

# **TRANSLATED FINANCIAL STATEMENTS**

**TATA TECHNOLOGIES PTE LTD**

(Registration No. 198100504W)

**31 MARCH 2021**



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 PTE LTD** for the year ended 31st March 2021. 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 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 TECHNOLOGIES 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 - 23104273BGSNVP2974  
Date – 9<sup>th</sup> February 2023

# TATA TECHNOLOGIES PTE LTD

## BALANCE SHEET AS AT 31 MARCH 2021

ASSETS	NOTE	2021		2020	
		US\$	INR	US\$	INR
Non-current assets					
Property, plant and equipment	3	2,62,548	1,91,95,541	4,15,957	3,14,57,787
Investment in subsidiaries	4	10,68,52,458	7,81,22,50,336	10,68,52,458	8,08,09,84,267
Long term deposit	5	30,040	21,96,300	29,556	22,35,246
		10,71,45,046	7,83,36,42,177	10,72,97,971	8,11,46,77,300
Current assets					
Trade and other receivables	6	56,34,932	41,19,83,960	43,89,899	33,19,97,086
Fixed deposit	7	-	-	21,45,763	16,22,78,691
Bank and cash balances	7	35,99,642	26,31,78,826	8,24,404	6,23,47,614
		92,34,574	67,51,62,786	73,60,066	55,66,23,391
TOTAL ASSETS		11,63,79,620	8,50,88,04,963	11,46,58,037	8,67,13,00,691
EQUITY AND LIABILITIES					
Equity					
Share capital	8	5,40,00,000	3,94,80,75,000	5,40,00,000	4,08,38,85,000
Capital reserve	9	4,59,35,488	3,35,84,58,366	4,59,35,488	3,47,39,86,119
Currency translation reserve	10	33,35,267	24,38,49,709	32,79,634	24,80,30,520
Retained earnings		92,01,648	67,27,55,484	73,83,508	55,83,96,249
		11,24,72,403	8,22,31,38,559	11,05,98,630	8,36,42,97,888
Non-current liability					
Lease liabilities	11	1,37,046	1,00,19,776	2,51,823	1,90,44,744
Current liabilities					
Trade and other payables	12	36,57,894	26,74,37,776	36,91,404	27,91,71,656
Lease liabilities	11	98,793	72,23,003	99,641	75,35,600
Provision for taxation		13,484	9,85,849	16,539	12,50,803
		37,70,171	27,56,46,628	38,07,584	28,79,58,059
TOTAL EQUITY AND LIABILITIES		11,63,79,620	8,50,88,04,963	11,46,58,037	8,67,13,00,691

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 FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	2021		2020	
		US\$	INR	US\$	INR
<b>Revenue</b>					
Revenue		1,33,74,964	99,25,98,878	87,13,043	61,76,31,023
Other income	13	1,45,386	1,07,89,561	1,89,94,746	1,34,64,57,766
		<b>1,35,20,350</b>	<b>1,00,33,88,439</b>	<b>2,77,07,789</b>	<b>1,96,40,88,789</b>
<b>Cost and expenses</b>					
Purchase and related direct costs		1,03,77,618	77,01,56,240	70,76,129	50,15,97,065
Reversal of allowance for impairment on trade receivables		-	-	(5,791)	(4,10,500)
Depreciation	3	1,34,426	99,76,184	1,51,412	1,07,32,961
Employee benefits	14	8,93,970	6,63,44,374	11,47,613	8,13,49,465
Operating expenses		2,59,550	1,92,62,036	2,67,083	1,89,32,411
		<b>1,16,65,564</b>	<b>86,57,38,834</b>	<b>86,36,446</b>	<b>61,22,01,402</b>
Profit before taxation and interest	15	<b>18,54,786</b>	<b>13,76,49,605</b>	<b>1,90,71,343</b>	<b>1,35,18,87,387</b>
Finance costs - interest on lease liabilities		9,871	7,32,558	13,723	9,72,766
<b>Profit before taxation</b>		<b>18,44,915</b>	<b>13,69,17,047</b>	<b>1,90,57,620</b>	<b>1,35,09,14,621</b>
Income tax	10	20,775	19,87,058	34,502	24,49,955
Profit for the year		<b>18,18,140</b>	<b>13,49,29,989</b>	<b>1,90,23,058</b>	<b>1,34,84,64,666</b>
<u>Other comprehensive income</u>		-	-	-	-
<u>Items that may be reclassified subsequently to profit and loss</u>					
Foreign currency translation difference		55,633	41,28,703	(50,109)	(35,52,017)
		<b>55,633</b>	<b>41,28,703</b>	<b>(50,109)</b>	<b>(35,52,017)</b>
<b>Total comprehensive income</b>		<b>18,73,773</b>	<b>13,90,58,692</b>	<b>1,89,72,949</b>	<b>1,34,49,12,649</b>

