# Innovate, Adapt, Thrive

Subsidiary Financials

2022-23

# CONTENT

# APTOnline Limited

**(Company Registration Number: 039671 )**
**(CIN: U75142TG2002PLC039671 )**

# FINANCIAL STATEMENTS

**For the year ended**
**March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

# Independent Auditor's Report

**UDIN NO. 23048889BGUWAE2247**

**TO THE MEMBERS OF**
**APTONLINE LIMITED**
**HYDERABAD.**

## Report on the standalone Financial Statements

### Opinion

We have audited the accompanying Standalone financial statements of **APTOnline Limited** (hereinafter referred to as "the Company"); which comprises the Balance Sheet as at 31st March 2023 and Statement of Profit and Loss (including other comprehensive income), statement of changes in equity and the Cash Flow Statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and Statement of Profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Information other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

### Responsibility of Management's and Board of Director's for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flow of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (AS) specified under Section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and board of director's are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

## Auditor's Responsibility 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 auditor's 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 SAs 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 SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Director'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 auditor's report to the related disclosures in the standalone 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 auditor's 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India, in term of section 143(11)of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

  (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

  (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from the examination of those books.

  (c) The Balance Sheet and the Statement of Profit and Loss(including other comprehensive income), the statement of changes in equity and the Statement of Cash Flow dealt with by this report are in agreement with the books of accounts.

  (d) In our opinion, aforesaid standalone Financial Statements comply with the IndAS specified under Section 133 of the Act.

(e) On the basis of the written representations received from the Directors as on March 31, 2023, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2023 from being appointed as a Director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Independent Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 19 to the standalone financial statements.

ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 23 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the note 23 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv) (a) and (iv) (b) contain any material mis-statement.

v) The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 24 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

vi) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

According to the information and explanations given to us, no remuneration has been paid by the Company to any of its directors. Accordingly, provisions of Section 197 of the Act relating to remuneration to directors are not applicable. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **K B J & ASSOCIATES.**

*Chartered Accountants*

Firm's Registration No: 114934W

**Kaushik B. Joshi**

*Proprietor*

Membership No: 48889

Mumbai

27 April 2023

# ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

**Report on Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of APTONLINE LIMITED ('the Company')**

(Referred to our report of even date)

i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Plant, Property and Equipment.

(B) The Company has maintained proper records showing full particulars, including quantitative details and situation of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has a regular programme of physical verification of its Property, plant and equipment by which all Property, plant and equipment are verified every year. In accordance with this programme, Property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and records examined by us, the company does not have any immovable property (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including Right-of-use assets) and intangible assets.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable, and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

iv. According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable..

v. The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

vii. (a) The Company does not have liability in respect of Sales tax, Service tax, Duty of excise and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into Goods and Service Tax (GST).

According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including GST, Provident fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues have been generally deposited with the appropriate authorities. As explained to us, the Company did not have any dues of Customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Provident Fund, Employees State Insurance, Income-Tax, or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute. The following dues of Value added tax and sales tax, have not been deposited by the Company on account of dispute:

| Name of the statute | Nature of the dues | Amount under dispute (Rs in Lakhs) | Amount paid under protest (Rs in Lakhs) | Amount not paid | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|---|
| Andhra Pradesh General Sales Tax Act, 1957 | Sales Tax | 2.30 | 2.30 | Nil | 2002-03 to 2004-05 | Appellate Tribunal, Hyderabad |
| Andhra Pradesh Value Added Tax Act, 2005 | VAT (including Penalty) | 16.46 | 11.49 | 4.97 | 2005-06 to 2011-12 | Appellate Tribunal, Hyderabad |

viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short- term basis by the Company. Accordingly, clause 3(ix)(d) of the Order is not applicable.

(e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.

x. (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

xi. (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub- section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.



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(c) Establishment of vigil mechanism is not mandated for the Company. As represented to us by the management, there are no whistle blower complaints received by the company during the year vigil mechanism established voluntarily.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with *Sections 177 and 188* of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

xiv. (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

xvii. The Company has not incurred cash losses in the current and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **K B J & ASSOCIATES.**
*Chartered Accountants*
Firm's Registration No: 114934W

**Kaushik B. Joshi**
*Proprietor*
Membership No: 48889

Mumbai
27 April 2023

# Annexure B to the Independent Auditor's Report on the financial statements

## Report on the internal financial controls with reference to the aforesaid financial statements

### Opinion

We have audited the internal financial controls with reference to financial statements of APTOnline Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company as at and for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **K B J & ASSOCIATES.**
*Chartered Accountants*
Firm's Registration No: 114934W

**Kaushik B. Joshi**
*Proprietor*
Membership No: 48889

Mumbai
27 April 2023

## Balance Sheet

(₹ in lakhs)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 8(a) | **418.73** | 332.95 |
| Right-of-use assets | 7 | **-** | - |
| Intangible assets | 8(b) | **6.04** | 53.04 |
| Financial assets | | | |
| Trade receivables | 6(b) | | |
| Unbilled | | **48.77** | 1.64 |
| Income-tax assets (net) | | **977.17** | 1,006.58 |
| Deferred tax assets (net) | 15 | **446.53** | 333.10 |
| **Total non-current assets** | | **1,897.24** | 1,727.31 |
| **Current assets** | | | |
| Inventories | 8(d) | **32.25** | 26.15 |
| Financial assets | | | |
| Investments | 6(a) | **2,460.32** | 3,155.08 |
| Trade receivables | | | |
| Billed | 6(b) | **6,518.03** | 6,204.90 |
| Unbilled | | **289.32** | 366.94 |
| Cash and cash equivalents | 6(c) | **769.12** | 1,447.40 |
| Loans | 6(e) | **1,012.40** | 16.55 |
| Other financial assets | 6(f) | **4,745.51** | 5,780.66 |
| Other assets | 8(c) | **262.98** | 260.03 |
| **Total current assets** | | **16,089.93** | 17,257.71 |
| **TOTAL ASSETS** | | **17,987.17** | 18,985.02 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 6(k) | **177.00** | 177.00 |
| Other equity | 9 | **11,197.29** | 10,567.59 |
| **Total equity** | | **11,374.29** | 10,744.59 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| Employee benefit obligations | 12 | **83.11** | 108.24 |
| **Total non-current liabilities** | | **83.11** | 108.24 |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Trade payables | | | |
| Dues of creditors other than small enterprises and micro enterprises | 6(f) | **1,742.09** | 2,138.22 |
| Other financial liabilities | 6(g) | **3,716.81** | 4,849.59 |
| Unearned and deferred revenue | | **34.70** | 23.79 |
| Other liabilities | 8(e) | **571.80** | 887.30 |
| Employee benefit obligations | 12 | **37.93** | 29.19 |
| Income-tax liabilities (net) | | **426.44** | 204.10 |
| **Total current liabilities** | | **6,529.77** | 8,132.19 |
| **TOTAL EQUITY AND LIABILITIES** | | **17,987.17** | 18,985.02 |
| **NOTES FORMING PART OF THE FINANCIALS STATEMENTS** | 1-24 | | |

As per our report of even date attached.

For **K B J & ASSOCIATES**
*Chartered Accountants*
Firm's registration number : 114934W

**Kaushik B. Joshi**
*Proprietor*
Membership number : 048889
Mumbai
Date: April 27, 2023

For and on behalf of the Board

**Tej Paul Bhatla**
Director
DIN:08491426

**V Rajanna**
Director
DIN:01280277

Date: April 27, 2023

## Statement of Profit and Loss

(₹ in lakhs)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Revenue from operations | 10 | **13,439.98** | 13,509.45 |
| Other income | 11 | **463.85** | 384.48 |
| **TOTAL INCOME** | | **13,903.83** | 13,893.93 |
| **Expenses** | | | |
| Employee benefits expenses | 12 | **2,443.14** | 2,197.74 |
| Direct costs | 13(a) | **7,714.96** | 8,284.64 |
| Purchases of stock-in-trade | 13(b) | **169.87** | 213.29 |
| Changes in inventories of stock-in-trade | 13(c) | **(6.10)** | 10.07 |
| Finance costs | 14 | **1.69** | 3.51 |
| Depreciation and amortisation expense | | **209.05** | 236.76 |
| Other expenses | 13(d) | **1,145.68** | 803.74 |
| **TOTAL EXPENSES** | | **11,678.29** | 11,749.75 |
| **PROFIT BEFORE TAX** | | **2,225.54** | 2,144.18 |
| **Tax expense** | | | |
| Current tax | 15 | **710.24** | 563.24 |
| Deferred tax | 15 | **(107.01)** | (58.74) |
| **TOTAL TAX EXPENSE** | | **603.23** | 504.50 |
| **PROFIT FOR THE YEAR** | | **1,622.31** | 1,639.68 |
| **OTHER COMPREHENSIVE INCOME (OCI)** | | | |
| **Items that will not be reclassified subsequently to profit or loss:** | | | |
| Remeasurement of defined employee benefit plans | | **(25.54)** | (111.92) |
| **Income-tax on items that will not be reclassified subsequently to profit or loss** | | **6.43** | 28.17 |
| **TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)** | | **(19.11)** | (83.75) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **1,603.20** | 1,555.93 |
| **Earnings per equity share :- Basic and diluted (₹)** | 16 | **91.66** | 92.64 |
| Weighted average number of equity shares | | **1,770,000** | 1,770,000 |
| **NOTES FORMING PART OF THE FINANCIAL STATEMENTS** | 1-24 | | |

As per our report of even date attached.

