

TRANSLATED FINANCIAL STATEMENTS

TATA TECHNOLOGIES PTE LTD

(Registration No. 198100504W)

31 MARCH 2022



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 2022. 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 - 23104273BGSNVQ7518
Date – 9th February 2023

TATA TECHNOLOGIES PTE LTD

BALANCE SHEET AS AT 31 MARCH 2022

ASSETS	NOTE	2022		2021	
		US\$	INR	US\$	INR
Non-current assets					
Property, plant and equipment	3	1,96,916	1,49,24,026	2,62,540	1,91,95,541
Investment in subsidiaries	4	10,58,84,488	8,02,48,58,284	10,68,52,458	7,81,22,50,336
Long-term deposit	5	29,836	22,61,235	30,040	21,96,300
		10,61,11,240	8,04,20,43,545	10,71,45,046	7,83,36,42,177
Current assets					
Trade and other receivables	6	1,41,57,342	1,07,29,67,962	56,34,932	41,19,83,960
Bank balances		76,77,369	58,18,58,584	35,99,642	26,31,78,826
		2,18,34,711	1,65,48,26,546	92,34,574	67,51,62,786
TOTAL ASSETS		12,79,45,951	9,69,68,70,091	11,63,79,620	8,50,88,04,963
EQUITY AND LIABILITIES					
Equity					
Share capital	7	5,40,00,000	4,09,25,95,200	5,40,00,000	3,94,80,75,000
Capital reserve	8	4,59,35,488	3,48,13,95,513	4,59,35,488	3,35,84,58,366
Currency translation reserve	9	32,88,529	24,92,33,687	33,35,267	24,38,49,709
Retained earnings		1,12,52,985	85,28,50,210	92,01,648	67,27,55,484
		11,44,77,002	8,67,60,74,610	11,24,72,403	8,22,31,38,559
Non-current liability					
Lease liabilities	10	35,881	27,19,378	1,37,046	1,00,19,776
Current liabilities					
Trade and other payables	11	1,26,74,700	96,06,00,303	36,57,894	26,74,37,776
Lease liabilities	10	1,00,235	75,96,690	98,793	72,23,003
Provision for taxation		6,58,133	4,98,79,110	13,484	9,85,849
		1,34,33,068	1,01,80,76,103	37,70,171	27,56,46,628
TOTAL EQUITY AND LIABILITIES		12,79,45,951	9,69,68,70,091	11,63,79,620	8,50,88,04,963

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 2022

	NOTE	<u>2022</u>		<u>2021</u>	
		US\$	INR	US\$	INR
Revenue	12	2,01,96,169	1,50,48,58,965	1,33,74,964	99,25,98,878
Other income	13	2,718	2,02,524	1,45,386	1,07,89,561
Total Revenue		2,01,98,887	1,50,50,61,489	1,35,20,350	1,00,33,88,439
Purchase and related direct costs		1,55,83,667	1,16,11,71,754	1,03,77,618	77,01,56,240
Depreciation	3	1,15,622	86,15,238	1,34,426	99,76,184
Employee benefits	14	5,46,801	4,07,43,292	8,93,970	6,63,44,374
Operating expenses		12,23,804	9,11,88,206	2,59,550	1,92,62,036
Total Expenses		1,74,69,894	1,30,17,18,490	1,16,65,564	86,57,38,834
Profit Before Interest and Taxation		27,28,993	20,33,42,999	18,54,786	13,76,49,605
Finance costs - interest on lease liabilities		6,357	4,73,673	9,871	7,32,558
Profit before income tax	15	27,22,636	20,28,69,326	18,44,915	13,69,17,047
Income tax	16	6,71,299	5,00,19,898	26,775	19,87,058
Profit for the year		20,51,337	15,28,49,428	18,18,140	13,49,29,989
Other comprehensive income		-	-	-	-
<i>Item that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation difference		(46,738)	(34,82,547)	55,633	41,28,703
		(46,738)	(34,82,547)	55,633	41,28,703
Total comprehensive income		20,04,599	14,93,66,881	18,73,773	13,90,58,692