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 FINANCIAL YEAR ENDED 31 MARCH 2021

	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 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 21)	-	-	-	-	-	-	(2,00,00,000)	(1,51,25,50,000)	(2,00,00,000)	(1,51,25,50,000)
<b>Balance at 31 March 2020</b>	<b>5,40,00,000</b>	<b>4,08,38,85,000</b>	<b>4,59,35,488</b>	<b>3,47,39,86,119</b>	<b>32,79,634</b>	<b>24,80,30,520</b>	<b>73,83,508</b>	<b>55,83,96,249</b>	<b>11,05,98,630</b>	<b>8,36,42,97,888</b>
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
Total comprehensive income	-	-	-	-	55,633	41,28,703	18,18,140	13,49,29,987	18,73,773	13,90,58,690
Foreign Currency Translation	-	(13,58,10,000)	-	(11,55,27,753)	-	(83,09,514)	-	(2,05,70,752)	-	(28,02,18,019)
<b>Balance at 31 March 2021</b>	<b>5,40,00,000</b>	<b>3,94,80,75,000</b>	<b>4,59,35,488</b>	<b>3,35,84,58,366</b>	<b>33,35,267</b>	<b>24,38,49,709</b>	<b>92,01,648</b>	<b>67,27,55,484</b>	<b>11,24,72,403</b>	<b>8,22,31,38,559</b>

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 FINANCIAL YEAR ENDED 31 MARCH 2021

	2021		2020	
	US\$	INR	US\$	INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	18,44,915	13,69,17,047	1,90,57,620	1,35,09,14,621
Adjustments for:				
Reversal of allowance for impairment on trade receivables	-	-	-5,791	-4,10,500
Depreciation of property, plant and equipment	1,34,426	99,76,184	1,51,412	1,07,32,961
Gain from disposal of plant and equipment	-	-	-860	-60,962
Interest income	(3,119)	(2,31,471)	-27,907	-19,78,210
Interest expenses	9,871	7,32,558	13,723	9,72,766
Foreign Currency Translation	-	(96,75,383)	-	9,08,77,242
Exchange differences	60,115	44,61,327	-22,915	-16,24,349
Operating profit before working capital changes	20,46,208	14,21,80,262	1,91,65,282	1,44,94,23,569
Trade and other receivables	(12,45,033)	(9,10,27,475)	-16,96,463	-12,82,99,256
Trade and other payables	(33,510)	(24,50,000)	16,32,642	12,34,72,633
Cash generated from operation	7,67,665	4,87,02,787	1,91,01,461	1,44,45,96,946
Tax paid	(31,038)	(23,03,429)	-27,653	-19,60,205
Net cash flow generated from operating activities	7,36,627	4,63,99,358	1,90,73,808	1,44,26,36,741
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	3,119	2,31,471	27,907	19,78,210
Proceeds from disposal of plant and equipment	-	-	860	65,040
Purchase of plant and equipment	-	-	-15,444	-11,67,991
Net cash flow generated from investing activities	3,119	2,31,471	13,323	8,75,259
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of principal portion of lease liabilities	(95,626)	(69,91,456)	-95,188	-71,99,068.44
Interest paid	(9,871)	(7,32,558)	-13,723	-10,37,599
Dividend paid	-	-	-2,00,00,000	-1,51,25,50,000
Net cash flow used in financing activities	(1,05,497)	(77,24,014)	-2,01,08,911	-1,52,07,86,667
Net change in cash and cash equivalent	6,34,249	3,89,06,815	-10,21,780	-7,72,74,667
Effect of exchange rates changes on cash and cash equivalents	(4,774)	(3,54,294)	-1,552	-1,17,374
Cash and cash equivalents at beginning of year	29,70,167	22,46,26,305	39,93,499	30,20,18,346
Cash and cash equivalents at end of year (Note 7)	35,99,642	26,31,78,826	29,70,167	22,46,26,305

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 2021

### 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 principal 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 those 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 results of the branch are included in the financial statements of the company.

The principal activities of the subsidiaries are set out in Note 4 to the accounts.

The financial statements for the year ended 31 March 2021 were authorized for issue in accordance with a resolution of the board of directors on

### 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in this Note.

#### 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 April 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.

#### Early adoption of amendment to FRS 116 Leases: Covid-19-Related Rent Concessions

The company has early adopted the amendment to FRS 116 which introduced an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.