For **K B J & ASSOCIATES**
*Chartered Accountants*
Firm's registration number : 114934W

**Kaushik B. Joshi**
*Proprietor*
Membership number : 048889
Mumbai
Date: April 27, 2023

For and on behalf of the Board

**Tej Paul Bhatla**
Director
DIN:08491426

**V Rajanna**
Director
DIN:01280277

Date: April 27, 2023

## Statement of Changes in Equity

### A) EQUITY SHARE CAPITAL

(₹ in lakhs)

| Balance as at April 1, 2021 | Change in equity share capital due to prior period errors | Restated balance as at April 1, 2021 | Change in equity share capital during the year* | Balance as at March 31, 2022 |
|---|---|---|---|---|
| 177.00 | - | 177.00 | - | 177.00 |

| Balance as at April 1, 2022 | Change in equity share capital due to prior period errors | Restated balance as at April 1, 2022 | Change in equity share capital during the year* | Balance as at March 31, 2023 |
|---|---|---|---|---|
| **177.00** | **-** | **-** | **-** | **177.00** |

*Refer note 6(l).

### B) OTHER EQUITY

(₹ in lakhs)

| | General reserve | Capital redemption reserve | Retained earnings | Total equity |
|---|---|---|---|---|
| **Balance as at April 1, 2022** | 566.93 | 280.00 | 9,720.66 | 10,567.59 |
| Profit for the year | - | - | 1,622.31 | 1,622.31 |
| Transfer from general reserve to retained earnings | (566.93) | - | 566.93 | - |
| Other comprehensive income / (losses) | - | - | (19.11) | (19.11) |
| **Total comprehensive income** | - | 280.00 | 11,890.79 | 12,170.79 |
| Dividend | - | - | (973.50) | (973.50) |
| **Balance as at March 31, 2023** | **-** | **280.00** | **10,917.29** | **11,197.29** |
| **Balance as at April 1, 2021** | 566.93 | 280.00 | 9,049.73 | 9,896.66 |
| Profit for the year | - | - | 1,639.68 | 1,639.68 |
| Other comprehensive income / (losses) | - | - | (83.75) | (83.75) |
| **Total comprehensive income** | 566.93 | 280.00 | 10,605.66 | 11,452.59 |
| Dividend | - | - | (885.00) | (885.00) |
| **Balance as at March 31, 2022** | 566.93 | 280.00 | 9,720.66 | 10,567.59 |

Loss of ₹ 19.11 lakhs and ₹ 83.75 lakhs on remeasurement of defined employee benefits (net of tax) is recognised as a part of retained earnings for year ended March 31, 2023 and 2022 respectively.

**Nature and purpose of reserves**

**a) General reserve**

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

**b) Capital redemption reserve**

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisoins of Section 69 of the Companies Act, 2013.

**c) Retained earnings**

This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-24**

As per our report of even date attached.

For **K B J & ASSOCIATES**
*Chartered Accountants*
Firm's registration number : 114934W

**Kaushik B. Joshi**
*Proprietor*
Membership number : 048889
Mumbai
Date: April 27, 2023

For and on behalf of the Board

**Tej Paul Bhatla**
Director
DIN:08491426

**V Rajanna**
Director
DIN:01280277

Date: April 27, 2023



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## Statement of Cash Flow

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Profit for the year** | **1,622.31** | 1,639.68 |
| **Adjustments to reconcile profit and loss to net cash provided by operating activities:** | | |
| Depreciation and amortisation expenses | **209.05** | 236.76 |
| Bad debts and advances written off, allowance on trade receivables and advances (net) | **499.48** | 250.14 |
| Tax expense | **603.23** | 504.50 |
| Net gain on disposal of property, plant and equipment | **(1.60)** | - |
| Net gain on disposal / fair valuation of investments | **(133.62)** | (106.68) |
| Interest income | **(315.08)** | (195.68) |
| Finance costs | **1.69** | 3.51 |
| **Operating profit before working capital changes** | **2,485.46** | 2,332.23 |
| **Net change in:** | | |
| Inventories | **(6.10)** | 10.07 |
| Trade receivables | | |
| Billed | **(812.61)** | 954.99 |
| Unbilled | **30.49** | (32.85) |
| Loans and Other financial assets | **(358.74)** | 164.88 |
| Other assets | **(2.96)** | (4.90) |
| Trade payables | **(396.13)** | (771.80) |
| Unearned and deferred revenue | **10.91** | 6.18 |
| Other financial liabilities | **(1,132.77)** | 2,597.02 |
| Other liabilities and provisions | **(357.43)** | (81.70) |
| **Cash generated from operations** | **(539.88)** | 5,174.12 |
| Taxes paid (net of refunds) | **(458.50)** | (762.92) |
| **Net cash generated in operating activities** | **(998.38)** | 4,411.20 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Bank deposits placed | **(4,000.00)** | (5,421.00) |
| Inter-corporate deposits placed | **(1,000.00)** | - |
| Purchase of investments | **(7,800.00)** | (7,100.00) |
| Payment for purchase of property, plant and equipment | **(247.83)** | (157.97) |
| Payment for purchase of intangible assets | **-** | (53.94) |
| Proceeds from bank deposits | **5,421.00** | 3,170.00 |
| Proceeds from disposal / redemption of investments | **8,628.39** | 6,213.39 |
| Proceeds from disposal of property, plant and equipment | **1.60** | - |
| Interest received | **292.13** | 171.85 |
| **Net cash (used) / generated from investing activities** | **1,295.29** | (3,177.67) |

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Repayment of lease liabilities | **-** | (20.48) |
| Interest paid | **(1.69)** | (3.51) |
| Dividend paid | **(973.50)** | (885.00) |
| **Net cash used in financing activities** | **(975.19)** | (908.99) |
| Cash and cash equivalents at the beginning of the year | **1,447.40** | 1,122.86 |
| **Cash and cash equivalents at the end of the year (refer Note 6(c) )** | **769.12** | 1,447.40 |
| **NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-24** | | |

As per our report of even date attached.

For **K B J & ASSOCIATES**
*Chartered Accountants*
Firm's registration number : 114934W

**Kaushik B. Joshi**
*Proprietor*
Membership number : 048889
Mumbai
Date: April 27, 2023

For and on behalf of the Board

**Tej Paul Bhatla**
Director
DIN:08491426

**V Rajanna**
Director
DIN:01280277

Date: April 27, 2023



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## Notes forming part of the Financial Statements

### 1) CORPORATE INFORMATION

APTOnline Limited ("formerly APOnline Limited") was incorporated on September 25, 2002 and is jointly promoted by Tata Consultancy Services Limited (TCS) and Andhra Pradesh Technology Services Limited (APTS), a corporation wholly owned by the Government of Andhra Pradesh (GOAP). The Company carries on the business of development, maintenance and management of the APONLINE portal for providing web-based services by Government to citizen, Government to business and other portfolio services of Government.

The state of Telangana was carved out of the State of Andhra Pradesh, pursuant to Andhra Pradesh Reorganisation Act, 2014. Presently, the Company continues to serve both the states of Telangana and Andhra Pradesh.

The Company is unlisted public limited company incorporated and domiciled in India. The address of its registered office is Synergy Park (Non-SEZ Campus), Sarayu, SGA-Z4, Gachibowli, Hyderabad-500032. Tata Consultancy Services Limited ('TCS'), the holding company, owns 89% of the Company's equity share capital. Tata Sons Limited is the ultimate parent company.

The name of the Company has been changed from APOnline Limited to APTOnline Limited with effect from April 2, 2016.

The financial statements for the year ended March 31, 2023 are approved by the Board of Directors and authorised for issue on April 27, 2023.

### 2) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

### 3) BASIS OF PREPARATION

These financial statements have been prepared in Indian rupee (₹) which is the functional currency of the Company.

These financial statements have been prepared on historical cost basis, except for certain financial instruments and defined benefit plans which are measured at fair value or amortised cost at the end of each reporting period and employee retirement obligation, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

### 4) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:



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## Notes forming part of the Financial Statements

**a) Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**b) Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**c) Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**d) Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**e) Employee benefits**

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

**f) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## 5) RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

## 6) FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of balance sheet date, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.



