

TRANSLATED FINANCIAL STATEMENTS

TATA TECHNOLOGIES PTE LTD
(Registration No. 198100504W)

31 MARCH 2023



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

Dear Sir,

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

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

We have not audited the standalone financial statements of TATA TECHNOLOGIES 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 - 23104273BGSOJK2104
Date – 21-Oct-2023


TATA TECHNOLOGIES PTE LTD

BALANCE SHEET AS AT 31 MARCH 2023

ASSETS	NOTE	2023		2022	
		US\$	INR	US\$	INR
Non-current assets					
Property, plant and equipment	3	90,301	74,21,163	1,96,916	1,49,24,026
Investment in subsidiaries	4	10,58,84,488	8,70,18,51,935	10,58,84,488	8,02,48,58,284
Long-term deposit	5	31,271	25,69,929	29,836	22,61,235
		10,60,06,060	8,71,18,43,027	10,61,11,240	8,04,20,43,545
Current assets					
Trade and other receivables	6	2,13,88,114	1,75,77,28,679	1,41,57,342	1,07,29,67,962
Cash and cash equivalents	7	1,49,93,965	1,23,22,41,529	76,77,369	58,18,58,584
		3,63,82,079	2,98,99,70,208	2,18,34,711	1,65,48,26,546
TOTAL ASSETS		14,23,88,139	11,70,18,13,235	12,79,45,951	9,69,68,70,091
EQUITY AND LIABILITIES					
Equity					
Share capital	8	5,40,00,000	4,43,78,55,000	5,40,00,000	4,09,25,95,200
Capital reserve	9	4,59,35,488	3,77,50,93,243	4,59,35,488	3,48,13,95,513
Currency translation reserve	10	32,50,263	26,71,14,739	32,88,529	24,92,33,687
Retained earnings		1,95,71,900	1,60,84,67,673	1,12,52,985	85,28,50,210
		12,27,57,651	10,08,85,30,655	11,44,77,002	8,67,60,74,610
Non-current liability					
Lease liabilities	11	-	-	35,881	27,19,378
Current liabilities					
Trade and other payables	12	1,78,87,365	1,47,00,28,374	1,26,74,700	96,06,00,303
Lease liabilities	11	35,248	28,96,769	1,00,235	75,96,690
Provision for taxation		17,07,875	14,03,57,437	6,58,133	4,98,79,110
		1,96,30,488	1,61,32,82,580	1,34,33,068	1,01,80,76,103
TOTAL EQUITY AND LIABILITIES		14,23,88,139	11,70,18,13,235	12,79,45,951	9,69,68,70,091

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 2023

	NOTE	2023		2022	
		US\$	INR	US\$	INR
Revenue	13	5,67,52,059	4,56,29,27,970	2,01,96,169	1,50,48,58,965
Other income	14	2,27,220	1,82,68,738	2,718	2,02,524
Total Revenue		5,69,79,279	4,58,11,96,708	2,01,98,887	1,50,50,61,489
Purchase and related direct costs		4,54,93,817	3,65,77,52,930	1,55,83,667	1,16,11,71,754
Depreciation	3	1,06,615	85,71,963	1,15,622	86,15,238
Employee benefits	15	8,69,784	6,99,31,591	5,46,801	4,07,43,292
Operating expenses		5,22,422	4,20,03,303	12,23,804	9,11,88,206
Total Expenses		4,69,92,638	3,77,82,59,787	1,74,69,894	1,30,17,18,490
Profit Before Interest and Taxation		99,86,641	80,29,36,921	27,28,993	20,33,42,999
Finance costs - interest on lease liabilities		3,014	2,42,329	6,357	4,73,673
Profit before income tax	16	99,83,627	80,26,94,592	27,22,636	20,28,69,326
Income tax	17	16,64,712	13,38,44,676	6,71,299	5,00,19,898
Profit for the year		83,18,915	66,88,49,916	20,51,337	15,28,49,428
<u>Other comprehensive income</u>					
<u>Item that may be reclassified subsequently to profit or loss</u>					
Foreign currency translation difference		(38,266)	(30,76,628)	(46,738)	(34,82,547)
Total comprehensive income		82,80,649	66,57,73,288	20,04,599	14,93,66,881

