

AUDITED FINANCIAL STATEMENTS

TATA TECHNOLOGIES PTE LTD
(Registration No. 198100504W)

31 MARCH 2023

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TATA TECHNOLOGIES PTE LTD

DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

The directors present their report to the member together with the audited financial statements of Tata Technologies Pte Ltd (the "company") for the financial year ended 31 March 2023.

In the opinion of the directors,

- (a) the financial statements of the company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2023 and the financial performance, changes in equity and cash flows of the company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the company in office at the date of this report are as follows:

Ajoyendra Mukherjee (Appointed on 6 March 2023)
Chan Kwok Wah
Patrick Raymon McGoldrick
Warren Kevin Harris

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object was to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the register kept by the company for the purposes of section 164 of the Singapore Companies Act 1967, none of the directors holding office at the end of the financial year had any interest in the shares or debentures or share options of the company or its related corporations except as follows:

	<u>Direct interest</u>		<u>Deemed Interest</u>	
	<u>At beginning of</u> <u>year</u>	<u>At end of</u> <u>year</u>	<u>At beginning</u> <u>of year</u>	<u>At end of</u> <u>year</u>
<u>Tata Technologies Limited</u>	<u>Ordinary shares</u>		<u>Ordinary shares</u>	
(Immediate holding company)				
Chan Kwok Wah	25,000	-	-	-
Patrick Raymon McGoldrick	535,000	5,000,000	-	-
Warren Kevin Harris	-	-	400,000*	4,000,000*

*Held through Zedra Corporate Services (Guernsey) Limited.

TATA TECHNOLOGIES PTE LTD

DIRECTORS' STATEMENT (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

SHARE OPTIONS

During the financial year, no options to take up unissued shares of the company were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the company. There were no unissued shares of the company under option at the end of the financial year except as follows:

	At beginning of year	At end of year
<u>Tata Technologies Limited</u>		
Warren Kevin Harris		
Class A stock options	-	63,060
Class B stock options	-	151,340

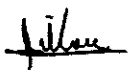
INDEPENDENT AUDITORS

The independent auditors, H. WEE & CO. LLP, have expressed their willingness to accept re-appointment as auditors of the company.

On behalf of the Board of Directors



.....
Patrick Raymon McGoldrick
Director



.....
Chan Kwok Wah
Director

Singapore, 4 May 2023

TATA TECHNOLOGIES PTE LTD

INDEPENDENT AUDITORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **TATA TECHNOLOGIES PTE LTD** (the company), which comprise balance sheet as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 March 2023 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

TATA TECHNOLOGIES PTE LTD

INDEPENDENT AUDITORS' REPORT (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

H. Wee & Co. LLP

H. Wee & Co. LLP

Public Accountants and Chartered Accountants

Singapore, 4 May 2023

TATA TECHNOLOGIES PTE LTD

BALANCE SHEET AS AT 31 MARCH 2023

ASSETS	NOTE	2023 US\$	2022 US\$
Non-current assets			
Property, plant and equipment	3	90,301	196,916
Investment in subsidiaries	4	105,884,488	105,884,488
Long-term deposit	5	31,271	29,836
		<u>106,006,060</u>	<u>106,111,240</u>
Current assets			
Trade and other receivables	6	21,388,114	14,157,342
Cash and cash equivalents	7	14,993,965	7,677,369
		<u>36,382,079</u>	<u>21,834,711</u>
TOTAL ASSETS		<u>142,388,139</u>	<u>127,945,951</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	54,000,000	54,000,000
Capital reserve	9	45,935,488	45,935,488
Currency translation reserve	10	3,250,263	3,288,529
Retained earnings		19,571,900	11,252,985
		<u>122,757,651</u>	<u>114,477,002</u>
Non-current liability			
Lease liabilities	11	-	35,881
Current liabilities			
Trade and other payables	12	17,887,365	12,674,700
Lease liabilities	11	35,248	100,235
Provision for taxation		1,707,875	658,133
		<u>19,630,488</u>	<u>13,433,068</u>
TOTAL EQUITY AND LIABILITIES		<u>142,388,139</u>	<u>127,945,951</u>

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 US\$	2022 US\$
Revenue	13	56,752,059	20,196,169
Other income	14	227,220	2,718
Purchase and related direct costs		(45,493,817)	(15,583,667)
Depreciation	3	(106,615)	(115,622)
Employee benefits	15	(869,784)	(546,801)
Operating expenses		(522,422)	(1,223,804)
Finance costs - interest on lease liabilities		<u>(3,014)</u>	<u>(6,357)</u>
Profit before income tax	16	9,983,627	2,722,636
Income tax	17	<u>(1,664,712)</u>	<u>(671,299)</u>
Profit for the year		8,318,915	2,051,337
<u>Other comprehensive income</u>			
<u>Item that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation difference		<u>(38,266)</u>	<u>(46,738)</u>
Total comprehensive income		<u>8,280,649</u>	<u>2,004,599</u>