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## Notes forming part of the Financial Statements

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**(a) Investments**

Investments consist of the following:

(₹ in lakhs)

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| **Current** | | | | |
| **Investment carried at fair value through profit and Loss** | **Quantity** | **₹** | Quantity | ₹ |
| **Mutual funds (quoted)** | | | | |
| Tata liquid fund direct plan - growth | **14,614.00** | **519.00** | 45,185.00 | 1,518.41 |
| UTI-Liquid Cash Plan-Institutional-Direct Plan-Growth | **-** | **-** | 29,387.00 | 1,025.05 |
| AXIS-Liquid Cash Plan-Institutional-Direct Plan-Growth | **20,706.00** | **517.85** | 25,871.00 | 611.62 |
| Nippon-Liquid Cash Plan-Institutional-Direct Plan-Growth | **25,849.00** | **1,423.47** | - | - |
| | **61,169.00** | **2,460.32** | 100,443.00 | 3,155.08 |

Aggregate value of quoted investments is as follows:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Aggregate value of quoted investments | **2,460.32** | 3,155.08 |
| Aggregate market value of quoted investments | **2,460.32** | 3,155.08 |

**(b) Trade receivables - Billed**

Trade receivables (unsecured) consists of the following:

**Trade receivables - Billed - Non-current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables - Billed | **1,560.41** | 1,060.93 |
| Less: Allowance for doubtful trade receivables - Billed | **(1,560.41)** | (1,060.93) |
| **Considered good** | **-** | - |

Ageing for trade receivables - non-current outstanding as at March 31, 2023 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 Year | 1 -2 Year | 2 -3 Year | More than 3 Years | Total |
| **Trade receivables - billed** | | | | | | | |
| Undisputed trade receivables - considered good | - | - | - | - | 70.29 | 1,490.12 | 1,560.41 |
| Undisputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables - considered good | - | - | - | - | - | - | - |
| Disputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| | - | - | - | - | 70.29 | 1,490.12 | 1,560.41 |
| **Less: Allowance for doubtful trade receivables - Billed** | | | | | | | (1,560.41) |
| | | | | | | | - |
| **Trade receivables - unbilled** | | | | | | | 48.77 |
| | | | | | | | 48.77 |



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## Notes forming part of the Financial Statements

Ageing for trade receivables - non-current outstanding as at March 31, 2022 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 Year | 1 -2 Year | 2 -3 Year | More than 3 Years | Total |
| **Trade receivables - billed** | | | | | | | |
| Undisputed trade receivables - considered good | - | - | - | 17.96 | 151.67 | 891.30 | 1,060.93 |
| Undisputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables - considered good | - | - | - | - | - | - | - |
| Disputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| | - | - | - | 17.96 | 151.67 | 891.30 | 1,060.93 |
| **Less: Allowance for doubtful trade receivables - Billed** | | | | | | | (1,060.93) |
| | | | | | | | - |
| **Trade receivables - unbilled** | | | | | | | 1.64 |
| | | | | | | | 1.64 |

**Trade receivables - Billed - Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables - Billed | **6,518.03** | 6,204.90 |
| Less: Allowance for doubtful trade receivables - Billed | **-** | - |
| **Considered Good** | **6,518.03** | 6,204.90 |
| Trade receivables - Billed | **-** | - |
| Less: Allowance for doubtful trade receivables - Billed | **-** | - |
| **Credit impaired** | **-** | - |
| | **6,518.03** | 6,204.90 |

Above balances of trade receivables include balances with related parties (Refer note 21).



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Ageing for trade receivables - current outstanding as at March 31, 2023 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 Year | 1 -2 Year | 2 -3 Year | More than 3 Years | Total |
| **Trade receivables - billed** | | | | | | | |
| Undisputed trade receivables - considered good | **790.98** | **2,538.41** | **1,032.14** | **1,037.27** | **715.54** | **393.95** | **6,508.29** |
| Undisputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables - credit impaired | - | - | - | - | **0.03** | **9.72** | **9.75** |
| Disputed trade receivables - considered good | - | - | - | - | - | - | - |
| Disputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| | **790.98** | **2,538.41** | **1,032.14** | **1,037.27** | **715.57** | **403.67** | **6,518.04** |
| **Less: Allowance for doubtful trade receivables - Billed** | | | | | | | - |
| | | | | | | | 6,518.04 |
| **Trade receivables - unbilled** | | | | | | | 289.32 |
| | | | | | | | 6,807.36 |

Ageing for trade receivables - current outstanding as at March 31, 2022 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 Year | 1 -2 Year | 2 -3 Year | More than 3 Years | Total |
| **Trade receivables - billed** | | | | | | | |
| Undisputed trade receivables - considered good | 1,058.01 | 1,450.68 | 861.77 | 1,838.43 | 722.21 | 264.06 | 6,195.16 |
| Undisputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |

## Notes forming part of the Financial Statements

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 Year | 1 -2 Year | 2 -3 Year | More than 3 Years | Total |
| Undisputed trade receivables - credit impaired | - | - | - | 9.74 | - | - | 9.74 |
| Disputed trade receivables - considered good | - | - | - | - | - | - | - |
| Disputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| | 1,058.01 | 1,450.68 | 861.77 | 1,848.17 | 722.21 | 264.06 | 6,204.90 |
| **Less: Allowance for doubtful trade receivables - Billed** | | | | | | | - |
| | | | | | | | 6,204.90 |
| **Trade receivables - unbilled** | | | | | | | 366.94 |
| | | | | | | | 6,571.84 |

### (c) Cash and cash equivalents

Cash and cash equivalents consists of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balances with banks** | | |
| - in current accounts | **769.12** | 1,447.40 |
| | **769.12** | 1 ,447.40 |

### (d) Loans

Loans (unsecured) consists of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Loans - considered good** | | |
| Inter-corporate deposits | **1,000.00** | - |
| Loans and advances to employees | **12.40** | 16.55 |
| | **1,012.40** | 16.55 |

**(e) Other financial assets**

Other financial assets (unsecured) consists of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| a) Security deposits | **32.19** | 32.59 |
| b) Other advances | **594.73** | 231.44 |
| c) Accrued interest | **118.58** | 95.63 |
| d) Bank deposits (more than 3 months from the balance sheet date) | **4,000.00** | 5,421.00 |
| | **4,745.50** | 5,780.66 |

**(f) Dues of small enterprises and micro enterprises**

The disclosure pursuant to the Micro, Small and Medium Enterprises Developmnet Act, 2006, (MSMED Act) for dues to micro enterprises and small enterprises as at March 31, 2023 and March 31, 2022 is as under:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Dues remaining unpaid to any supplier | | |
| Principal | **-** | - |
| Interest on the above | **-** | - |
| Amount of interest paid in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | **-** | - |
| Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | **-** | - |
| | **As at March 31, 2023** | **As at March 31, 2022** |
| Amount of interest accrued and remaining unpaid | **-** | - |
| Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | **-** | - |

## Notes forming part of the Financial Statements

**(g) Trade Payables**

Ageing for trade payables outstanding as at March 31, 2023 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not due | Less than 1 Year | 1 -2 Year | 2 -3 Year | More than 3 Years | Total |
| **Trade Payables** | | | | | | |
| MSME* | - | - | - | - | - | - |
| Others | **117.85** | **669.79** | - | - | **150.23** | **937.87** |
| Disputed dues - MSME* | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |
| | **117.85** | **669.79** | **0.00** | **0.00** | **150.23** | **937.87** |
| **Accrued expenses** | | | | | | **804.22** |
| | | | | | | **1,742.09** |

*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006.

Ageing for trade payables outstanding as at March 31, 2022 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not due | Less than 1 Year | 1 -2 Year | 2 -3 Year | More than 3 Years | Total |
| **Trade Payables** | | | | | | |
| MSME* | - | - | - | - | - | - |
| Others | 346.52 | 696.30 | - | - | 150.23 | 1,193.05 |
| Disputed dues - MSME* | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |
| | 346.52 | 696.30 | - | - | 150.23 | 1 ,193.05 |
| **Accrued expenses** | | | | | | 945.17 |
| | | | | | | 2 ,138.22 |

*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006.

Above balances of trade payables include balances with related parties (Refer note 21).

**(h) Other financial liabilities**

Other financial liabilities consists of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Amount collected on behalf of * | | |
| - Government departments | **2,947.67** | 4,134.98 |
| - Non-government departments | **8 6.95** | 31.07 |
| (b) Security deposits received | **560.82** | 572.44 |
| (c) Employee payables | **121.38** | 111.10 |
| | **3,716.82** | 4,849.59 |

*Amount collected on behalf of government and non-government includes collection of utility bills, ration card charges, government taxes, etc.