For and on behalf of the Board



Patrick McGoldrick
Director



Warren Harris
Director

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TATA TECHNOLOGIES PTE LTD

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	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 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)
Balance at 31 March 2021	5,40,00,000	3,94,80,75,000	4,59,35,488	3,35,84,58,366	33,35,267	24,38,49,709	92,01,648	67,27,55,484	11,24,72,403	8,22,31,38,559
Balance at 31 March 2021	5,40,00,000	3,94,80,75,000	4,59,35,488	3,35,84,58,366	33,35,267	24,38,49,709	92,01,648	67,27,55,484	11,24,72,403	8,22,31,38,559
Total comprehensive income					(46,738)	(34,82,547)	20,51,337	15,28,49,428	20,04,599	14,93,66,881
Foreign Currency Translation		14,45,20,200		12,29,37,147		88,66,525		2,72,45,298	-	30,35,69,170
Balance at 31 March 2022	5,40,00,000	4,09,25,95,200	4,59,35,488	3,48,13,95,513	32,88,529	24,92,33,687	1,12,52,985	85,28,50,210	11,44,77,002	8,67,60,74,610

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 2022

	<u>2022</u>		<u>2021</u>	
	US\$	INR	US\$	INR
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	27,22,636	20,28,69,326	18,44,915	13,69,17,047
Adjustments for:				
Allowance for impairment loss on investment in subsidiaries	9,67,970	7,21,25,477	-	-
Allowance for impairment loss on trade receivables	1,16,151	86,54,655	-	-
Depreciation of property, plant and equipment	1,15,622	86,15,238	1,34,426	99,76,184
Interest income	-	-	-3,119	-2,31,471
Interest expenses	6,357	4,73,673	9,871	7,32,558
Foreign Currency Translation	-	1,45,44,114	-	-96,75,383
Exchange differences	(49,568)	(36,93,416)	55,341	41,07,033
Operating profit before working capital changes	38,79,168	30,35,89,067	20,41,434	14,18,25,968
Trade and other receivables	(86,38,357)	(65,46,90,711)	-12,45,033	-9,10,27,475
Trade and other payables	90,16,806	68,33,72,907	-33,510	-24,50,000
Cash generated from operation	42,57,617	33,22,71,263	7,62,891	4,83,48,493
Tax paid	(26,651)	(19,85,822)	-31,038	-23,03,429
Net cash flow generated from operating activities	42,30,966	33,02,85,441	7,31,853	4,60,45,064
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	-	3,119	2,31,471
Purchase of property, plant and equipment	(49,990)	(37,88,682)	-	-
Net cash flow (used in)/generated from investing activities	(49,990)	(37,88,682)	3,119	2,31,471
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of principal portion of lease liabilities	(96,892)	(73,43,328)	-95,626	-69,91,456
Interest paid	(6,357)	(4,73,673)	-9,871	-7,32,558
Net cash flow used in financing activities	(1,03,249)	(78,17,001)	-1,05,497	-77,24,014
Net change in cash and cash equivalent	40,77,727	31,86,79,758	6,29,475	3,85,52,521
Cash and cash equivalents at beginning of year	35,99,642	26,31,78,826	29,70,167	22,46,26,305
Cash and cash equivalents at end of year	76,77,369	58,18,58,584	35,99,642	26,31,78,826

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 2022

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 financial statements.

The financial statements for the year ended 31 March 2022 were authorized for issue in accordance with a resolution of the board of directors on 27 April 2022.

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 2021. The adoption of these standards did not have any material effect on the financial performance or position of the company.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023

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 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> : Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 <i>Income Taxes</i> : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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.

SUBSIDIARIES

Investment in subsidiaries is carried at cost less accumulated impairment losses in the company's balance sheet. On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 vehicles	10 years
Office premises	4.3 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

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, FVOCI and FVPL. 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.

Derecognition

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

Derecognition

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (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.

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 software

Revenue from sale of software is recognised at a point in time when the right to use the software is transferred to customer.

Project income

Revenue from project is recognised over time using input method, based on the actual costs incurred to date as a proportion of the estimated total costs to be incurred.

Other services

Revenue from other services is recognised over the period in which the services are provided by the company.

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 carrying amount of trade receivables at the balance sheet date is disclosed in the Note 6 to financial statements.