The company has applied this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions of \$9,074 (Note 18) was recognised as negative variable lease payments (i.e. reduction in the rental expenses) in the profit or loss during the year.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 109 <i>Financial Instruments</i> , FRS 39 <i>Financial Instruments: Recognition and Measurement</i> , FRS 107 <i>Financial Instruments: Disclosures</i> , FRS 104 <i>Insurance Contracts</i> , FRS 116 <i>Leases</i> : Interest Rate Benchmark Reform – Phase 2	
Amendments to FRS 16 <i>Property, Plant and Equipment</i> : Proceeds before Intended Use	1 January 2021
Amendments to FRS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> : Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to FRS 110 <i>Consolidated Financial Statements</i> and FRS 28 <i>Investments in Associates and Joint Ventures</i> : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2023
	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

#### 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 subsidiaries 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### PROPERTY, PLANT AND EQUIPMENT

All items of property, 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 property, 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.

All other items of property, 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: -

	<u>Useful lives (years)</u>
Computer equipment	1 to 3 years
Office furniture and equipment	5 to 10 years
Motor vehicle	10 years
Office premises	3 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 property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

An item of property, 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

##### Property, plant and equipment Investment in subsidiaries

Property, 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### FINANCIAL INSTRUMENTS (CONTINUED)

##### Subsequent measurement (continued)

Investments in debt instruments (continued)

##### *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.

##### 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.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### 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.

#### 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.

#### LEASES

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.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### LEASES (CONTINUED)

##### 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.

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.

The company has applied the amendment to FRS 116 *Leases: Covid-19-Related Rent Concessions*. The company applies the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances.

## NOTES TO THE FINANCIAL STATEMENTS

### 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 company'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.

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

#### GOVERNMENT GRANTS

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

##### 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.

##### *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 the 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.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment		Office furniture & equipment		Motor vehicles		Office premises		Total	
	US\$	INR	US\$	INR	US\$	INR	US\$	INR	US\$	INR
<b>2021</b>										
<b>Cost</b>										
At beginning 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
Foreign Currency Translation		(1,60,960)		(3,05,106)		(4,56,804)		(11,12,086)		(20,34,956)
Modification of lease liabilities	-		-		-		(18,983)	(13,87,895)	(18,983)	(13,87,895)
At end of year	<b>64,000</b>	<b>46,79,200</b>	<b>1,21,315</b>	<b>88,69,643</b>	<b>1,81,632</b>	<b>1,32,79,570</b>	<b>4,23,198</b>	<b>3,09,41,063</b>	<b>7,90,145</b>	<b>5,77,69,476</b>
<b>Accumulated depreciation</b>										
At beginning 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
Depreciation	3,416	2,53,512	15,024	11,14,979	18,163	13,47,934	97,823	72,59,758	1,34,426	99,76,183
Foreign Currency Translation		(1,46,856)		(2,21,154)		(4,04,468)		(3,64,310)	-	(11,36,788)
At end of year	<b>60,313</b>	<b>44,09,634</b>	<b>96,383</b>	<b>70,46,802</b>	<b>1,71,036</b>	<b>1,25,04,869</b>	<b>1,99,865</b>	<b>1,46,12,630</b>	<b>5,27,597</b>	<b>3,85,73,935</b>
<b>Carrying amount</b>										
2021	<b>3,687</b>	<b>2,69,566</b>	<b>24,932</b>	<b>18,22,841</b>	<b>10,596</b>	<b>7,74,701</b>	<b>2,23,333</b>	<b>1,63,28,433</b>	<b>2,62,548</b>	<b>1,91,95,541</b>
<b>2020</b>										
<b>Cost</b>										
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		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	<b>64,000</b>	<b>48,40,160</b>	<b>1,21,315</b>	<b>91,74,749</b>	<b>1,81,632</b>	<b>1,37,36,374</b>	<b>4,42,181</b>	<b>3,34,41,044</b>	<b>8,09,128</b>	<b>6,11,92,327</b>
<b>Accumulated depreciation</b>										
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	<b>56,897</b>	<b>43,02,978</b>	<b>81,359</b>	<b>61,52,977</b>	<b>1,52,873</b>	<b>1,15,61,403</b>	<b>1,02,042</b>	<b>77,17,182</b>	<b>3,93,171</b>	<b>2,97,34,540</b>
<b>Carrying amount</b>										
2020	<b>7,103</b>	<b>5,37,182</b>	<b>39,956</b>	<b>30,21,772</b>	<b>28,759</b>	<b>21,74,971</b>	<b>3,40,139</b>	<b>2,57,23,862</b>	<b>4,15,957</b>	<b>3,14,57,787</b>