**(i) Financial Instruments by category**

The carrying value of financial instruments by categories as of March 31, 2023 is as follows:

(₹ in lakhs)

| | Fair value through profit or loss | Amortised cost | Total carrying value |
|---|---|---|---|
| **Financial assets:** | | | |
| Cash and cash equivalents | **-** | **769.12** | **769.12** |
| Bank deposits | **-** | **4,000.00** | **4,000.00** |
| Investments | **2,460.31** | **-** | **2,460.31** |
| Trade receivables | | | |
| Billed | **-** | **6,518.03** | **6,518.03** |
| Unbilled | **-** | **338.09** | **338.09** |
| Loans | **-** | **1,012.40** | **1,012.40** |
| Other financial assets | **-** | **745.50** | **745.50** |
| **Total** | **2,460.31** | **13,383.14** | **15,843.45** |
| **Financial liabilities:** | | | |
| Trade payables | **-** | **1,742.10** | **1,742.10** |
| Other financial liabilities | **-** | **3,716.82** | **3,716.82** |
| **Total** | **-** | **5,458.92** | **5,458.92** |

The carrying value of financial instruments by categories as of March 31, 2022 is as follows:

(₹ in lakhs)

| | Fair value through profit or loss | Amortised cost | Total carrying value |
|---|---|---|---|
| **Financial assets:** | | | |
| Cash and cash equivalents | - | 1,447.40 | 1,447.40 |
| Bank deposits | - | 5,421.00 | 5,421.00 |
| Investments | 3,155.08 | - | 3,155.08 |
| Trade receivables | | | |
| Billed | - | 6,204.90 | 6,204.90 |
| Unbilled | - | 368.58 | 368.58 |
| Loans | - | 16.55 | 16.55 |
| Other financial assets | - | 359.66 | 359.66 |
| **Total** | 3,155.08 | 13,818.09 | 16,973.17 |
| **Financial liabilities:** | | | |
| Trade payables | - | 2,138.22 | 2,138.22 |
| Other financial liabilities | - | 4,849.59 | 4,849.59 |
| **Total** | - | 6,987.81 | 6,987.81 |

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables, loans , other financial assets, trade payables and other financial liabilities as at March 31, 2023 and March 31, 2022 approximate the fair value due to their nature.

## Notes forming part of the Financial Statements

Carrying amounts of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities which are subsequently measured at amortised cost also approximate the fair value due to their nature in each of the periods presented. Fair value measurement of lease liabilities is not required.

### (j) Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

(₹ in lakhs)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **As of March 31, 2023** | | | | |
| **Financial assets** | | | | |
| Mutual fund units | **2,460.31** | **-** | **-** | **2,460.31** |
| **Total** | **2,460.31** | **-** | **-** | **2,460.31** |

(₹ in lakhs)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **As of March 31, 2022** | | | | |
| **Financial assets** | | | | |
| Mutual fund units | 3,155.08 | - | - | 3,155.08 |
| **Total** | 3,155.08 | - | - | 3,155.08 |

### (k) Financial risk management

The Company is exposed primarily to credit, liquidity and price risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

- **Interest rate risk**

The Company investments are primarily in fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investments and other financial assets. None of the other financial instruments of the Company result in material concentration of credit risk.

- **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 15,843.45 lakhs and ₹ 16,973.17 lakhs as on March 31, 2023 and 2022, respectively, being the total of the carrying amount of investment in mutual funds, balances with banks, trade receivables, unbilled receivables , loans and other financial assets.

The Company exposure to customers is diversified. Apart from The principal Secretary-APPSC ₹ 1,264.99 lakhs and The Director EDS-AP ₹ 682.29 lakhs, (Previous Year - The principal Secretary-APPSC ₹ 1918.98 lakhs,The MD & CEO-ASSCCL ₹ 689.40 lakhs and The Director EDS-AP ₹ 764.68 lakhs), no other customer contributes to more than 10% of outstanding accounts receivable and unbilled receivables as of March 31, 2023 and 2022.

- **Geographic concentration of credit risk**

The Company has a geographic concentration of trade receivables, net of allowances and unbilled receivables in India.

The allowance for lifetime expected credit loss on trade receivables for the years ended March 31, 2023 and 2022 was ₹ 499.48 lakhs and ₹ 250.14 lakhs, respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **1060.93** | 810.79 |
| Change during the year | **499.48** | 250.14 |
| **Balance at the end of the year** | **1560.41** | 1060.93 |

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generates sufficient cash flows from operations to meet its financial obligations as and when they The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(₹ in lakhs)

| | Due in 1st Year | Due in 2nd Year | Due in 3rd Year | Due in 4th Year | Due in 5th Year | Total |
|---|---|---|---|---|---|---|
| **March 31, 2023** | | | | | | |
| Trade payables | **1,742.10** | **-** | **-** | **-** | **-** | **1,742.10** |
| Other financial liabilities | **3,716.82** | **-** | **-** | **-** | **-** | **3,716.82** |
| **Total** | **5,458.92** | **-** | **-** | **-** | **-** | **5,458.92** |
| **March 31, 2022** | | | | | | |
| Trade payables | 2,138.22 | - | - | - | - | 2,138.22 |
| Other financial liabilities | 4,849.59 | - | - | - | - | 4,849.59 |
| **Total** | 6,987.81 | - | - | - | - | 6,987.81 |



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## Notes forming part of the Financial Statements

**Other price risks**

The fair value of investment in mutual funds is ₹ 2,460.31 lakhs and ₹ 3,155.08 lakhs as on March 31, 2023 and March 31, 2022 respectively. The Company is exposed to price risks arising from investment in mutual funds. The investments are made in acceptable funds, while optimizing the returns.

**(l) Equity instruments**

**Share capital**

The authorised, issued, subscribed and fully paid-up share capital comprises of the following :

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorised** | | |
| (a) Equity shares 3,000,000 of ₹ 10 each with voting rights (March 31, 2022: 3,000,000 equity shares of ₹ 10 each) | **300.00** | 300.00 |
| (b) Redeemable preference shares 3,000,000 of ₹ 10 each (March 31, 2022: 3,000,000 preference shares of ₹ 10 each) | **300.00** | 300.00 |
| | **600.00** | 600.00 |
| **Issued, Subscribed and Fully paid-up** | | |
| 1,770,000 equity shares of ₹ 10 each (March 31, 2022: 1,770,000 equity shares of ₹ 10 each) | **177.00** | 177.00 |
| | **177.00** | 177.00 |

**i. Reconciliation of the number of shares:**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount in ₹ lakhs** | Number of shares | Amount in ₹ lakhs |
| **Equity shares** | | | | |
| Opening balance | **1,770,000** | **177.00** | 1,770,000 | 177.00 |
| Issued during the year | **-** | **-** | - | - |
| **Closing balance** | **1,770,000** | **177.00** | 1,770,000 | 177.00 |

**ii. Rights, preferences and restrictions attached to the equity shares**

The Company has one class of equity shares having a face value of ₹ 10 each. Each holder of equity share is entitled to one vote per share held and carry a right to dividend. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their share holding..

**iii. Details of shares held by the holding company**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Number of shares | Amount in ₹ lakhs | Number of Shares | Amount in ₹ lakhs |
| **Equity shares** | | | | |
| Tata Consultancy Services Limited, holding company | **1,575,300** | **157.53** | 1,575,300 | 157.53 |
| **Total** | **1,575,300** | **157.53** | 1,575,300 | 157.53 |



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### iv. Details of shares held by share holders holding more than 5% of a class of shares

| | As at 31 March, 2023 | | As at 31 March, 2022 | |
|---|---|---|---|---|
| | **Number of shares held** | **% holding in that class of shares** | Number of shares held | % holding in that class of shares |
| **Equity shares** | | | | |
| Tata Consultancy Services Limited | **1,575,300** | **89%** | 1,575,300 | 89% |
| Andhra Pradesh Technology Services Limited | **194,700** | **11%** | 194,700 | 11% |
| | **1,770,000** | **100%** | 1,770,000 | 100% |

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

### V. Disclosure of Shareholding Promoters

Disclosure of shareholding of promoters as at March 31, 2023 is as follows:

| Promoter name | Shares held by promoters | | | | % Change during the year |
|---|---|---|---|---|---|
| | As at March 31, 2023 | | As at March 31, 2022 | | |
| | **No.of shares*** | **% of total shares** | No.of shares* | % of total shares | |
| Tata Consultancy Services Limited (holding company) | **1,575,300** | **89%** | 1,575,300 | 89% | - |
| Andhra Pradesh Technology Services Limited (significant share holder) | **194,700** | **11%** | 194,700 | 11% | - |
| **Total** | **1,770,000** | **100%** | 1,770,000 | 100% | - |

Disclosure of shareholding of promoters as at March 31, 2022 is as follows:

| Promoter name | Shares held by promoters | | | | % Change during the year |
|---|---|---|---|---|---|
| | As at March 31, 2022 | | As at March 31, 2021 | | |
| | **No.of shares*** | **% of total shares** | No.of shares* | % of total shares | |
| Tata Consultancy Services Limited (holding company) | **1,575,300** | **89%** | 1,575,300 | 89% | - |
| Andhra Pradesh Technology Services Limited (significant share holder) | **194,700** | **11%** | 194,700 | 11% | - |
| **Total** | **1,770,000** | **100%** | 1,770,000 | 100% | - |

## Notes forming part of the Financial Statements

### 7) LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The details of the right-of-use asset held by the Company is as follows:

(₹ in lakhs)

| | Additions for the year ended March 31, 2023 | Net carrying amount as at March 31, 2023 |
|---|---|---|
| Lease hold buildings | - | - |
| **Total** | - | - |

(₹ in lakhs)

| | Additions for the year ended March 31, 2022 | Net carrying amount as at March 31, 2022 |
|---|---|---|
| Lease hold buildings | - | - |
| **Total** | - | - |



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Depreciation on right-of-use assets is as follow

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Depreciation** | | |
| Lease hold buildings | - | 15.67 |
| | - | 15.67 |

Interest on lease liabilities is ₹ Nil lakhs and ₹ 0.41 lakhs for the years ended March 31, 2023 and 2022, respectively.