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
2022										
Cost										
At beginning of year	64,000	46,79,200	1,21,315	88,69,643	1,81,632	1,32,79,570	4,23,198	3,09,41,063	7,90,145	5,77,69,476
Foreign Currency Translation		1,71,283		3,24,675		4,86,101		11,32,606		21,14,665
Additions	1,420	1,07,620	-	-	48,570	36,81,062	-	-	49,990	37,88,682
At end of year	65,420	49,58,103	1,21,315	91,94,318	2,30,202	1,74,46,733	4,23,198	3,20,73,669	8,40,135	6,36,72,823
Accumulated depreciation										
At beginning of year	60,313	44,09,634	96,383	70,46,802	1,71,036	1,25,04,869	1,99,865	1,46,12,630	5,27,597	3,85,73,935
Depreciation	2,722	2,02,822	4,567	3,40,297	12,619	9,40,268	95,714	71,31,851	1,15,622	86,15,238
Foreign Currency Translation		1,64,891		2,63,781		4,73,855		6,57,097	-	15,59,624
At end of year	63,035	47,77,347	1,00,950	76,50,880	1,83,655	1,39,18,992	2,95,579	2,24,01,578	6,43,219	4,87,48,797
Carrying amount										
2022	2,385	1,80,756	20,365	15,43,438	46,547	35,27,741	1,27,619	96,72,091	1,96,916	1,49,24,026
2021										
Cost										
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)	-1387895	(18,983)	(13,87,895)
At end of year	64,000	46,79,200	1,21,315	88,69,643	1,81,632	1,32,79,570	4,23,198	3,09,41,063	7,90,145	5,77,69,476
Accumulated depreciation										
At beginning of year	56,097	43,02,970	01,359	61,52,977	1,52,073	1,15,61,403	1,02,042	77,17,102	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	60,313	44,09,634	96,383	70,46,802	1,71,036	1,25,04,869	1,99,865	1,46,12,630	5,27,597	3,85,73,935
Carrying amount										
2021	3,687	2,69,566	24,932	18,22,841	10,590	7,74,701	2,23,333	1,63,28,433	2,62,548	1,91,95,541

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.

4. INVESTMENT IN SUBSIDIARIES

	2022		2021	
	US\$	INR	US\$	INR
Unquoted equity shares, at cost	10,68,52,458	8,09,82,19,569	10,68,52,458	7,81,22,50,336
Less: Allowance for impairment loss	(9,67,970)	(7,33,61,285)	-	-
	10,58,84,488	8,02,48,58,284	10,68,52,458	7,81,22,50,336

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

<u>Name of company</u>	<u>Country of incorporation & place of business</u>	<u>Percentage of ownership interest</u>		<u>Principal activities</u>
		<u>2022</u> %	<u>2021</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	100	Information technology & consultancy services
*Tata Technologies Europe Limited	United Kingdom	100	100	Information technology & consultancy services
* INCAT International PLC	United Kingdom	100	100	Information technology & consultancy services
<u>Subsidiaries of INCAT International PLC</u>				
*INCAT GmbH	Germany	100	100	Information technology & consultancy services
<u>Subsidiaries of Tata Technologies Europe Limited</u>				
*Tata Technologies Inc (Sole stockholder of Class B common stock)	Michigan, USA	96	96	Information technology & consultancy services
<u>Subsidiaries of Tata Technologies Inc</u>				
*Tata Technologies de Mexico, S.A de C.V.	Mexico	100	100	Information technology & consultancy services
*Cambric Limited	Bahamas	100	100	Information technology & consultancy services
<u>Subsidiaries of Cambric Limited</u>				
*Tata Technologies S.R.L	Romania	100	100	Information technology & consultancy services

^ Not required to be audited by local laws.

* Audited by other firms.

NOTES TO THE FINANCIAL STATEMENTS

5. LONG-TERM DEPOSIT

	2022		2021	
	US\$	INR	US\$	INR
Rental and other deposits	29,836	22,61,235	30,040	21,96,300