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 2023

	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 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
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
Total comprehensive income	-		-		(38,266)	(30,76,628)	83,18,915	66,88,49,917	82,80,649	66,57,73,289
Foreign Currency Translation		34,52,59,800		29,36,97,730		2,09,57,680		8,67,67,546		74,66,82,756
Balance at 31 March 2023	5,40,00,000	4,43,78,55,000	4,59,35,488	3,77,50,93,243	32,50,263	26,71,14,739	1,95,71,900	1,60,84,67,673	12,27,57,651	10,08,85,30,655

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 2023

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	99,83,627	80,26,94,592	27,22,636	20,28,69,326
Adjustments for:				
Allowance for impairment loss on investment in subsidiaries	-	-	9,67,970	7,21,25,477
Allowance for impairment loss on trade receivables	13,560	10,90,239	1,16,151	86,54,655
Reversal of allowance for impairment on trade receivables	(1,16,151)	(93,38,668)	-	-
Depreciation of property, plant and equipment	1,06,615	85,71,963	1,15,622	86,15,238
Interest income	(1,95,848)	(1,57,46,395)	-	-
Interest expenses	3,014	2,42,329	6,357	4,73,673
Foreign Currency Translation		6,57,13,995		1,45,44,114
Exchange differences	(40,785)	(32,79,159)	(49,568)	(36,93,416)
Operating profit before working capital changes	97,54,032	84,99,48,896	38,79,168	30,35,89,067
Trade and other receivables	(71,29,616)	(58,59,29,667)	(86,38,357)	(65,46,90,711)
Trade and other payables	52,12,665	42,83,89,841	90,16,806	68,33,72,907
Cash generated from operations	78,37,081	69,24,09,070	42,57,617	33,22,71,263
Tax paid	(6,13,084)	(4,92,92,628)	(26,651)	(19,85,822)
Net cash flow generated from operating activities	72,23,997	64,31,16,442	42,30,966	33,02,85,441
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,95,848	1,57,46,395	-	-
Purchase of property, plant and equipment	-	-	(49,990)	(37,88,682)
Net cash flow generated from/(used in) investing activities	1,95,848	1,57,46,395	(49,990)	(37,88,682)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of principal portion of lease liabilities	(1,00,235)	(82,37,563)	(96,892)	(73,43,328)
Interest paid	(3,014)	(2,42,329)	(6,357)	(4,73,673)
Net cash flow used in financing activities	(1,03,249)	(84,79,892)	(1,03,249)	(78,17,001)
Net change in cash and cash equivalent	73,16,596	65,03,82,945	40,77,727	31,86,79,758
Cash and cash equivalents at beginning of year	76,77,369	58,18,58,584	35,99,642	26,31,78,826
Cash and cash equivalents at end of year (Note 7)	1,49,93,965	1,23,22,41,529	76,77,369	58,18,58,584

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 2023

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 software development 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 2023 were authorized for issue in accordance with a resolution of the board of directors on 4 May 2023.

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 2022. The adoption of these standards did not have any material effect on the financial performance or position of the company.

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 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to FRS 116 Leases: Lease Liability in a Sale and leaseback	1 January 2024
Amendments to FRS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants	1 January 2024

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.

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
Office furniture and equipment	5 to 10
Motor vehicles	10
Office premises	3

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS

Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

Investments in debt instruments

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

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities (continued)

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.

CASH AND CASH EQUIVALENTS

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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)

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.