The total cash outflow for leases is ₹ Nil lakhs and ₹ 112.11 lakhs for the years ended March 31, 2023 and 2022, respectively, including cash outflow for short term and low value leases.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

## 8) NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES

### (a) Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight-line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of asset | Useful lives |
|---|---|
| Computer equipment | 4 years |
| Vehicles | 4 years |
| Office equipment | 5 years |
| Furniture and fixtures | 5 years |

Property, plant and equipment assets with finite life are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in the statement of profit and loss.

## Notes forming part of the Financial Statements

Property, plant and equipment consists of the following:

(₹ in lakhs)

| Description | Computer equipment | Vehicles | Office equipment | Furniture and fixtures | Total |
|---|---|---|---|---|---|
| **Cost as at April 1, 2022** | **2,488.46** | **56.45** | **0.76** | **2.61** | **2,548.28** |
| Additions | **249.22** | **-** | **0.07** | **-** | **249.29** |
| Disposals | **-** | **(7.73)** | **-** | **-** | **(7.73)** |
| **Gross block as at March 31, 2023** | **2,737.68** | **48.72** | **0.83** | **2.61** | **2,789.84** |
| **Accumulated depreciation as at April 1, 2022** | **(2,187.08)** | **(26.00)** | **(0.73)** | **(1.52)** | **(2,215.33)** |
| Depreciation for the year | **(152.35)** | **(9.20)** | **(0.01)** | **(0.49)** | **(162.05)** |
| On disposals | **-** | **6.27** | **-** | **-** | **6 .27** |
| **Accumulated depreciation as at March 31, 2023** | **(2,339.43)** | **(28.93)** | **(0.74)** | **(2.01)** | **(2,371.11)** |
| **Net carrying amount as at March 31, 2023** | **398.25** | **19.79** | **0.09** | **0.60** | **418.73** |

(₹ in lakhs)

| Description | Computer equipment | Vehicles | Office equipment | Furniture and fixtures | Total |
|---|---|---|---|---|---|
| **Cost as at April 1, 2021** | 2,360.06 | 26.88 | 0.76 | 2.61 | 2,390.31 |
| Additions | 128.40 | 29.57 | - | - | 157.97 |
| Disposals | - | - | - | - | - |
| **Gross block as at March 31, 2022** | 2,488.46 | 56.45 | 0.76 | 2.61 | 2,548.28 |
| **Accumulated depreciation as at April 1, 2021** | (2,054.39) | (17.59) | (0.72) | (1.03) | (2,073.73) |
| Depreciation for the year | (132.69) | (8.41) | (0.01) | (0.49) | (141.60) |
| On disposals | - | - | - | - | - |
| **Accumulated depreciation as at March 31, 2022** | (2,187.08) | (26.00) | (0.73) | (1.52) | (2,215.33) |
| **Net carrying amount as at March 31, 2022** | 301.38 | 30.45 | 0.03 | 1.09 | 332.95 |

**(b) Intangible assets**

Intangible assets are measured at cost less accumulated amortisation and impairment loss if any.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

| Asset | Useful life |
|---|---|
| Computer software | 2 years |

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any



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Intangible assets with finite life are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in the statement of profit and loss.

Intangible assets consists of the following:

(₹ in lakhs)

| Description | Computer software | Customer-related intangibles | Total |
|---|---|---|---|
| **Cost as at April 1, 2022** | **386.61** | **-** | **386.61** |
| Additions | - | - | - |
| **Gross block as at March 31, 2023** | **386.61** | **-** | **386.61** |
| **Accumulated amortisation as at April 1, 2022** | **(333.57)** | **-** | **(333.57)** |
| Amortisation for the year | **(47.00)** | **-** | **(47.00)** |
| **Accumulated amortisation as at March 31, 2023** | **(380.57)** | **-** | **(380.57)** |
| **Net carrying amount as at March 31, 2023** | **6.04** | **-** | **6.04** |

(₹ in lakhs)

| Description | Computer software | Customer-related intangibles | Total |
|---|---|---|---|
| **Cost as at April 1, 2020** | 332.67 | - | 332.67 |
| Additions | 53.94 | - | 53.94 |
| **Gross block as at March 31, 2021** | 386.61 | - | 386.61 |
| **Accumulated amortisation as at April 1, 2021** | (254.08) | - | (254.08) |
| Amortisation for the year | (79.49) | - | (79.49) |
| **Accumulated amortisation as at March 31, 2022** | (333.57) | - | (333.57) |
| **Net carrying amount as at March 31, 2022** | 53.04 | - | 53.04 |

**The estimated amortisation for the years subsequent to March 31, 2023 as follows:**

(₹ in lakhs)

| Year ending March 31, | | Amortisation expense |
|---|---|---|
| | - | |
| 2023 | 6.04 | 47.00 |
| 2024 | - | 6.04 |
| | 6.04 | 53.04 |

## Notes forming part of the Financial Statements

**(c) Other assets**

Other assets (unsecured) consists of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(A) Other assets - current** | | |
| **Considered good** | | |
| a) Prepaid expenses | **137.90** | 92.91 |
| b) Advance to suppliers | **9.10** | 0.56 |
| c) Indirect taxes recoverable | **115.98** | 166.56 |
| | **262.98** | 260.03 |

**(d) Inventories**

Inventories consist of finished goods. Inventories are valued at the lower of cost on First In Fist Out (FIFO) basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. The Cost of finished goods produced or purchased by the Company includes direct material and labour cost.

Inventories consists of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Stock in trade | **32.25** | 26.15 |
| | **32.25** | 26.15 |

Inventories are carried at lower of cost and net realisable value.

**(e) Other liabilities**

Other liabilities consists of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Other liabilities - current** | | |
| Advance received | **174.22** | 335.86 |
| Indirect tax payable and other statutory liabilities | **185.26** | 294.67 |
| Amount received from franchisees | **212.33** | 256.76 |
| Others | **-** | 0.01 |
| | **571.81** | 887.30 |



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## 9) OTHER EQUITY

Other equity consist of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Capital redemption reserve | | |
| Opening balance | **280.00** | 280.00 |
| Movement | **-** | - |
| Closing balance | **280.00** | 280.00 |
| (b) General reserve | | |
| Opening balance | **566.93** | 566.93 |
| Transfer from retained earnings | **(566.93)** | - |
| Closing balance | **-** | 566.93 |
| (c) Retained earnings | | |
| (i) Opening balance | **9,720.66** | 9,049.73 |
| (ii) Profit for the year | **1,622.31** | 1,639.68 |
| (iii) Other comprehensive income arising from remeasurement of defined employee benefit plans, net of income-tax | **(19.11)** | (83.75) |
| (iv)Transfer from general reserve to retained earning | **566.93** | - |
| | **11,890.79** | 10,605.66 |
| Less: Appropriations | | |
| (i) Dividend on equity shares | **(973.50)** | (885.00) |
| | **10,917.29** | 9,720.66 |
| | **11,197.29** | 10,567.59 |

## 10) REVENUE RECOGNITION

The Company earns revenue primarily from providing IT enabled services in the State of Andhra Pradesh and Telangana.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- Revenue from the sale of distinct third party software and hardware is recognised at the point in time when control is transferred to the customer, net of applicable taxes and duties.
- Transaction revenue from citizen services platforms are recognized as the services are performed and amount earned. Amounts are considered to be earned once evidence of an agreement or contractual arrangement has been obtained, services are delivered and collectability is reasonably assured.
- Unearned and deferred revenue ("contract liability") consists of advances received from customers. The Company disaggregates revenue from contracts with customers by nature of services.



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## Notes forming part of the Financial Statements

Revenue disaggregation by nature is as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **A) Information technology and consultancy services** | | |
| (a) Transaction revenue | **2,730.12** | 2,885.83 |
| (b) Wage disbursement | **616.74** | 7 27.87 |
| (c) Software development services and maintenance | **3,317.87** | 2,879.46 |
| (d) Man power supply | **610.81** | 6 30.48 |
| (e) Data centre establishment and maintenance | **109.04** | 139.38 |
| (f) Franchisee fees | **4 5.13** | 32.35 |
| (g) ION services | **5,472.82** | 5,584.27 |
| (h) Aadhaar authentication | **257.29** | 299.13 |
| (i) Others | **66.09** | 45.51 |
| **Total** | **13,225.91** | 13,224.28 |
| **B) Sale of products** | | |
| (a) Hardware | **28.29** | 110.24 |
| (b) Software | **10.95** | 6.03 |
| (c) Stationery | **174.83** | 168.90 |
| **Total** | **214.07** | 285.17 |
| **Total** | **13,439.98** | 13,509.45 |

All revenue is derived in the State of Andhra Pradesh and Telangana.