6. TRADE AND OTHER RECEIVABLES

	2022		2021	
	US\$	INR	US\$	INR
Trade receivables				
Third parties	1,07,93,906	81,80,57,183	32,07,874	23,45,35,688
Related companies	1,81,117	1,37,26,640	94,353	68,98,384
	1,09,75,023	83,17,83,823	33,02,227	24,14,34,072
Less: Allowance for impairment loss	(1,16,151)	(88,02,945)	-	-
	1,08,58,872	82,29,80,878	33,02,227	24,14,34,072
Other receivables				
Accrued income	4,73,856	3,59,12,978	21,72,882	15,88,64,835
Advance billing by suppliers	20,73,285	15,71,31,782	5,038	3,68,341
Prepayments	6,58,790	4,99,28,904	1,23,256	90,11,548
Advance payment made to suppliers	92,107	69,80,679	22,623	16,54,024
Others	432	32,741	8,906	6,51,140
	32,98,470	24,99,87,084	23,32,705	17,05,49,888
	1,41,57,342	1,07,29,67,962	56,34,932	41,19,03,960

Movement in allowance account:

	2022		2021	
	US\$	INR	US\$	INR
At beginning of year	-	-	-	-
Allowance made	1,16,151	88,02,945	-	-
At end of year	1,16,151	88,02,945	-	-

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

7. SHARE CAPITAL

	2022		2021	
	US\$	INR	US\$	INR
Issued and fully paid - 86,463,759 ordinary shares	5,40,00,000	4,09,25,95,200	5,40,00,000	3,94,80,75,000

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.

8. 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.

NOTES TO THE FINANCIAL STATEMENTS

8. CAPITAL RESERVE (CONTINUED)

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.

9. 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 the company's foreign operations in Korea (Korean branch) of which functional currency is different from that of the company.

10. LEASE LIABILITIES

	2022		2021	
	US\$	INR	US\$	INR
Current	1,00,235	75,96,690	98,793	72,23,003
Non current	35,881	27,19,378	1,37,046	1,00,19,776
	1,36,116	1,03,16,068	2,35,839	1,72,42,779

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

					Non-cash changes							
	01/04/2021		Cash flows		Accretion of interest		Exchange difference		Other		31/03/2022	
	US\$	INR	US\$	INR	US\$	INR	US\$	INR	US\$	INR	US\$	INR
Current	98,793	72,22,987	(1,03,249)	(78,25,118)	6,357	4,81,789	(2,831)	49,841	1,01,165	76,67,174	1,00,235	75,96,673
Non-current	1,37,046	1,00,19,764	-	-	-	-	-	3,66,776	(1,01,165)	(76,67,174)	35,881	27,19,366
	2,35,839	1,72,42,751	(1,03,249)	(78,25,118)	6,357	4,81,789	(2,831)	4,16,617	-	-	1,36,116	1,03,16,039

							Non-cash changes							
	01/04/2020		Modification on lease liabilities		Cash flows		Accretion of interest		Exchange difference		Other		31/03/2021	
	US\$	INR	US\$	INR	US\$	INR	US\$	INR	US\$	INR	US\$	INR	US\$	INR
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

NOTES TO THE FINANCIAL STATEMENTS

11. TRADE AND OTHER PAYABLES

	<u>2022</u>		<u>2021</u>	
	US\$	INR	US\$	INR
Trade payables				
Third parties	6,44,157	4,88,19,886	98,776	72,21,760
Immediate holding company	31,96,311	24,22,44,575	19,42,951	14,20,54,005
Subsidiaries	12,75,586	9,66,75,132	1,63,490	1,19,53,163
Related companies	40,555	30,73,615	-	-
	51,56,609	39,08,13,208	22,05,217	16,12,28,928
Other payables				
Accruals	19,74,539	14,96,47,941	13,95,005	10,19,92,303
Contract liabilities	53,73,761	40,72,70,898	5,969	4,36,409
Deferred income	88,400	66,99,730	-	-
GST/VAT payable	81,391	61,68,526	51,703	37,80,136
	75,18,091	56,97,87,095	14,52,677	10,62,08,848
	1,26,74,700	96,06,00,303	36,57,894	26,74,37,776

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

Contract liabilities relate to the company's obligation to transfer services to customers for which the company has received advances from customers for revenue from project income. Contract liabilities are recognised as revenue when the company fulfils its performance obligations under the contract.