As lessor – sublease (operating lease)

When the sublease is assessed as an operating lease, the company recognises lease income from the sublease in profit or loss within “Other income”. The right-of-use asset relating to the head lease is not derecognised.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
2023										
Cost										
At beginning/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
Foreign Currency Translation		4,18,276		7,75,652		14,71,843		27,05,801		53,71,572
Additions	-	-	-	-	-	-	-	-	-	-
At end of year	65,420	53,76,379	1,21,315	99,69,970	2,30,202	1,89,18,576	4,23,198	3,47,79,470	8,40,135	6,90,44,395
Accumulated depreciation										
At beginning 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
Depreciation	1,477	1,18,752	4,567	3,67,192	4,857	3,90,508	95,714	76,95,511	1,06,615	85,71,963
Foreign Currency Translation		4,05,658		6,53,579		11,82,887		20,60,348		43,02,472
At end of year	64,512	53,01,757	1,05,517	86,71,651	1,88,512	1,54,92,387	3,91,293	3,21,57,437	7,49,834	6,16,23,232
Carrying amount										
2023	908	74,622	15,798	12,98,319	41,690	34,26,189	31,905	26,22,033	90,301	74,21,163
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

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 19.

4. INVESTMENT IN SUBSIDIARIES

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Unquoted equity shares, at cost	10,68,52,458	8,78,14,02,130	10,68,52,458	8,09,82,19,569
Less: Allowance for impairment loss	(9,67,970)	(7,95,50,195)	(9,67,970)	(7,33,61,285)
	10,58,84,488	8,70,18,51,935	10,58,84,488	8,02,48,58,284

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>2023</u> %	<u>2022</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

* Audited by other firms.

NOTES TO THE FINANCIAL STATEMENTS

5. LONG-TERM DEPOSIT

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Rental and other deposits	31,271	25,69,929	29,836	22,61,235

6. TRADE AND OTHER RECEIVABLES

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Trade receivables				
Third parties	1,45,84,839	1,19,86,18,531	1,07,93,906	81,80,57,183
Related companies	2,40,244	1,97,43,853	1,81,117	1,37,26,640
	1,48,25,083	1,21,83,62,384	1,09,75,023	83,17,83,823
Less: Allowance for impairment loss	(13,560)	(11,14,395)	(1,16,151)	(88,02,945)
	1,48,11,523	1,21,72,47,989	1,08,58,872	82,29,80,878
Other receivables				
Contract assets	56,70,701	46,60,32,385	4,73,856	3,59,12,978
Advance billing by suppliers	6,93,515	5,69,94,796	20,73,285	15,71,31,782
Advance paid to suppliers	1,87,418	1,54,02,480	6,58,790	4,99,28,904
Prepayments	11,313	9,29,731	92,107	69,80,679
Others	13,644	11,21,298	432	32,741
	65,76,591	54,04,80,690	32,98,470	24,99,87,084
Total	2,13,88,114	1,75,77,28,679	1,41,57,342	1,07,29,67,962

Movement in allowance account:

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
At beginning of year	1,16,151	88,02,945	-	-
Reversal	(1,16,151)	(88,02,945)	-	-
Addition	13,560	11,14,395	1,16,151	88,02,945
At end of year	13,560	11,14,395	1,16,151	88,02,945

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

Contract assets primarily relate to the company's right to consideration for work completed but not yet billed at reporting date for revenue from project income. Contract assets are transferred to receivables when the rights become unconditional.

7. CASH AND CASH EQUIVALENTS

For the purposes of cash flows statement, cash and cash equivalents comprise the followings:

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Cash at banks	8,04,767	6,61,37,764	76,77,369	58,18,58,584
Fixed deposits	1,41,89,198	1,16,61,03,765	-	-
	1,49,93,965	1,23,22,41,529	76,77,369	58,18,58,584

Fixed deposits bear interest at an effective interest rate of 3.55% to 4.55% per annum.

NOTES TO THE FINANCIAL STATEMENTS

8. SHARE CAPITAL

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Issued and fully paid - 86,463,759 ordinary shares	5,40,00,000	4,43,78,55,000	5,40,00,000	4,09,25,95,200

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 (INR 7,06,23,93,243) for INCAT International Plc and US\$6,840,817 (INR 56,21,95,443) 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 the company's foreign operations in Korea (Korean branch) of which functional currency is different from that of the company.