The accompanying notes are an integral part of the financial statements

TATA TECHNOLOGIES PTE LTD

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Share capital US\$	Capital reserve US\$	Currency translation reserve US\$	Retained earnings US\$	Total equity US\$
Balance at 31 March 2021	54,000,000	45,935,488	3,335,267	9,201,648	112,472,403
Total comprehensive income	-	-	(46,738)	2,051,337	2,004,599
Balance at 31 March 2022	54,000,000	45,935,488	3,288,529	11,252,985	114,477,002
Total comprehensive income	-	-	(38,266)	8,318,915	8,280,649
Balance at 31 March 2023	54,000,000	45,935,488	3,250,263	19,571,900	122,757,651

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> US\$	<u>2022</u> US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	9,983,627	2,722,636
Adjustments for:		
Allowance for impairment loss on investment in subsidiaries	-	967,970
Allowance for impairment loss on trade receivables	13,560	116,151
Reversal of allowance for impairment on trade receivables	(116,151)	-
Depreciation of property, plant and equipment	106,615	115,622
Interest income	(195,848)	-
Interest expenses	3,014	6,357
Exchange differences	(40,785)	(49,568)
Operating profit before working capital changes	9,754,032	3,879,168
Trade and other receivables	(7,129,616)	(8,638,357)
Trade and other payables	5,212,665	9,016,806
Cash generated from operations	7,837,081	4,257,617
Tax paid	(613,084)	(26,651)
Net cash flow generated from operating activities	7,223,997	4,230,966
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	195,848	-
Purchase of property, plant and equipment	-	(49,990)
Net cash flow generated from/(used in) investing activities	195,848	(49,990)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of principal portion of lease liabilities	(100,235)	(96,892)
Interest paid	(3,014)	(6,357)
Net cash flow used in financing activities	(103,249)	(103,249)
Net change in cash and cash equivalent	7,316,596	4,077,727
Cash and cash equivalents at beginning of year	7,677,369	3,599,642
Cash and cash equivalents at end of year (Note 7)	14,993,965	7,677,369

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.

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:	1 January 2024
Classification of Liabilities as Current or Non-current	

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

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

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

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.

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 US\$	Office furniture & equipment US\$	Motor vehicles US\$	Office premises US\$	Total US\$
2023					
Cost					
At beginning/end of year	65,420	121,315	230,202	423,198	840,135
Accumulated depreciation					
At beginning of year	63,035	100,950	183,655	295,579	643,219
Depreciation	1,477	4,567	4,857	95,714	106,615
At end of year	64,512	105,517	188,512	391,293	749,834
Carrying amount					
2023	908	15,798	41,690	31,905	90,301
2022					
Cost					
At beginning of year	64,000	121,315	181,632	423,198	790,145
Additions	1,420	-	48,570	-	49,990
At end of year	65,420	121,315	230,202	423,198	840,135
Accumulated depreciation					
At beginning of year	60,313	96,383	171,036	199,865	527,597
Depreciation	2,722	4,567	12,619	95,714	115,622
At end of year	63,035	100,950	183,655	295,579	643,219
Carrying amount					
2022	2,385	20,365	46,547	127,619	196,916

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> US\$	<u>2022</u> US\$
Unquoted equity shares, at cost	106,852,458	106,852,458
Less: Allowance for impairment loss	(967,970)	(967,970)
	<u>105,884,488</u>	<u>105,884,488</u>

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> US\$	<u>2022</u> US\$
Rental and other deposits	31,271	29,836

6. TRADE AND OTHER RECEIVABLES

	<u>2023</u> US\$	<u>2022</u> US\$
Trade receivables		
Third parties	14,584,839	10,793,906
Related companies	240,244	181,117
	14,825,083	10,975,023
Less: Allowance for impairment loss	(13,560)	(116,151)
	14,811,523	10,858,872
Other receivables		
Contract assets	5,670,701	473,856
Advance billing by suppliers	693,515	2,073,285
Advance paid to suppliers	187,418	658,790
Prepayments	11,313	92,107
Others	13,644	432
	6,576,591	3,298,470
	21,388,114	14,157,342

Movement in allowance account:

	<u>2023</u> US\$	<u>2022</u> US\$
At beginning of year	116,151	-
Reversal	(116,151)	-
Addition	13,560	116,151
At end of year	13,560	116,151

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> US\$	<u>2022</u> US\$
Cash at banks	804,767	7,677,369
Fixed deposits	14,189,198	-
	14,993,965	7,677,369

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> US\$	<u>2022</u> US\$
Issued and fully paid - 86,463,759 ordinary shares	54,000,000	54,000,000