12. REVENUE

	<u>2022</u>		<u>2021</u>	
	US\$	INR	US\$	INR
Sales of software	3,54,713	2,64,30,411	3,76,919	2,79,72,365
Project income and other services	1,98,41,456	1,47,84,28,554	1,29,98,045	96,46,26,513
	2,01,96,169	1,50,48,58,965	1,33,74,964	99,25,98,878
Timing of transfer of goods or services:				
At point in time	3,54,713	2,64,30,411	3,76,919	2,79,72,365
Over time	1,98,41,456	1,47,84,28,554	1,29,98,045	96,46,26,513
	2,01,96,169	1,50,48,58,965	1,33,74,964	99,25,98,878

13. OTHER INCOME

	<u>2022</u>		<u>2021</u>	
	US\$	INR	US\$	INR
Government grant	-	-	92,437	68,60,046
Interest income	-	-	3,119	2,31,471
Property tax rebate	-	-	9,074	6,73,411
Others	2,718	2,02,524	40,756	30,24,633
	2,718	2,02,524	1,45,386	1,07,89,561

NOTES TO THE FINANCIAL STATEMENTS

14. EMPLOYEE BENEFITS

	<u>2022</u>		<u>2021</u>	
	US\$	INR	US\$	INR
Salaries and bonus	4,26,502	3,17,79,560	7,59,635	5,63,74,944
CPF contributions	12,983	9,67,391	46,952	34,84,458
Other benefits	1,07,316	79,96,341	87,383	64,84,972
	5,46,801	4,07,43,292	8,93,970	6,63,44,374

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>2022</u>		<u>2021</u>	
	US\$	INR	US\$	INR
Allowance for impairment loss on trade receivables	1,16,151	86,54,655	-	-
Allowance for impairment loss on investment in subsidiaries	9,67,970	7,21,25,477	-	-
Loss on foreign exchange	77,755	57,93,688	78,309	58,11,561

16. INCOME TAX

	<u>2022</u>		<u>2021</u>	
	US\$	INR	US\$	INR
Current year provision	6,58,133	4,90,38,872	26,775	19,87,058
Underprovision in prior year	13,166	9,81,026	-	-
	6,71,299	5,00,19,898	26,775	19,87,058

NOTES TO THE FINANCIAL STATEMENTS

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

	2022		2021	
	US\$	INR	US\$	INR
Profit before tax	27,22,636	20,28,69,326	18,44,915	13,69,17,046
Tax at the applicable tax rate of 17%	4,62,848	3,44,87,776	3,13,636	2,32,75,931
Tax effect of		-		
- expenses not deductible for tax purpose	2,16,928	1,61,63,761	10,917	8,10,186
- S13(8) tax exemption for foreign-source	(28,047)	(20,89,841)	(22,972)	(17,04,826)
- utilisation of capital allowances	(2,994)	(2,23,089)	(2,91,554)	(2,16,37,155)
- tax exemption	(12,867)	(9,58,747)	(5,379)	(3,99,193)
- others	4,440	3,30,834	(4,648)	(3,44,943)
Foreign tax	17,825	13,28,178	26,775	19,87,058
	6,58,133	4,90,38,872	26,775	19,87,058

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:

	2022		2021	
	US\$	INR	US\$	INR
<u>With immediate holding company</u>				
Purchases	57,79,716	43,06,58,777	56,75,339	42,11,85,068
<u>With subsidiaries</u>				
Sales	1,51,327	1,12,75,693	1,88,437	1,39,84,513
Purchases	44,50,609	33,16,24,223	-	-
<u>With related companies</u>				
Purchases	83,566	62,26,678	-	-

Compensation of key management personnel

	2022		2021	
	US\$	INR	US\$	INR
Directors' fees	3,779	2,81,581	3,582	2,65,832
Directors' remuneration	3,54,179	2,63,90,621	3,02,033	2,24,14,835
	3,57,958	2,66,72,202	3,05,615	2,26,80,667

NOTES TO THE FINANCIAL STATEMENTS

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.

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

	Office premises	
	US\$	INR
2022		
Cost		
At beginning/end of year	4,23,198	3,09,41,063
Foreign Currency Translation		11,32,606
At end of year	4,23,198	3,20,73,669
Accumulated depreciation		
At beginning of year	1,99,865	1,46,12,630
Depreciation	95,714	71,31,851
Foreign Currency Translation		6,57,097
At end of year	2,95,579	2,24,01,578
Carrying amount		
2022	1,27,619	96,72,091

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

	Office premises	
	US\$	INR
2021		
Cost		
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)
At end of year	4,23,198	3,09,41,063
Accumulated depreciation		
At beginning of year	1,02,042	72,33,329
Depreciation	97,823	72,59,758
Foreign Currency Translation		1,19,543
At end of year	1,99,865	1,46,12,630
Carrying amount		
2021	2,23,333	1,63,28,433