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. INVESTMENT IN SUBSIDIARIES

	2021		2020	
	US\$	INR	US\$	INR
Unquoted equity shares, at cost	10,68,52,458	7,81,22,50,336	10,68,52,458	8,08,09,84,267

Details of the subsidiaries are as follows:

<u>Name of company</u>	<u>Country of incorporation &amp; place of business</u>	Percentage of ownership interest		<u>Principal activities</u>
		<u>2021</u> %	<u>2020</u> %	
*Tata Technologies (Thailand) Limited	Thailand	100	100	Information technology & consultancy services
*Tata Manufacturing Technologies (Shanghai) Co., Ltd	China	100	100	Information technology & consultancy services
*Tata Technologies Nordics AB (formerly known as Escenda Engineering AB)	Sweden	100	-	Information technology & consultancy services
*Tata Technologies Europe Limited	United Kingdom	100	7	Information technology & consultancy services
* INCAT International PLC	United Kingdom	100	100	Information technology & consultancy services

#### Subsidiaries of Tata Technologies Europe Limited

*Tata Technologies Inc (Sole stockholder of Class B common stock)	Michigan, USA	96	96	Information technology & consultancy services
*Tata Technologies Nordics AB (formerly known as Escenda Engineering AB)	Sweden	-	100	Information technology & consultancy services

#### Subsidiary of INCAT International PLC

*Tata Technologies Europe Limited	United Kingdom	-	93	Information technology & consultancy services
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^ Not required to be audited by local laws.

\* Audited by other firms.

During the year, under the group's restructuring exercise, 10,000 ordinary shares at GBP 1 each of Tata Technologies Europe Limited from its subsidiary INCAT International PLC and 105,669 ordinary shares at SEK 2 each of Tata Technologies Nordics AB, (formerly known as Escenda Engineering AB) from its subsidiary Tata Technologies Europe Limited were transferred to the company. At the end of restructuring exercise, the company has 100% direct shareholdings in these two subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. LONG TERM DEPOSIT

	<u>2021</u>		<u>2020</u>	
	US\$	INR	US\$	INR
Rental and other deposits	30,040	21,96,300	29,556	22,35,246

### 6. TRADE AND OTHER RECEIVABLES

	<u>2021</u>		<u>2020</u>	
	US\$	INR	US\$	INR
Trade receivables				
- third parties	32,07,874	23,45,35,688	35,22,380	26,63,88,793
- subsidiary	-	-	40,715	30,79,174
- related companies	94,353	68,98,384	98,815	74,73,131
	33,02,227	24,14,34,072	36,61,910	27,69,41,098
Accrued income	21,72,882	15,88,64,835	6,10,450	4,61,66,807
Advance billing by suppliers	5,038	3,68,341	48,022	36,31,784
Prepayments	1,23,256	90,11,548	69,517	52,57,397
Advance payment made to suppliers	22,623	16,54,024	-	-
Other receivables	8,906	6,51,140	-	-
	56,34,932	41,19,83,960	43,89,899	33,19,97,086

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

### 7. CASH AND CASH EQUIVALENTS

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

	<u>2021</u>		<u>2020</u>	
	US\$	INR	US\$	INR
Fixed deposits	-	-	21,45,763	16,22,78,691
Bank and cash balances	35,99,642	26,31,78,826	8,24,404	6,23,47,614
Cash and cash equivalents in state	35,99,642	26,31,78,826	29,70,167	22,46,26,305

In previous year, 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. SHARE CAPITAL

	2021		2020	
	US\$	INR	US\$	INR
Issued and fully paid - 86,463,759 ordinary shares	5,40,00,000	3,94,80,75,000	5,40,00,000	4,08,38,85,000

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.

### 9. 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.

### 10. 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 of which functional currency is different from the functional currency of the company.