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

9. CAPITAL RESERVE

Capital reserve of the company was derived as follows:

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

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

10. CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises all foreign exchange differences arising from change in the company's functional currency from Singapore Dollar to United States Dollar in financial year ended 31 March 2013 and the translation of the financial statements of 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> US\$	<u>2022</u> US\$
Current	35,248	100,235
Non-current	-	35,881
	<u>35,248</u>	<u>136,116</u>

NOTES TO THE FINANCIAL STATEMENTS

11. LEASE LIABILITIES (CONTINUED)

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

	1/4/2022	Cash flows	Non-cash changes			31/3/2023
			Accretion of interest	Exchange difference	Other	
	US\$	US\$	US\$	US\$	US\$	US\$
Current	100,235	(103,249)	3,014	(633)	35,881	35,248
Non-current	35,881	-	-	-	(35,881)	-
	<u>136,116</u>	<u>(103,249)</u>	<u>3,014</u>	<u>(633)</u>	<u>-</u>	<u>35,248</u>

	1/4/2021	Cash flows	Non-cash changes			31/3/2022
			Accretion of interest	Exchange difference	Other	
	US\$	US\$	US\$	US\$	US\$	US\$
Current	98,793	(103,249)	6,357	(2,831)	101,165	100,235
Non-current	137,046	-	-	-	(101,165)	35,881
	<u>235,839</u>	<u>(103,249)</u>	<u>6,357</u>	<u>(2,831)</u>	<u>-</u>	<u>136,116</u>

12. TRADE AND OTHER PAYABLES

	2023	2022
	US\$	US\$
Trade payables		
Third parties	1,268,677	644,157
Immediate holding company	4,103,926	3,196,311
Subsidiaries	3,528,575	1,275,586
Related companies	852,109	40,555
	<u>9,753,287</u>	<u>5,156,609</u>
Other payables		
Accruals	7,304,847	1,974,539
Contract liabilities	681,531	5,373,761
Deferred income	-	88,400
GST/VAT payable	147,700	81,391
	<u>8,134,078</u>	<u>7,518,091</u>
	<u>17,887,365</u>	<u>12,674,700</u>

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\$	US\$
Sales of software	345,516	354,713
Project income and other services	56,406,543	19,841,456
	<u>56,752,059</u>	<u>20,196,169</u>
Timing of transfer of goods or services:		
At point in time	345,516	354,713
Over time	56,406,543	19,841,456
	<u>56,752,059</u>	<u>20,196,169</u>

14. OTHER INCOME

	<u>2023</u>	<u>2022</u>
	US\$	US\$
Rental income	28,086	-
Interest income	195,848	-
Others	3,286	2,718
	<u>227,220</u>	<u>2,718</u>

15. EMPLOYEE BENEFITS

	<u>2023</u>	<u>2022</u>
	US\$	US\$
Salaries and bonus	760,107	426,502
CPF contributions	38,818	12,983
Other benefits	70,859	107,316
	<u>869,784</u>	<u>546,801</u>

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\$	US\$
Allowance for impairment loss on trade receivables	13,560	116,151
Reversal of allowance for impairment loss on trade receivables	(116,151)	-
Allowance for impairment loss on investment in subsidiaries	-	967,970
Loss on foreign exchange	138,695	77,755

NOTES TO THE FINANCIAL STATEMENTS

17. INCOME TAX

	<u>2023</u> US\$	<u>2022</u> US\$
Current year provision	1,707,875	658,133
(Over)/Underprovision in prior year	(43,163)	13,166
	<u>1,664,712</u>	<u>671,299</u>

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

	<u>2023</u> US\$	<u>2022</u> US\$
Profit before tax	9,983,627	2,722,636
Tax at the applicable tax rate of 17%	1,697,217	462,848
Tax effect of		
- expenses not deductible for tax purposes	11,585	216,928
- income not taxable	(19,746)	-
- S13(8) tax exemption for foreign-sourced income	(30,211)	(28,047)
- utilisation of capital allowances	(2,752)	(2,994)
- tax exemption	(13,132)	(12,867)
- others	46,586	4,440
Foreign tax	18,328	17,825
	<u>1,707,875</u>	<u>658,133</u>

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> US\$	<u>2022</u> US\$
<u>With immediate holding company</u>		
Sales	3,440	-
Purchases	<u>12,114,993</u>	<u>5,779,716</u>
<u>With subsidiaries</u>		
Sales	2,236,500	151,327
Purchases	<u>14,629,933</u>	<u>4,450,609</u>
<u>With related companies</u>		
Sales	69,176	-
Purchases	3,529,468	83,566
Rental income	<u>28,086</u>	<u>-</u>
<u>Compensation of key management personnel</u>		
	<u>2023</u> US\$	<u>2022</u> US\$
Directors' fees	3,649	3,779
Directors' remuneration	310,095	354,179
	<u>313,744</u>	<u>357,958</u>