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 10 and the maturity analysis of lease liabilities is disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

(c) Amounts recognised in profit or loss

	2022		2021	
	US\$	INR	US\$	INR
Depreciation of right-of-use assets	95,714	71,31,851	97,823	72,59,758
Interest expense on lease liabilities	6,357	4,73,673	9,871	7,32,558
Property tax rebate	-	-	(9,074)	(6,73,411)
Total amount recognised in profit or loss	1,02,071	76,05,524	98,620	73,18,905

(d) Total cash outflow

The company had total cash outflows for leases of US\$103,249 i.e. INR 78,25,118 (2021: US\$105,497 i.e. INR 77,13,149).

NOTES TO THE FINANCIAL STATEMENTS

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.

	One year or less		One to five years		Total	
	US\$	INR	US\$	INR	US\$	INR
2022						
Trade and other payables	1,25,93,309	95,44,31,777	-	-	1,25,93,309	95,44,31,777
Lease liabilities	1,03,249	78,25,118	36,123	27,37,719	1,39,372	1,05,62,837
	1,26,96,558	96,22,56,895	36,123	27,37,719	1,27,32,681	96,49,94,614
2021						
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

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

(i) Price risk

The company has no significant exposure to price risk.

(ii) Interest rate risk

The company has no significant exposure to interest risk.

(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") and Korean won ("KW").

	<u>USD</u>		<u>SGD</u>		<u>KRW</u>		<u>Others</u>		<u>Total</u>	
	US\$	INR	US\$	INR	US\$	INR	US\$	INR	US\$	INR
2022										
<u>Financial assets</u>										
Long-term deposit	-	-	29,836	22,61,235	-	-	-	-	29,836	22,61,235
Trade and other receivables	1,10,51,444	83,75,75,679	2,16,454	1,64,04,789	-	-	65,262	49,46,129	1,13,33,160	85,89,26,597
Bank balances	65,20,012	49,41,43,885	8,93,038	6,76,82,278	2,64,319	2,00,32,420	-	-	76,77,369	58,18,58,583
	1,75,71,456	1,33,17,19,564	11,39,328	8,63,48,302	2,64,319	2,00,32,420	65,262	49,46,129	1,90,40,365	1,44,30,46,415
<u>Financial liabilities</u>										
Trade and other payables	1,19,86,498	90,84,42,300	58,439	44,29,022	21,255	16,10,891	5,27,117	3,99,49,565	1,25,93,309	95,44,31,778
Lease liabilities	-	-	1,36,116	1,03,16,068	-	-	-	-	1,36,116	1,03,16,068
	1,19,86,498	90,84,42,300	1,94,555	1,47,45,090	21,255	16,10,891	5,27,117	3,99,49,565	1,27,29,425	96,47,47,846
Net financial assets/(liabilities)	2,95,57,954	2,24,01,61,864	13,33,883	10,10,93,392	2,85,574	2,16,43,311	5,92,379	4,48,95,694	3,17,69,790	2,40,77,94,261
Less: Net financial assets denominated in the company's functional currency	(2,95,57,954)	(2,24,01,61,864)	-	-	-	-	-	-	3,19,05,906	2,41,81,10,329
Foreign currency exposure	-	-	13,33,883	10,10,93,392	2,85,574	2,16,43,311	5,92,379	4,48,95,694	6,36,75,696	4,82,59,04,590

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

(iii) Foreign exchange risk (continued)

	USD		SGD		KRW		Others		Total	
	US\$	INR	US\$	INR	US\$	INR	US\$	INR	US\$	INR
2021										
Financial assets										
Long-term deposit	-	-	30,040	21,96,300	-	-	-	-	30,040	21,96,300
Trade and other receivables	51,37,395	37,56,07,815	3,40,417	2,48,88,745	-	-	6,203	4,53,497	54,84,015	40,09,50,057
Bank balances	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
Financial liabilities										
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)
Net financial assets/(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)
Foreign currency exposure	-	-	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

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% (2021: 5%) against the relevant foreign currencies, with all other variables held constant, profit after tax for the year will increase/(decrease) by:

	2022		2021	
	US\$	INR	US\$	INR
SGD	-55,356	(41,95,365)	-16,392	(11,98,460)
KW	-11,851	(8,98,173)	-5,358	(3,91,737)
VND	-24,584	(18,63,192)	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 after tax for the year on the basis that all other variables remained constant.