### 11. LEASE LIABILITIES

	2021		2020	
	US\$	INR	US\$	INR
Current	98,793	72,23,003	99,641	75,35,600
Non-Current	1,37,046	1,00,19,776	2,51,823	1,90,44,744
	2,35,839	1,72,42,779	3,51,464	2,65,80,344



## NOTES TO THE FINANCIAL STATEMENTS

### 11. LEASE LIABILITIES (continued)

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

	01/04/2020		Modification on lease liabilities		Cash flows		Non-cash changes						31/03/2021	
	US\$	INR	US\$	INR	US\$	INR	Accretion of interest		Exchange		Other		US\$	INR
Lease liabilities														
- Current	99,641	75,35,600	(18,983)	(13,87,895)	(1,05,497)	(77,13,149)	9,871	7,21,693	(1,016)	(3,24,907)	1,14,777	83,91,645	98,793	72,22,987
- Non-current	2,51,823	1,90,44,744	-	-	-	-	-	-	-	(6,33,335)	(1,14,777)	(83,91,645)	1,37,046	1,00,19,764
	3,51,464	2,65,80,344	(18,983)	(13,87,895)	(1,05,497)	(77,13,149)	9,871	7,21,693	(1,016)	(9,58,242)	-	-	2,35,839	1,72,42,751

	01/04/2019		Modification on lease liabilities		Cash flows		Non-cash changes						31/03/2020	
	US\$	INR	US\$	INR	US\$	INR	Accretion of interest		Exchange		Other		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

### 12. TRADE AND OTHER PAYABLES

	2021		2020	
	US\$	INR	US\$	INR
Trade payables				
- third parties	98,776	72,21,760	1,41,654	1,07,12,938
- immediate holding company	19,42,951	14,20,54,005	19,67,405	14,87,89,922
- subsidiaries	1,63,490	1,19,53,163	5,43,390	4,10,95,227
- related companies	-	-	3,248	2,45,638
	22,05,217	16,12,28,928	26,55,697	20,08,43,725
Accruals	14,00,974	10,24,28,712	9,74,616	7,37,07,771
GST/VAT payable	51,703	37,80,136	61,091	46,20,160
	36,57,894	26,74,37,776	36,91,404	27,91,71,656

### 13. OTHER INCOME

	2021		2020	
	US\$	INR	US\$	INR
Government grant	92,437	68,60,046	-	-
Interest income	3,119	2,31,471	27,907	19,78,210
Gain on disposal of plant and equipment	-	-	860	60,962
Dividend received from subsidiaries	-	-	1,89,64,770	1,34,43,32,893
Property tax rebate	9,074	6,73,411	-	-
Others	40,756	30,24,633	1,209	85,701
	1,45,386	1,07,89,561	1,89,94,746	1,34,64,57,766

Government grants relate to cash grants received from the Singapore Government to help businesses deal with the impact from COVID-19.

## NOTES TO THE FINANCIAL STATEMENTS

### 14. EMPLOYEE BENEFITS

	<u>2021</u>		<u>2020</u>	
	US\$	INR	US\$	INR
Salaries	7,32,461	5,43,58,275	8,63,649	6,12,20,450
Bonus	27,174	20,16,669	1,48,408	1,05,20,020
Define contribution plan	46,952	34,84,158	55,865	39,60,035
Other staff benefits	87,383	64,84,972	79,691	56,48,960
	<b>8,93,970</b>	<b>6,63,44,374</b>	<b>11,47,613</b>	<b>8,13,49,465</b>

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

### 15. PROFIT BEFORE INCOME TAX

Other than those disclosed in these financial statements, this has been determined after charging/(crediting) the following items:

	<u>2021</u>		<u>2020</u>	
	US\$	INR	US\$	INR
Exchange difference	78,309	58,11,561	(54,986)	(38,97,727)
Legal and professional fee	62,652	46,49,605	50,119	35,52,725
Repair and maintenance - premises	15,957	11,84,220	16,430	11,64,654
Travel and transport	3,947	2,92,920	21,081	14,94,344
Withholding tax	-	-	1,76,796	1,25,32,326

### 16. INCOME TAX

	<u>2021</u>		<u>2020</u>	
	US\$	INR	US\$	INR
Current year	26,775	19,87,058	34,562	24,49,955

## NOTES TO THE FINANCIAL STATEMENTS

### 16. INCOME TAX (CONTINUED)

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

	<u>2021</u>		<u>2020</u>	
	US\$	INR	US\$	INR
Current year	18,44,915	13,69,17,047	1,90,57,620	1,35,09,14,621
Tax at the applicable tax rate of 17%	3,13,636	2,32,75,931	32,39,795	22,96,55,460
Tax effect of				
- expenses not deductible for tax purposes	10,917	8,10,186	8,921	6,32,372
- income not taxable	-	-	(32,24,011)	(22,85,36,599)
- S13(8) tax exemption for foreign-source	(22,972)	(17,04,826)	(35,058)	(24,85,114)
- tax losses not recognised as deferred tax	-	-	10,353	7,33,881
- utilisation of tax losses and capital allowances	(2,91,554)	(2,16,37,155)	-	-
- tax exemption	(5,379)	(3,99,193)	-	-
- others	(4,648)	(3,44,943)	-	-
Foreign tax	26,775	19,87,058	34,562	24,49,955
	26,775	19,87,058	34,562	24,49,955