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\$
2023	
Cost	
At beginning/end of year	<u>423,198</u>
Accumulated depreciation	
At beginning of year	295,579
Depreciation	<u>95,714</u>
At end of year	<u>391,293</u>
Carrying amount	
2023	<u><u>31,905</u></u>
	<u>Office premises</u> US\$
2022	
Cost	
At beginning/end of year	<u>423,198</u>
Accumulated depreciation	
At beginning of year	199,865
Depreciation	<u>95,714</u>
At end of year	<u>295,579</u>
Carrying amount	
2022	<u><u>127,619</u></u>

(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.

(c) Amounts recognised in profit or loss

	<u>2023</u> US\$	<u>2022</u> US\$
Depreciation of right-of-use assets	95,714	95,714
Interest expense on lease liabilities	3,014	6,357
Total amount recognised in profit or loss	<u>98,728</u>	<u>102,071</u>

NOTES TO THE FINANCIAL STATEMENTS

19. LEASES (CONTINUED)

(d) Total cash outflow

The company had total cash outflows for leases of US\$103,249 (2022: US\$103,249).

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 (Note 14).

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

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

20. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

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

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

Capital risk

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

The company is not subject to externally imposed capital requirements.

Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

	One year or less US\$	One to five years US\$	Total US\$
2023			
Trade and other payables	1,739,665	-	1,739,665
Lease liabilities	35,490	-	35,490
	<u>1,775,155</u>	<u>-</u>	<u>1,775,155</u>
2022			
Trade and other payables	12,593,309	-	12,593,309
Lease liabilities	103,249	36,123	139,372
	<u>12,696,558</u>	<u>36,123</u>	<u>12,732,681</u>

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> US\$	<u>SGD</u> US\$	<u>KRW</u> US\$	<u>OTHERS</u> US\$	<u>Total</u> US\$
2023					
<u>Financial assets</u>					
Long-term deposit	-	31,271	-	-	31,271
Trade and other receivables	20,210,405	263,095	22,368	-	20,495,868
Bank balances	14,305,321	464,213	224,431	-	14,993,965
	<u>34,515,726</u>	<u>758,579</u>	<u>246,799</u>	<u>-</u>	<u>35,521,104</u>
<u>Financial liabilities</u>					
Trade and other payables	16,972,971	283,582	248,616	234,496	17,739,665
Lease liabilities	35,248	-	-	-	35,248
	<u>17,008,219</u>	<u>283,582</u>	<u>248,616</u>	<u>234,496</u>	<u>17,774,913</u>
Net financial assets /(liabilities)	17,507,507	474,997	(1,817)	(234,496)	17,746,191
Less: Net financial assets denominated in the company's functional currency	(17,507,507)	-	-	-	(17,507,507)
Foreign currency exposure	<u>-</u>	<u>474,997</u>	<u>(1,817)</u>	<u>(234,496)</u>	<u>238,684</u>

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

(iii) Foreign exchange risk (continued)

	USD US\$	SGD US\$	KRW US\$	OTHERS US\$	Total US\$
2022					
<u>Financial assets</u>					
Long-term deposit	-	29,836	-	-	29,836
Trade and other receivables	11,051,444	216,454	-	65,262	11,333,160
Bank balances	6,520,012	893,038	264,319	-	7,677,369
	<u>17,571,456</u>	<u>1,139,328</u>	<u>264,319</u>	<u>65,262</u>	<u>19,040,365</u>
<u>Financial liabilities</u>					
Trade and other payables	11,986,498	58,439	21,255	527,117	12,593,309
Lease liabilities	-	136,116	-	-	136,116
	<u>11,986,498</u>	<u>194,555</u>	<u>21,255</u>	<u>527,117</u>	<u>12,729,425</u>
 <u>Net financial assets</u> <u>/(liabilities)</u>	 5,584,958	 944,773	 243,064	 (461,855)	 6,310,940
Less: Net financial assets denominated in the company's functional currency	(5,584,958)	-	-	-	(5,584,958)
Foreign currency exposure	<u>-</u>	<u>944,773</u>	<u>243,064</u>	<u>(461,855)</u>	<u>725,982</u>

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> US\$	<u>2022</u> US\$
SGD	(19,712)	(39,208)
KRW	75	(10,087)
Others	<u>9,732</u>	<u>19,167</u>

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.

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

20. 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 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.

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\$	US\$
Financial assets at amortised cost	35,521,104	19,040,365
Financial liabilities at amortised cost	17,774,913	12,729,425

NOTES TO THE FINANCIAL STATEMENTS

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.