The revenue recognised in the statement of profit and loss equals to the contracted price.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

The Company does not have contract assets.

Changes in Unearned and deferred revenue are as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **23.79** | 17.61 |
| Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year. | **(23.79)** | (17.61) |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year. | **34.70** | 23.79 |
| **Balance at the end of the year** | **34.70** | 23.79 |

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

## 11) OTHER INCOME

Other Income comprises of interest income for all financial instruments measured at amortised cost. Interest income is recorded on accrual basis. Interest income is included in Other income in the Statement of Profit and Loss.

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using effective interest method.

Other income consists of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| (a) Net gain on disposal / fair valuation of investments carried at fair value through profit of loss | **133.62** | 106.67 |
| (b) Interest income | **315.08** | 195.68 |
| (c) Net gain on disposal of property, plant and equipment | **1.60** | - |
| (d) Miscellaneous income | **13.55** | 82.13 |
| | **463.85** | 384.48 |

## 12) EMPLOYEE BENEFITS

**Defined benefit plans**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the date of each balance sheet date. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

The Company provides Gratuity to it's employees is treated as defined contribution plan.

**Defined contribution plans**

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

The Company provides Provident Fund to it's employees is treated as defined contribution plan.

**Short term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Compensated absences**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

**Other short-term employee benefits**

Other short-term employee benefits, including performance incentives expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.



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## Notes forming part of the Financial Statements

Employee benefit expenses consists of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| a) Salaries, incentives and allowances | **2,197.90** | 1,999.38 |
| b) Contributions to provident fund | **1 40.78** | 121.95 |
| c) Contributions to ESIC | **8.51** | 7.80 |
| d) Staff welfare expenses | **95.95** | 68.61 |
| | **2,443.14** | 2,197.74 |

Employee benefit obligations consists of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(A) Employee benefit obligation - Non-current** | | |
| Gratuity liability | **-** | 27.54 |
| Compensated absences | **83.11** | 80.70 |
| | **83.11** | 108.24 |
| **(B) Employee benefit obligation - Current** | | |
| Compensated absences | **37.93** | 29.19 |
| | **37.93** | 29.19 |

**Gratuity**

In accordance with Indian law, the Company operates a scheme of gratuity which is defined benefit plan. The gratuity plan provide for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 day's basic salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The Company manages the plan through a trust. Trustees administer contributions made to the trust through LIC group gratuity fund.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements.

The estimate of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Change in defined benefit obligations** | | |
| Benefit obligations, beginning of the year | **235.78** | 127.83 |
| Service cost | **24.74** | 15.88 |
| Interest cost | **13.56** | 7.03 |
| Benefit paid | **(43.61)** | (34.38) |
| Actuarial loss/(gain) recognized in OCI | **28.56** | 119.42 |
| **Benefit obligations, end of the year** | **259.03** | 235.78 |

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Change in plan assets** | | |
| Fair value of plan assets, beginning of the year | **208.24** | 110.44 |
| Interest Income | **11.97** | 6.07 |
| Employer contribution | **117.69** | 118.61 |
| Benefits paid | **(43.61)** | (34.38) |
| Remeasurement-return on plan assets excluding amount included in interest income | **3.02** | 7.50 |
| **Fair value of plan assets, end of the year** | **297.31** | 208.24 |

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Funded status:** | | |
| Surplus / (Deficit) of plan assets over obligations | **38.29** | (27.54) |

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Category of assets:** | | |
| Insurance managed funds | **297.31** | 208.24 |

Net periodic gratuity cost included in employee cost consists of the following components:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Service cost | **24.74** | 15.88 |
| Net interest on net defined benefit (asset) / liability | **1.58** | 0.96 |
| **Net periodic gratuity cost** | **26.32** | 16.84 |
| **Actual return on plan assets** | **25.54** | 111.92 |

Remeasurement of the net defined benefit liability/(asset):

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Actuarial (gains) and losses arising from changes in demographic assumptions. | **(0.74)** | (1.85) |
| Actuarial (gains) and losses arising from changes in financial assumptions. | **3.12** | 6.16 |
| Actuarial (gains) and losses arising from changes in experience adjustments. | **26.18** | 115.11 |
| **Remeasurement of the net defined benefit liability** | **28.56** | 119.42 |
| Remeasurement - return on plan assets excluding amount included in interest income | **(3.02)** | (7.50) |
| **Total** | **25.54** | 111.92 |

## Notes forming part of the Financial Statements

The assumptions used in according for the defined benefit plan are set out below:

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Discount rate | **7.25%** | 5.75% |
| Rate of increase in compensation | **8.00%** | 6.00% |
| Levels of covered employees | | |
| Rate of return on plan assets | | |
| Weighted average duration of defined benefit obligations | | |
| Attrition rate | | |
| i) If Services for 0 years to 5 years | **37.58%** | 37.51% |
| ii) If Services for 6 years and above | **27.91%** | 20.39% |
| Mortality Rate | **Indian Assured Lives Mortality (2012-14)** | Indian Assured Lives Mortality (2012-14) |

The expected benefits are based on the same assumptions as are used to measure the Company's defined benefit plan obligations as at March 31, 2023. The Company is expected to contribute ₹ 52.28 lakhs to the defined benefit plan obligation for the year ending March 31, 2024.

Remeasurement (Gain) of defined employee benefit plan in other comprehensive income for the fiscals 2023 and 2022 are ₹25.54 lakhs and ₹ 111.92 lakhs respectively.

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Increase of 0.50% | **(3.15)** | (4.12) |
| Decrease of 0.50% | **3.26** | 4.31 |

If the expected salary growth increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Increase of 0.50% | **3.22** | 4.28 |
| Decrease of 0.50% | **(3.15)** | (4.13) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance sheet.

Each year an Asset - Liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and contribution policies are integrated within this study.



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The defined benefit obligations shall mature after year ended March 31, 2023 as follows:

| Year ending March 31,2023 | **Defined benefit obligations** |
|---|---|
| 2023 | 68.43 |
| 2024 | 54.46 |
| 2025 | 43.15 |
| 2026 | 35.18 |
| 2027 | 28.68 |
| 2028-2033 | 66.39 |
| 2034 and above | 23.62 |
| | **319.91** |

**Provident fund**

In accordance with Indian law, all eligible employees of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to Regional Provident Fund Commissioner. The Company recognised ₹140.78 lakhs and ₹121.95 lakhs towards contribution provident fund and family pension fund in fiscals 2023 and 2022 respectively.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

## 13) COST RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the Company are broadly categorised in direct costs, employee benefit expenses, purchases of stock-in-trade, depreciation and amortisation and other expenses. Direct costs include service charges and manpower supply. Employee costs include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other expenses majorly include lease rentals, facility charges, travelling and conveyance, legal and professional fees, internet connectivity charges, allowances for doubtful trade receivables and miscellaneous expenses. Miscellaneous expenses is an aggregation of costs which are individually not material such as courier charges, Banker commision for Bank Guarantee's, recruitment and training, entertainment, etc.

### (a) Direct costs

Direct costs consists of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| (a) Service charges | **6,286.97** | 6,877.97 |
| (b) Man power charges | **1,427.99** | 1,406.67 |
| | **7,714.96** | 8,284.64 |

### (b) Purchase of stock-in-trade

Purchase of stock-in-trade consists of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| (a) Hardware Purchase | **1.87** | 74.44 |
| (b) Stationery Purchase | **168.00** | 138.85 |
| | **169.87** | 213.29 |



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## Notes forming part of the Financial Statements

### (c) Changes in inventories of stock-in-trade

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Inventories at the end of the year:** | | |
| **Stock-in-trade** | | |
| (a) Hardware, stationery, etc. | **32.25** | 26.15 |
| | **32.25** | 26.15 |
| **Inventories at the beginning of the year:** | | |
| **Stock-in-trade** | | |
| (a) Hardware, stationery, etc. | **26.15** | 36.22 |
| | **26.15** | 36.22 |
| **Net increase / (decrease )** | **(6.10)** | 10.07 |

### (d) Other expenses

Other expenses consists of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| (a) Consumables | **0.34** | 3.57 |
| (b) Facility charges | **194.94** | 136.58 |
| (c) Repairs and maintenance - Others | **38.09** | 35.51 |
| (d) Rates and taxes | **0.72** | 0.77 |
| (e) Internet connectivity charges | **73.26** | 82.81 |
| (f) Travelling and conveyance | **31.75** | 16.63 |
| (g) Printing and stationery | **27.52** | 24.39 |
| (h) Business promotion expenses | **25.66** | 17.71 |
| (i) Legal and professional fees | **33.15** | 48.26 |
| (j) Corporate Social Responsibility (refer Note below) | **53.32** | 60.15 |
| (k) Payments to auditors (refer Note 17) | **7.39** | 7 .39 |
| (l) Software maintenance charges | **59.78** | 41.16 |
| (m) Allowance on trade receivables and advances | **499.48** | 250.14 |
| (n) Miscellaneous expenses | **100.29** | 78.67 |
| | **1,145.69** | 803.74 |

### (e) Corporate Social Responsibility (CSR)

As per section 135 of the Companies Act, 2013, amount required to be spent by the Company during the year ended March 31, 2023 and 2022 is ₹ 53.00 lakhs and ₹ 60.14 lakhs, respectively, computed at 2% of its average net profit for the immediately preceding three financial years, on CSR. The Company incurred an amount of ₹ 53.32 lakhs and ₹ 60.15 lakhs during the year ended March 31, 2023 and 2022, respectively, towards CSR expenditure for purposes other than construction / acquisition of any asset.