As at the reporting date, the company has the following unabsorbed tax losses and unutilised capital allowances available for offset against future taxable profits subject to compliance with the relevant sections of the income tax legislations and to agreement with the tax authorities:

	<u>2021</u>		<u>2020</u>	
	US\$	INR	US\$	INR
Unabsorbed capital allowance	-	-	29,961	21,23,809
Unabsorbed tax losses	-	-	16,85,065	11,94,47,181
	-	-	17,15,026	12,15,70,990

Future tax benefits arising from unabsorbed tax losses and unutilised capital allowances have not been recognised as deferred tax assets in the financial statements as there is no reasonable certainty of their recovery in future periods.



## NOTES TO THE FINANCIAL STATEMENTS

### 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:

	<u>2021</u>		<u>2020</u>	
	US\$	INR	US\$	INR
<u>With immediate holding company</u>				
Purchases	-	-	-	-
<u>With subsidiary companies</u>				
Sales	1,88,437	1,39,84,513	(16,537)	(11,72,238)
Purchases	-	-	5,64,016	3,99,80,725
<u>With related companies</u>				
Sales	-	-	(14,62,067)	(10,36,39,789)
Purchases	-	-	21,336	15,12,419

#### Compensation of directors and key management personnel

	<u>2021</u>		<u>2020</u>	
	US\$	INR	US\$	INR
Directors' fees	3,582	2,65,832	3,676	2,60,576
Directors' remuneration	3,02,033	2,24,14,835	3,00,631	2,13,10,469
	3,05,615	2,26,80,667	3,04,307	2,15,71,045

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 18. LEASES (CONTINUED)

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

2021	Office premises	
Cost	US\$	INR
At beginning of year	4,42,181	3,34,41,044
Foreign Currency Translation	-	(11,12,086)
Modification of lease liabilities	(18,983)	(13,87,895)
<b>At end of year</b>	<b>4,23,198</b>	<b>3,09,41,063</b>
<b>Accumulated depreciation</b>		
At beginning of year	1,02,042	72,33,329
Depreciation	97,823	72,59,758
Foreign Currency Translation		1,19,543
<b>At end of year</b>	<b>1,99,865</b>	<b>1,46,12,630</b>
<b>Carrying amount</b>		
<b>2021</b>	<b>2,23,333</b>	<b>1,63,28,433</b>

2020		
Cost		
At beginning of year	-	-
Additions	4,42,181	3,34,41,044
At end of year	4,42,181	3,34,41,044
<b>Accumulated depreciation</b>		
At beginning of year	-	-
Depreciation	1,02,042	72,33,329
At end of year	1,02,042	72,33,329
<b>Carrying amount</b>		
<b>2020</b>	<b>3,40,139</b>	<b>2,62,07,715</b>

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 11 and the maturity analysis of lease liabilities is disclosed in Note 19.

## NOTES TO THE FINANCIAL STATEMENTS

### 18. LEASES (CONTINUED)

(b) Amounts recognised in profit or loss

	2021		2020	
	US\$	INR	US\$	INR
Depreciation of right-of-use assets	97,823	72,59,758	1,02,042	72,33,329
Interest expense on lease liabilities	9,871	7,32,558	13,723	9,72,766
Exchange differences	(2,510)	(1,86,275)	-	-
Property tax rebate	(9,074)	(6,73,411)	-	-
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	<b>96,110</b>	<b>71,32,630</b>	<b>1,32,036</b>	<b>93,59,478</b>

### 19. 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

### 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

	One year or less		One to five years		Total	
	US\$	INR	US\$	INR	US\$	INR
<b>2021</b>						
Trade and other payables	36,06,191	26,36,57,639	-	-	36,06,191	26,36,57,639
Lease liabilities	1,03,249	75,48,793	1,37,665	1,00,65,032	2,40,914	1,76,13,825
	37,09,440	27,12,06,432	1,37,665	1,00,65,032	38,47,105	28,12,71,464
<b>2020</b>						
Trade and other payables	36,30,313	27,45,51,496	-	-	36,30,313	27,45,51,496
Lease liabilities	1,09,994	83,18,571	2,62,207	1,98,30,060	3,72,201	2,81,48,631
	37,40,307	28,28,70,067	2,62,207	1,98,30,060	40,02,514	30,27,00,127

#### Market risk

##### (i) Price risk

The company has no significant 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 2021 and 2020, 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 significant exposure to interest risk because the company does not have significant variable interest-bearing financial instruments.