11. LEASE LIABILITIES

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Current	35,248	28,96,769	1,00,235	75,96,690
Non-current	-	-	35,881	27,19,378
	35,248	28,96,769	1,36,116	1,03,16,068

NOTES TO THE FINANCIAL STATEMENTS

11. LEASE LIABILITIES (CONTINUED)

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

	01/04/2022		Cash flows		Accretion of interest		Non-cash changes Exchange difference		Other		31/03/2022	
	US\$	INR	US\$	INR	US\$	INR	US\$	INR	US\$	INR	US\$	INR
Current	1,00,235	75,96,673	(1,03,249)	(84,85,261)	3,014	2,47,698	(633)	5,88,851	35,881	29,48,777	35,248	28,96,738
Non-current	35,881	27,19,366	-	-	-	-	2,29,411	(35,881)	(29,48,777)	-	-	-
	1,36,116	1,03,16,039	(1,03,249)	(84,85,261)	3,014	2,47,698	(633)	8,18,262	-	-	35,248	28,96,738

	01/04/2021		Cash flows		Accretion of interest		Non-cash changes Exchange difference		Other		31/03/2021	
	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

12. TRADE AND OTHER PAYABLES

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Trade payables				
Third parties	12,68,677	10,42,63,048	6,44,157	4,88,19,886
Immediate holding company	41,03,926	33,72,70,898	31,96,311	24,22,44,575
Subsidiaries	35,28,575	28,99,87,115	12,75,586	9,66,75,132
Related companies	8,52,109	7,00,28,448	40,555	30,73,615
	97,53,287	80,15,49,509	51,56,609	39,08,13,208
Other payables				
Accruals	73,04,847	60,03,30,589	19,74,539	14,96,47,941
Contract liabilities	6,81,531	5,60,09,921	53,73,761	40,72,70,898
Deferred income	-	-	88,400	66,99,730
GST/VAT payable	1,47,700	1,21,38,355	81,391	61,68,526
	81,34,078	66,84,78,865	75,18,091	56,97,87,095
	1,78,87,365	1,47,00,28,374	1,26,74,700	96,06,00,303

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.

NOTES TO THE FINANCIAL STATEMENTS

13. REVENUE

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Sales of software	3,45,516	2,77,79,866	3,54,713	2,64,30,411
Project income and other services	5,64,06,543	4,53,51,48,104	1,98,41,456	1,47,84,28,554
	5,67,52,059	4,56,29,27,970	2,01,96,169	1,50,48,58,965
Timing of transfer of goods or services:				
At point in time	3,45,516	2,77,79,866	3,54,713	2,64,30,411
Over time	5,64,06,543	4,53,51,48,104	1,98,41,456	1,47,84,28,554
	5,67,52,059	4,56,29,27,970	2,01,96,169	1,50,48,58,965

14. OTHER INCOME

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Rental income	28,086	22,58,145	-	-
Interest income	1,95,848	1,57,46,395	-	-
Others	3,286	2,64,198	2,718	2,02,524
	2,27,220	1,82,68,738	2,718	2,02,524

15. EMPLOYEE BENEFITS

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Salaries and bonus	7,60,107	6,11,13,439	4,26,502	3,17,79,560
CPF contributions	38,818	31,21,010	12,983	9,67,391
Other benefits	70,859	56,97,142	1,07,316	79,96,341
	8,69,784	6,99,31,591	5,46,801	4,07,43,292

Employee benefits include directors' remuneration as disclosed in Note 18.

16. PROFIT BEFORE INCOME TAX

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

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Allowance for impairment loss on trac	13,560	10,90,239	1,16,151	86,54,655
Reversal of allowance for impairment	(1,16,151)	(93,38,668)	-	-
Allowance for impairment loss on invt	-	-	9,67,970	7,21,25,477
Loss on foreign exchange	1,38,695	1,11,51,231	77,755	57,93,688

NOTES TO THE FINANCIAL STATEMENTS

17. INCOME TAX

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Current year provision	17,07,875	13,73,15,029	6,58,133	4,90,38,872
(Over)/Underprovision in prior year	(43,163)	(34,70,353)	13,166	9,81,026
	16,64,712	13,38,44,676	6,71,299	5,00,19,898