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| 1. Amount required to be spent by the company during the year | **53.00** | 60.14 |
| 2. Amount of expenditure incurred on: | | |
| (i) Construction / acquisition of any asset | **-** | - |
| (ii) On purpose other than (i) and above | **53.32** | 60.15 |
| 3. Shortfall at the end of the year, | **-** | - |
| 4. Total of previous years shortfall | **-** | - |
| 5. Reason for shortfall, | **NA** | NA |
| 6. Nature of CSR activities, | | |
| 7. Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard | Rs.22 lakhs paid to Rotary Club of Banjara Hills, Hyderabad ( For Palliative care), Rs.31.32 lakhs contributed to Schools in Penagalur, Andhra Pradesh for providing Mattresses, Beds, Benches and R.O. Water Plants. | |

## 14) FINANCE COSTS

Finance costs consists of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| (i) Interest on lease liabilities | **-** | 0.41 |
| (ii) Interest on tax matters | **1.69** | 2.60 |
| (iii) Other interest costs | **-** | 0.50 |
| | **1.69** | 3.51 |

## 15) INCOME TAXES

Income-tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**Current income taxes**

Current tax is measured based on taxable profit for the year and is computed in accordance with the Income Tax Act, 1961 using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdictions and where the relevant tax paying unit intends to settle the asset and liability on a net basis.



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## Notes forming part of the Financial Statements

**Deferred income taxes**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income-tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.
Deferred income-tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets and labilities are reviewed at each reporting date and are reduced or increasedas the case may be.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

**The Income - tax expense consists of the following**

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Current tax:** | | |
| Current tax expenses for current year | **710.24** | 563.24 |
| **Deferred tax:** | | |
| Deferred tax (benefit) / expense for current year | **(107.01)** | (58.74) |
| Deferred tax (benefit) / expense pertaining to Prior Years | **-** | |
| **Total Income tax expense recognised in current year** | **603.23** | 504.50 |

Income - tax expense recognised in Other Comprehensive Income (OCI)

(₹ in lakhs)

| | | |
|---|---|---|
| Deferred tax on remeasurement of defined employee benefit plans | **6.43** | 28.17 |
| **Total income - tax expense recognised** | **6.43** | 28.17 |

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit before taxes | **2,225.54** | 2,144.18 |
| Indian Statutory income - tax rate | **25.168%** | 25.168% |
| Expected Income tax expense | **560.12** | 539.65 |
| **Tax effect of adjustments to reconcile expected income - tax expense to reported income - tax expense:** | | |
| Tax pertaining to prior years | **29.41** | (49.77) |
| CSR expenses | **13.42** | 15.14 |
| Difference due to Change in Tax rate | **-** | - |
| **Others** | **0.28** | (0.52) |
| **Total Income tax expenses** | **603.23** | 504.50 |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:

(₹ in lakhs)

| | Opening balance | Recognised /reversed through profit or loss | Recognised /Reversed through other comprehensive income | Recognised / Reversed through retained earnings | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to:** | | | | | |
| Property, plant and equipment | **12.63** | **1.90** | **-** | **-** | **14.53** |
| Provision for employee benefits | **62.55** | **(17.60)** | **6.43** | **-** | **51.38** |
| Provision for doubtful debts | **267.02** | **125.71** | **-** | **-** | **392.73** |
| Leases | **-** | **-** | **-** | **-** | **-** |
| Others | **(9.10)** | **(3.00)** | **-** | **-** | **(12.10)** |
| **Total deferred tax assets / (liabilities)** | **333.10** | **107.01** | **6.43** | **-** | **446.54** |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

(₹ in lakhs)

| | Opening balance | Recognised /reversed through profit or loss | Recognised /Reversed through other comprehensive income | Recognised / Reversed through retained earnings | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to:** | | | | | |
| Property, plant and equipment | 3.34 | 9.29 | - | - | 12.63 |
| Provision for employee benefits | 45.23 | (10.85) | 28.17 | - | 62.55 |
| Provision for doubtful debts | 204.06 | 62.96 | - | - | 267.02 |
| Leases | 1.21 | (1.21) | - | - | - |
| Others | (7.65) | (1.45) | - | - | (9.10) |
| **Total deferred tax assets / (liabilities)** | 246.19 | 58.74 | 28.17 | - | 333.10 |

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

| | Assets | Liabilities | Net |
|---|---|---|---|
| **As at 31 March, 2023** | | | |
| **Deferred tax assets / (liabilities) in relation to:** | | | |
| Property, plant and equipment | **14.53** | **-** | **14.53** |
| Provision for employee benefits | **51.38** | **-** | **51.38** |
| Provision for doubtful debts | **392.72** | **-** | **392.72** |
| Others | **-** | **(12.10)** | **(12.10)** |
| **Total deferred tax assets / (liabilities)** | **458.63** | **(12.10)** | **446.53** |

## Notes forming part of the Financial Statements

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

| | Assets | Liabilities | Net |
|---|---|---|---|
| **As at 31 March, 2022** | | | |
| **Deferred tax assets / (liabilities) in relation to:** | | | |
| Property, plant and equipment | 12.63 | - | 12.63 |
| Provision for employee benefits | 62.55 | - | 62.55 |
| Provision for doubtful debts | 267.02 | - | 267.02 |
| Others | - | (9.10) | (9.10) |
| **Total deferred tax assets / (liabilities)** | 342.20 | (9.10) | 333.10 |

### 16) EARNINGS PER SHARE

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit for the year | **1,622.31** | 1,639.68 |
| Amount available for equity shareholders | **1,622.31** | 1,639.68 |
| Weighted average number equity shares | **1,770,000** | 1,770,000 |
| Total weighted average number of equity shares | **1,770,000** | 1,770,000 |
| Basic and diluted earning per share (₹) | **91.66** | 92.64 |
| Face value per equity share (₹) | **10.00** | 10.00 |

### 17) AUDITORS REMUNERATION

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Services as statutory auditors (including quarterly audits) | **5.00** | 5.00 |
| Tax audit | **2.00** | 2.00 |
| Re-imbursement of out-of-pocket expenses | **0.39** | 0.39 |
| | **7.39** | 7.39 |

## 18) SEGMENT INFORMATION

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker for assessing the Company's performance and allocating the resources based on an analysis of various performance indicators by business segments and geographic segments.

The Company is mainly engaged in the business of providing IT enabled services to various departments of Government of Andhra Pradesh and Government of Telangana which constitute a single business segment. These activities are conducted only in one geographic segment viz India. Therefore, the disclosure requirements of the Ind AS 108 "Segment Reporting" are not applicable.

For the year ended March 31 ,2022 there are four customers that contribute more than 10% each of total revenue.

## 19) COMMITMENTS AND CONTINGENCIES

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Contingent liability :** | | |
| Sales tax demands | | |
| (i) Claims against the Company not acknowledged as debt - disputed sales tax liability | **18.76** | 18.76 |
| **Capital commitment (net of advances) :** | | |
| (i) Estimated amount of contracts remaining to be executed on capital account | **-** | 23.41 |

**20)** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

## 21) RELATED PARTY TRANSACTIONS

The Company's principal related parties consist of its holding company, Tata Consultancy Services and its fellow-subsidiaries, and key managerial personnel. The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

## Notes forming part of the Financial Statements

**Key Management Personnel (KMP)**

Mr. Satish Kumar Elaprolu

(₹ in lakhs)

| | Year ended March 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Tata Consultancy Services | Tata AIA Life Insurance Co Ltd | Tata Tele Services Ltd | Andhra Pradesh Technology Services Limited | Total |
| Revenue from sale of services and licenses | **-** | **0.01** | **0.14** | **-** | **0.15** |
| Purchases of goods and services (including reimbursement)* | **4,321.60** | **-** | **1.20** | **-** | **4,322.80** |
| Dividend paid | **866.42** | **-** | **-** | **107.09** | **973.50** |
| Rent expense | **71.44** | **-** | **-** | **-** | **71.44** |

*The key manangement personnel of the Company are on deputation and have drawn remuneration of ₹ 56.21 Lakhs from Tata Consultancy Services Limited during the year ended March 31, 2023. Service charges are payable by the Company to Tata Consultancy Services Limited.