##### (iii) Foreign exchange risk

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

	USD		SGD		KRW		VND		Total	
	US\$	INR	US\$	INR	US\$	INR	US\$	INR	US\$	INR
<b>2021</b>										
<b>Financial assets</b>										
Long term deposit	-	-	30,040	21,96,300	-	-	-	-	30,040	21,96,300
Trade and other receivables	513,7395.32	37,56,07,815	3,40,417	2,48,88,745	-	-	6,203	4,53,497	54,84,015	40,09,50,057
Cash and cash equivalents	28,30,957	20,69,78,331	4,61,482	3,37,40,116	3,07,203	2,24,60,387	-	-	35,99,642	26,31,78,834
	79,68,352	58,25,86,146	8,31,939	6,08,25,161	3,07,203	2,24,60,387	6,203	4,53,497	91,13,697	66,63,25,191
<b>Financial liabilities</b>										
Trade and other payables	(31,71,648)	(23,18,87,114)	(2,01,121)	(1,47,04,459)	(1,78,095)	(1,30,20,971)	(55,327)	(40,45,095)	(36,06,191)	(26,36,57,639)
Lease liabilities	-	-	(2,35,839)	(1,72,42,779)	-	-	-	-	(2,35,839)	(1,72,42,779)
	(31,71,648)	(23,18,87,114)	(4,36,960)	(3,19,47,238)	(1,78,095)	(1,30,20,971)	(55,327)	(40,45,095)	(38,42,030)	(28,09,00,418)
<b>Net financial assets</b>										
/(liabilities)	47,96,704	35,06,99,032	3,94,979	2,88,77,923	1,29,108	94,39,416	(49,124)	(35,91,598)	52,71,667	38,54,24,773
Less: Net financial assets										
denominated in the company's										
functional currency	(47,96,704)	(35,06,99,032)	-	-	-	-	-	-	(47,96,704)	(35,06,99,032)
<b>Foreign currency exposure</b>	-	-	3,94,979	2,88,77,923	1,29,108	94,39,416	(49,124)	(35,91,598)	4,74,963	3,47,25,741

## NOTES TO THE FINANCIAL STATEMENTS

### 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Market risk (continued)

##### (iii) Foreign exchange risk (continued)

	USD		SGD		KRW		VND		Total	
	US\$	INR	US\$	INR	US\$	INR	US\$	INR	US\$	INR
<b>2020</b>										
<b>Financial assets</b>										
Refundable deposits	-	-	29,556	22,35,246	-	-	-	-	29,556	22,35,246
Trade and other receivables	38,59,606	29,18,92,353	3,14,251	2,37,66,018	98,503	74,49,536	-	-	42,72,360	32,31,07,907
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
<b>Financial liabilities</b>										
Trade and other payables	(31,89,011)	(24,11,76,929)	(3,25,538)	(2,46,19,625)	(1,15,764)	(87,54,942)	-	-	(36,30,313)	(27,45,51,496)
Lease liabilities	-	-	(3,51,404)	(2,65,80,344)	-	-	-	-	(3,51,404)	(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

#### 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% (2020: 5%) against the relevant foreign currencies, with all other variables held constant, profit for the year will decrease by:

	2021		2020	
	US\$	INR	US\$	INR
SGD	16,392	11,98,460	-10,203	-7,71,627
KW	5,358	3,91,737	17,317	13,09,641
VND	-2,039	-1,49,076	-	-

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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Credit risk (continued)

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:

	<u>2021</u>		<u>2020</u>	
	US\$	INR	US\$	INR
SGD	16,392	11,98,460	-10,203	-7,71,627
KW	5,358	3,91,737	17,317	13,09,641
VND	-2,039	-1,49,076	-	-

- 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.

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



## NOTES TO THE FINANCIAL STATEMENTS

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.

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

	<u>2021</u>		<u>2020</u>	
	US\$	INR	US\$	INR
Financial assets at amortised cost	91,13,697	66,63,25,172	72,72,083	54,99,69,457
Financial liabilities at amortised cost	38,42,030	28,09,00,418	39,81,777	30,11,31,840

## NOTES TO THE FINANCIAL STATEMENTS

### 20. 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 2021 and 2020.

#### Fair value of other financial instruments

The carrying amounts of fixed deposit, cash and bank balances, trade and other receivables, trade and other payables and lease liabilities (current portion) are reasonable approximation of fair value due to their short-term nature.