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

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Profit before tax	99,83,627	80,26,94,593	27,22,636	20,28,69,326
Tax at the applicable tax rate of 17%	16,97,217	13,64,58,114	4,62,848	3,44,87,776
Tax effect of				
- expenses not deductible for tax purp	11,585	9,31,447	2,16,928	1,61,63,761
- income not taxable	(19,746)	(15,87,600)	-	-
- S13(8) tax exemption for foreign-sot	(30,211)	(24,28,998)	(28,047)	(20,89,841)
- utilisation of capital allowances	(2,752)	(2,21,283)	(2,994)	(2,23,089)
- tax exemption	(13,132)	(10,55,827)	(12,867)	(9,58,747)
- others	46,586	37,45,566	4,440	3,30,834
Foreign tax	18,328	14,73,591	17,825	13,28,178
	17,07,875	13,73,15,010	6,58,133	4,90,38,872

18. 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>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
<u>With immediate holding company</u>				
Sales	3,440	2,76,580	-	-
Purchases	1,21,14,993	97,40,58,764	57,79,716	43,06,58,777
<u>With subsidiaries</u>				
Sales	22,36,500	17,98,17,060	1,51,327	1,12,75,693
Purchases	1,46,29,933	1,17,62,62,706	44,50,609	33,16,24,223
<u>With related companies</u>				
Sales	69,176	55,61,826	-	-
Purchases	35,29,468	28,37,73,110	83,566	62,26,678
Rental income	28,086	22,58,145	-	-

Compensation of key management personnel

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Directors' fees	3,649	2,93,384	3,779	2,81,581
Directors' remuneration	3,10,095	2,49,31,979	3,54,179	2,63,90,621
	3,13,744	2,52,25,363	3,57,958	2,66,72,202

NOTES TO THE FINANCIAL STATEMENTS

19. 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

	<u>Office premises</u>	
	US\$	INR
2023		
Cost		
At beginning of year	4,23,198	3,20,73,669
Foreign Currency Translation		27,05,801
At end of year	4,23,198	3,47,79,470
Accumulated depreciation		
At beginning of year	2,95,579	2,24,01,578
Depreciation	95,714	76,95,511
Foreign Currency Translation		20,60,348
At end of year	3,91,293	3,21,57,437
Carrying amount		
2023	31,905	26,22,033

	<u>Office premises</u>	
	US\$	INR
2022		
Cost		
At beginning 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

(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 20.

NOTES TO THE FINANCIAL STATEMENTS

19. LEASES (CONTINUED)

(c) Amounts recognised in profit or loss

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Depreciation of right-of-use assets	95,714	76,95,511	95,714	71,31,851
Interest expense on lease liabilities	3,014	2,42,329	6,357	4,73,673
Property tax rebate	-	-	-	-
Total amount recognised in profit or loss	98,728	79,37,840	1,02,071	76,05,524

(d) Total cash outflow

The company had total cash outflows for leases of US\$103,249 i.e., INR 84,79,892 (2022: US\$103,249 i.e., INR 78,17,001).

Company as intermediate lessor

Subleases – operating leases

The company acts as an intermediate lessor under arrangements in which it subleases out office premises to related parties for monthly lease payments. The sublease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases.

Income from subleasing of office premises recognised during the financial year ended 31 March 2023 was US\$28,086 i.e., INR 22,58,145 (Note 14).

The future minimum rental receivables under non-cancellable operating leases contracted for at the reporting period are as follows:

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Within one year	26,233	21,09,162	-	-

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

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

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

Capital risk

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

The company is not subject to externally imposed capital requirements.

Liquidity risk

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

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

Liquidity risk (continued)

	One year or less		One to five years		Total	
	US\$	INR	US\$	INR	US\$	INR
2023						
Trade and other payables	17,39,665	14,29,70,019	-	-	17,39,665	14,29,70,019
Lease liabilities	35,490	29,16,671	-	-	35,490	29,16,671
	17,75,155	14,58,86,690	-	-	17,75,155	14,58,86,690
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

NOTES TO THE FINANCIAL STATEMENTS

20. 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 (“KRW”).

