequently, no credit loss allowance is required at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

The carrying amount of the different categories of financial instruments as at 31 March is as follows:

	2020		2019	
	US$	INR	US$	INR
Financial assets at amortised cost	72,72,083	54,99,69,457	62,08,802	42,93,30,897
Financial liabilities at amortised cost	39,81,777	30,11,31,840	14,50,107	10,02,73,086

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments that are carried at fair value

The company had no financial assets or liabilities carried at fair value in 2020 and 2019.

Fair value of other financial instruments

Except as detailed below, management considers the carrying amounts of financial assets and liabilities that are not carried at fair value a reasonable approximation of their fair value.

	2020				2019			
	Carrying amount		Fair value		Carrying amount		Fair value	
	US$	INR	US$	INR	US$	INR	US$	INR
Lease liabilities (non-current)	2,51,823	1,90,44,744	2,62,207	1,98,30,060	-		-	

Determination of fair value

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the balance sheet date.

The carrying amounts of cash and bank balances, trade and other receivables, amount due to/from subsidiaries, amount due to immediate holding company, trade payables and accruals are reasonable approximation of fair value due to their short term nature.

22 DIVIDEND PAID

	2020		2019	
	US$	INR	US$	INR
Interim dividend paid in June 2019 (one-tier)				
in respect of financial year ended 31 March 2020	2,00,00,000	1,51,25,50,000	-	-

TATA TECHNOLOGIES PTE LTD

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	2020		2019	
	US$	INR	US$	INR
Revenue				
Turnover	87,13,043	61,76,31,023	89,12,217	62,29,13,169
Cost of sales				
Purchases and related direct cost expenses	70,76,129	50,15,97,065	70,67,619	49,39,86,283
Gross Profit	**16,36,914**	**11,60,33,958**	**18,44,598**	**12,89,26,886**
Add: Other Income				
Interest received	27,907	19,78,210	69,286	48,42,696
Sundry	1,209	85,701	3,087	2,15,764
Gain on sale of plant and equipment	860	60,962	-	-
Dividend received	1,89,64,770	1,34,43,32,893	-	-
	1,89,94,746	**1,34,64,57,766**	**72,373**	**50,58,460**
Less: **EXPENSES** (Schedule 1)	**15,74,040**	**11,15,77,085**	**16,39,784**	**11,46,11,555**
NET PROFIT BEFORE TAXATION	**1,90,57,620**	**1,35,09,14,639**	**2,77,187**	**1,93,73,791**

This schedule does not form part of the audited statutory accounts

TATA TECHNOLOGIES PTE LTD

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

SCHEDULE 1

	2020		2019	
	US$	INR	US$	INR
EXPENSES				
Amortisation of trade marks	-	-	24,814	17,34,357
Audit fee	12,046	8,53,890	10,974	7,67,020
Write back/allowance for doubtful debts	(5,791)	(4,10,500)	5,791	4,04,758
Bank charges	910	64,506	882	61,647
Central Provident Fund & SDF	56,780	40,24,896	52,420	36,63,859
Computer expenses	219	15,524	67	4,683
Depreciation	1,51,412	1,07,32,961	51,007	35,65,099
Director's fees	3,676	2,60,576	3,772	2,63,641
Entertainment	11,688	8,28,513	15,995	11,17,959
Exchange difference	(54,986)	(38,97,727)	(46,770)	(32,68,956)
General expenses	21,373	15,15,042	31,358	21,91,745
Housing and relocation	14,910	10,56,907	15,071	10,53,377
Insurance	1,039	73,650	1,488	1,04,003
Intangible assets written off	-	-	1,79,499	1,25,45,957
Interest for leasing	13,723	9,72,766	-	-
Legal and professional fee	50,119	35,52,725	52,108	36,42,052
Medical expenses	43,254	30,66,094	50,423	35,24,280
Motor vehicle expenses	(533)	(37,782)	1,077	75,276
Pension	2,45,132	1,73,76,378	2,47,782	1,73,18,549
Postage and freight	454	32,182	602	42,076
Printing and stationery	1,938	1,37,377	2,892	2,02,134
Rent	(20,661)	(14,64,572)	1,06,276	74,28,087
Repair and maintenance - premises	16,070	11,39,135	3,008	2,10,242
Repair and maintenance - equipment	360	25,519	-	-
Salaries	6,18,518	4,38,44,143	6,16,808	4,31,11,363
Staff bonus	1,48,409	1,05,20,091	84,357	58,96,073
Staff insurance	10,387	7,36,291	10,947	7,65,133
Staff recruitment	6,045	4,28,505	759	53,050
Staff training	348	24,668	-	-
Staff welfare	7,995	5,66,732	7,463	5,21,621
Subscription and publication	11,066	7,84,422	10,802	7,54,998
Telephone	8,409	5,96,079	8,444	5,90,187
Travel and transport	21,081	14,94,344	87,670	61,27,633
Utilities	1,854	1,31,422	1,998	1,39,649
Withholding taxes	1,76,796	1,25,32,326	-	-
	15,74,040	**11,15,77,083**	**16,39,784**	**11,46,11,552**

This schedule does not form part of the audited statutory accounts