NOTES TO THE FINANCIAL STATEMENTS

19. 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.

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

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 for trade receivables and made an allowance of US\$116,151 (2021: Nil) for current financial year.

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 bank balances is limited and insignificant. Consequently, no credit loss allowance is required at the balance sheet date.

Financial instruments by category

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

	<u>2022</u>		<u>2021</u>	
	US\$	INR	US\$	INR
Financial assets at amortised cost	1,90,40,365	1,44,30,46,415	91,13,697	66,63,25,172
Financial liabilities at amortised cost	1,27,29,425	96,47,47,845	38,42,030	28,09,00,418

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 2022 and 2021.

Fair value of other financial instruments

The carrying amounts of 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. 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 2022 by Tata technologies Nordics AB to Tata Technologies Europe Limited amounting to GBP2.53mil.

TATA TECHNOLOGIES PTE LTD

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	<u>2022</u>		<u>2021</u>	
	US\$	INR	US\$	INR
Revenue	2,01,96,169	1,50,48,58,964	1,33,74,964	99,25,98,878
Cost of revenue				
Purchases and related direct cost expenses	1,55,83,667	1,16,11,71,754	1,03,77,618	77,01,56,240
Gross Profit	46,12,502	34,36,87,210	29,97,346	22,24,42,638
Add: Other income				
Government grant	-	-	92,437	68,60,046
Interest received	-	-	3,119	2,31,471
Property tax rebate	-	-	9,074	6,73,411
Sundry	2,718	2,02,524	40,756	30,24,633
	2,718	2,02,524	1,45,386	1,07,89,561
Less: Expenses (Schedule 1)	18,92,584	14,10,20,408	12,97,817	9,63,15,153
Net profit before Income tax	27,22,636	20,28,69,326	18,44,915	13,69,17,046

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 2022

SCHEDULE 1

	<u>2022</u>		<u>2021</u>	
	US\$	INR	US\$	INR
<u>Expenses</u>				
Audit fee	11,297	8,41,763	11,461	8,50,557
Bank charges	6,747	5,02,733	925	68,647
Central Provident Fund & SDF	13,297	9,90,787	47,700	35,39,970
Computer expenses	62	4,620	3,952	2,93,291
Depreciation	1,15,622	86,15,238	1,34,426	99,76,184
Director's fees	3,779	2,81,581	3,582	2,65,832
Entertainment	1,339	99,772	1,711	1,26,979
Exchange difference	77,755	57,93,688	78,309	58,11,561
General expenses	54,337	40,48,764	54,066	40,12,411
Housing and relocation	15,748	11,73,417	22,040	16,35,659
Impairment loss on investment in subsidiary	9,67,969	7,21,25,403	-	-
Insurance	880	65,571	1,829	1,35,736
Interest for leasing	6,357	4,73,673	9,871	7,32,558
Legal and professional fee	64,019	47,70,190	62,652	46,49,605
Medical expenses	87,837	65,44,919	48,970	36,34,220
Motor vehicle expenses	(1,236)	(92,097)	(903)	(67,015)
Director's pension	2,51,657	1,87,51,492	2,46,694	1,83,07,951
Postage and freight	285	21,236	264	19,592
Printing and stationery	458	34,127	769	57,070
Repair and maintenance - premises	16,264	12,11,865	15,958	11,84,294
Salaries	1,51,257	1,12,70,477	4,85,767	3,60,50,324
Staff bonus	23,589	17,57,666	27,174	20,16,669
Staff insurance	3,731	2,78,005	11,436	8,48,702
Staff recruitment	-	-	576	42,747
Staff welfare	-	-	4,938	3,66,465
Subscription and publication	11,635	8,66,948	11,675	8,66,439
Telephone	3,588	2,67,349	4,609	3,42,049
Travel and transport	2,586	1,92,688	3,947	2,92,920
Utilities	725	54,021	788	58,480
Visa fees	-	-	2,631	1,95,255
	18,91,584	14,09,45,896	12,97,817	9,63,15,152

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