	<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
2023										
<u>Financial assets</u>										
Long-term deposit	-	-	31,271	25,69,929	-	-	-	-	31,271	25,69,929
Trade and other receivables	2,02,10,405	1,66,09,41,609	2,63,095	2,16,21,805	22,368	18,38,258	-	-	2,04,95,868	1,68,44,01,672
Bank balances	1,43,05,321	1,17,56,47,043	4,64,213	3,81,50,185	2,24,431	1,84,44,301	-	-	1,49,93,965	1,23,22,41,529
	3,45,15,726	2,83,65,88,652	7,58,579	6,23,41,919	2,46,799	2,02,82,559	-	-	3,55,21,104	2,91,92,13,130
<u>Financial liabilities</u>										
Trade and other payables	1,69,72,971	1,39,48,81,189	2,83,582	2,33,05,478	2,48,616	2,04,31,884	2,34,496	1,92,71,468	1,77,39,665	1,45,78,90,019
Lease liabilities	35,248	28,96,769	-	-	-	-	-	-	35,248	28,96,769
	1,70,08,219	1,39,77,77,958	2,83,582	2,33,05,478	2,48,616	2,04,31,884	2,34,496	1,92,71,468	1,77,74,913	1,46,07,86,788
Net financial assets (/liabilities)	1,75,07,507	1,43,88,10,694	4,74,997	3,90,36,441	(1,817)	(1,49,325)	(2,34,496)	(1,92,71,468)	1,77,46,191	1,45,84,26,342
Less: Net financial assets denominated in the company's functional currency	(1,75,07,507)	(1,43,88,10,694)	-	-	-	-	-	-	(1,75,07,507)	(1,43,88,10,694)
Foreign currency exposure	-	-	4,74,997	3,90,36,441	(1,817)	(1,49,325)	(2,34,496)	(1,92,71,468)	2,38,684	1,96,15,648

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

(iii) Foreign exchange risk (continued)

	<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										
Financial assets										
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	2,003,2420	-	-	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
Financial liabilities										
Trade and other payables	1,19,86,498	90,84,42,300	58,439	44,29,022	21,255	1610891	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)	55,84,958	42,32,77,264	9,44,773	7,16,03,212	2,43,064	1,84,21,529	(4,61,855)	(3,50,03,436)	63,10,940	47,82,98,569
Less: Net financial assets denominated in the company's functional currency	(55,84,958)	(42,32,77,264)	-	-	-	-	-	-	(55,84,958)	(42,32,77,264)
Foreign currency exposure	-	-	9,44,773	7,16,03,212	2,43,064	1,84,21,529	(4,61,855)	(3,50,03,436)	7,25,982	5,50,21,305

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% (2022: 5%) against the relevant foreign currencies, with all other variables held constant, profit after tax for the year will increase/(decrease) by:

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
SGD	-19,712	-16,19,981	-39,208	-29,71,527
KRW	75	6,164	-10,087	-7,64,482
Others	9,732	7,99,800	19,167	14,52,644

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

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

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

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

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

The company has no significant concentration to credit risk.

Trade receivables

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

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

There has been no change in the estimation techniques or significant assumptions made during the current financial year. Based on the company historical credit loss experience and having considered current and forecasts of future conditions, the company assessed the credit loss for trade receivables and made an allowance as disclosed in Note 6.

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, 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.

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Financial instruments by category

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

	<u>2023</u>		<u>2022</u>	
	US\$	INR	US\$	INR
Financial assets at amortised cost	3,55,21,104	2,91,92,13,129	1,90,40,365	1,44,30,46,415
Financial liabilities at amortised cost	1,77,74,913	1,46,07,86,788	1,27,29,425	96,47,47,845

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments that are carried at fair value

The company had no financial assets or liabilities carried at fair value in 2023 and 2022.

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.

22. CONTINGENCIES

The company agrees to provide sufficient financial support to its subsidiary Tata Technologies (Thailand) Limited as may be required to enable the subsidiary to continue its operation and fulfill all of its financial liabilities as and when they fall due for at least the next twelve months from the date of the financial statements for the financial year ended 31 March 2023.

The company agrees to provide the necessary support to its subsidiary Tata Technologies Nordics AB for the payment of outstanding amount due as at 31 March 2023 to Tata Technologies Europe Limited to the extent and when deemed necessary.