The carrying amount of lease liabilities (non-current) approximate their fair values as they are subject to interest rates close to market rates of interest for similar arrangements with financial institutions.

### 21. DIVIDEND PAID

	2021		2020	
	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

### 22. CONTINGENCIES

The company agrees to provide sufficient financial support to its subsidiaries Tata Technologies (Thailand) Limited and Tata Technologies Nordics AB (formerly known as Escenda Engineering AB) as and when for a period of one year from the date of the financial statement. The company endeavor to provide guarantee towards intercompany payables outstanding as of 31 March 2021 by Tata technologies Nordics AB to Tata Technologies Europe Limited amounting to GBP2.83mil.



## TATA TECHNOLOGIES PTE LTD

### DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	<b>2021</b>		<b>2020</b>	
	<b>US\$</b>	<b>INR</b>	<b>US\$</b>	<b>INR</b>
<u>Revenue</u>				
Rendering of services	1,33,74,964	99,25,98,878	87,13,043	61,76,31,023
<u>Cost of revenue</u>				
Purchases and related direct cost expenses	1,03,77,618	77,01,56,240	70,76,129	50,15,97,065
Gross Profit	29,97,346	22,24,42,638	16,36,914	11,60,33,958
Add: <u>Other income</u>				
Government grant	92,437	68,60,046	-	-
Interest received	3,119	2,31,471	27,907	19,78,210
Property tax rebate	9,074	6,73,411	-	-
Sundry	40,756	30,24,633	1,209	85,701
Gain on sale of plant and equipment	-	-	860	60,962
Dividend received	-	-	1,89,64,770	1,34,43,32,893
	1,45,386	1,07,89,561	1,89,94,746	1,34,64,57,766
Less: Expenses (Schedule 1)	12,97,817	9,63,15,153	15,74,040	11,15,77,085
<b>Net profit before income tax</b>	<b>18,44,915</b>	<b>13,69,17,046</b>	<b>1,90,57,620</b>	<b>1,35,09,14,639</b>

*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 2021

### SCHEDULE 1

	<u>2021</u>		<u>2020</u>	
	US\$	INR	US\$	INR
<u>Expenses</u>				
Audit fee	11,461	8,50,557	12,046	8,53,890
Reversal of allowance for impairment on trade receivables	-	-	(5,791)	(4,10,500)
Bank charges	925	68,647	910	64,506
Central Provident Fund & SDF	47,700	35,39,970	56,780	40,24,896
Computer expenses	3,952	2,93,291	219	15,524
Depreciation	1,34,426	99,76,184	1,51,412	1,07,32,961
Director's fees	3,582	2,65,832	3,676	2,60,576
Entertainment	1,711	1,26,979	11,688	8,28,513
Exchange difference	78,309	58,11,561	(54,986)	(38,97,727)
General expenses	54,066	40,12,411	21,373	15,15,042
Housing and relocation	22,040	16,35,659	14,911	10,56,978
Insurance	1,829	1,35,736	1,039	73,650
Interest for leasing	9,871	7,32,558	13,723	9,72,766
Legal and professional fee	62,652	46,49,605	50,119	35,52,725
Medical expenses	48,970	36,34,220	43,254	30,66,094
Motor vehicle expenses	(903)	(67,015)	(533)	(37,782)
Director's pension	2,46,694	1,83,07,951	2,45,132	1,73,76,378
Postage and freight	264	19,592	454	32,182
Printing and stationery	769	57,070	1,939	1,37,448
Rent	-	-	(20,661)	(14,64,572)
Repair and maintenance - premises	15,958	11,84,294	16,070	11,39,135
Repair and maintenance - equipment	-	-	360	25,519
Salaries	4,85,767	3,60,50,324	6,18,517	4,38,44,072
Staff bonus	27,174	20,16,669	1,48,408	1,05,20,020
Staff insurance	11,436	8,48,702	10,387	7,36,291
Staff recruitment	576	42,747	6,045	4,28,505
Staff training	-	-	348	24,668
Staff welfare	4,938	3,66,465	7,995	5,66,732
Subscription and publication	11,675	8,66,439	11,066	7,84,422
Telephone	4,609	3,42,049	8,409	5,96,079
Travel and transport	3,947	2,92,920	21,081	14,94,344
Utilities	788	58,480	1,854	1,31,422
Visa fees	2,631	1,95,255	-	-
Withholding taxes	-	-	1,76,796	1,25,32,326
	<b>12,97,817</b>	<b>9,63,15,152</b>	<b>15,74,040</b>	<b>11,15,77,083</b>

*This schedule does not form part of the audited statutory accounts.*