(₹ in lakhs)

| | Year ended March 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Tata Consultancy Services | Tata AIA Life Insurance Co Ltd | Tata Tele Services Ltd | Andhra Pradesh Technology Services Limited | Total |
| Revenue from sale of services and licenses | 15.26 | 0.01 | 0.23 | - | 15.50 |
| Purchases of goods and services (including reimbursement)* | 4,343.17 | - | 1.20 | - | 4,344.37 |
| Dividend paid | 787.65 | - | - | 97.35 | 885.00 |
| Rent expense | 62.12 | - | - | - | 62.12 |

*The key manangement personnel of the Company are on deputation and have drawn remuneration of ₹ 59.04 Lakhs from Tata Consultancy Services Limited during the year ended March 31, 2022. Service charges are payable by the Company to Tata Consultancy Services Limited.

(₹ in lakhs)

| | Year ended March 31, 2023 | | | |
|---|---|---|---|---|
| | Tata Consultancy Services | Tata AIA Life Insurance Co Ltd | Tata Tele Services Ltd | Total |
| Trade receivables and unbilled receivables | **16.77** | **0.05** | **-** | **16.81** |
| **Total** | **16.77** | **0.05** | **-** | **16.81** |

(₹ in lakhs)

| | Year ended March 31, 2022 | | | |
|---|---|---|---|---|
| | Tata Consultancy Services | Tata AIA Life Insurance Co Ltd | Tata Tele Services Ltd | Total |
| Trade receivables and unbilled receivables | 19.03 | 0.04 | - | 19.07 |
| **Total** | 19.03 | 0.04 | - | 19.07 |

(₹ in lakhs)

| | Year ended March 31, 2023 | | | |
|---|---|---|---|---|
| | Tata Consultancy Services | Tata AIA Life Insurance Co Ltd | Tata Tele Services Ltd | Total |
| Trade payables | **762.59** | **-** | **0.04** | **762.63** |

(₹ in lakhs)

| | Year ended March 31, 2022 | | | |
|---|---|---|---|---|
| | Tata Consultancy Services | Tata AIA Life Insurance Co Ltd | Tata Tele Services Ltd | Total |
| Trade payables | 1,024.10 | 0.05 | 0.07 | 1,024.22 |

## 22) ADDITIONAL REGULATORY INFORMATION

- **Ratios**

| **Ratio** | Numerator | Denominator | Current year | Previous year | % variance | Reason for variance |
|---|---|---|---|---|---|---|
| Current ratio (in times) | **Total current assets** | **Total current liabilities** | **2.46** | **2.12** | **16.04 %** | |
| Debt-Equity ratio (in times) | **Debt consists of borrowings and lease liabilities** | **Total equity** | **-** | **-** | **-** | |
| Debt service coverage ratio (in times) | **Earning for Debt service = Net Profit after taxes + Noncash operating expenses + interest + Other non - cash adjustments** | **Debt service = Interest and lease payments + Principal repayments** | **-** | **87.49** | **(100.00)%** | **Lease contract renewed during the year does not meet the lease criteria under Ind AS 116 resulting into decrease.** |
| Return On equity ratio (in %) | **Profit for the year less Preference dividend (if any)** | **Average total equity** | **14.67%** | **15.75%** | **(6.86)%** | |



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## Notes forming part of the Financial Statements

| Ratio | Numerator | Denominator | Current year | Previous year | % variance | Reason for variance |
|---|---|---|---|---|---|---|
| Inventory turnover ratio (in times) | Raw materials, subassemblies, components, finished goods and work in progress consumed | Average inventories | 5.61 | 7.16 | (21.65)% | |
| Trade receivable turnover ratio (in times) | Revenue from operations | Average trade receivables | 2.00 | 1.89 | 5.82% | |
| Trade payables turnover ratio (in times) | Cost of equipment and software licenses + Other expenses | Average trade payables | 4.65 | 3.69 | 26.02 % | Increased due to as trade payables and direct expenses reduced |
| Net capital turnover ratio (in times) | Revenue from operations | Average working capital (ie. Total current assets less Total current liabilities | 1.44 | 1.52 | (5.26)% | |
| Net profit ratio (in %) | Profit for the year | Revenue from operations | 12.07% | 12.14% | (0.58)% | |
| Return on capital employed (in %) | Profit before tax and finance cost | Capital employed = Net worth + Lease liabilities + Deferred tax liabilities | 19.58% | 19.99% | (2.05)% | |
| Return on investments (in %) | Income generated from invested funds | Average invested funds in treasury investments | 5.60% | 4.35% | 28.74 % | Income generated from invested funds has increased due to increase in fixed deposits and ICD's placed during this year. |

*Restricted to two decimals

**23)** No funds have been advanced or loaned or invested ( either from brrowed funds or share premium or any other sources or kind of funds ) by the Compaby to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the intermediary shall led or invest in party identified by or on behalf of the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf ofthe Company ("Ultimate Beneficiaries") or provide aby guarantee, security or the like ob behalf of the Ultimate Beneficiaries.

## 24) DIVIDENDS

Dividends paid during the year ended March 31, 2023 include an amount of ₹55 per equity share for the year ended March 31, 2022. Dividends paid during the year ended March 31, 2022 include an amount of ₹50 per equity share towards dividend for the year ended March 31, 2021.

Dividends declared by the Company are based on the profit available for distribution. On April 27, 2023, the Board of Directors of the Company have proposed a final dividend of ₹55 per share in respect of the year ended March 31, 2023 subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹973.50 lakhs.

As per our report of even date attached.

For **K B J & ASSOCIATES**
*Chartered Accountants*
Firm's registration number : 114934W

**Kaushik B. Joshi**
*Proprietor*
Membership number : 048889
Mumbai
Date: April 27, 2023

For and on behalf of the Board

**Tej Paul Bhatla**
Director
DIN:08491426

**V Rajanna**
Director
DIN:01280277

Date: April 27, 2023

# MP ONLINE LIMITED

## FINANCIAL STATEMENTS

**For the year ended**
**March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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# INDEPENDENT AUDITORS' REPORT

**UDIN NO. 23048889BGUWCL2805**

**TO THE MEMBERS OF MP ONLINE LIMITED BHOPAL**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of MP Online Limited (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at 31 March 2023, and the Statement of Profit and Loss (including other 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 the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Information other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

### Responsibility of Management's and Board of Director's for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flow of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (AS) specified under Section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and board of director's are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

### Auditor's Responsibility 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 auditor's 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 SAs 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.



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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Director'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 auditor's report to the related disclosures in the standalone 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 auditor's 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India, in term of section 143(11) of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from the examination of those books.

c) The Balance Sheet and the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Statement of Cash Flow dealt with by this report are in agreement with the books of accounts.

d) In our opinion, aforesaid standalone Financial Statements comply with the IndAS specified under Section 133 of the Act.

e) On the basis of the written representations received from the Directors as on March 31, 2023, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2023 from being appointed as a Director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Independent Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(I) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements- Refer Note 19 to the standalone financial statements.

ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 23 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the note 23 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv) (a) and (iv) (b) contain any material mis-statement.

v) The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 24 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

vi) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

According to the information and explanations given to us, no remuneration has been paid by the Company to any of its directors. Accordingly, provisions of Section 197 of the Act relating to remuneration to directors are not applicable. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**Other Matters**

The financial statements as on 31st March 2022 has been audited by BSR & Co. LLP, whose report thereon dated 29th April 2022, expressed unmodified opinion on financial statements.

**For K B J & ASSOCIATES.**
Chartered Accountants
Firm's Registration No: 114934W

**Kaushik B. Joshi**
Proprietor
Membership No:48889

Mumbai
10 May, 2023



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# ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

## Report On Companies (Auditor's Report) Order, 2020 ('The Order') Issued By The Central Government In Terms Of Section 143(11) Of The Companies Act, 2013 ('The Act') Of Mp Online Limited ('The Company')

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Plant, Property and Equipment.

(B) The Company does not have any intangible assets. Accordingly, clause 3(i)(a) B of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has a regular programme of physical verification of its Property, plant and equipment by which all Property, plant and equipment are verified every year. In accordance with this programme, Property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and records examined by us, the company does not have any immovable property (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including Right-of-use assets) and intangible assets.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is a service company, primarily rendering development, management services of online portal for providing web-based services by Government to citizens. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable..

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The Company has granted loans to one company during the year, details of the loan is stated in sub-clause

(a) below.

(a) (A) The Company does not have any subsidiaries. Accordingly, clause 3(iii)(a) A of the Order is not applicable.

(B) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has granted loans to other party as below:

| Particulars | Amount (Rs. In lakhs) |
|---|---|
| Aggregate amount during the year – Others | 6000.00 |
| Balance outstanding as at balance sheet date – Others | 6000.00 |

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the loans given are, prima facie, not prejudicial to the interest of the Company

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the overdues of existing loans given to the same party.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. In respect of the loan given by the Company, in our opinion the provisions of Section 186 of the Act have been complied with. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Sales tax, Service tax, Duty of excise and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into Goods and Service Tax (GST). According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including GST, Provident fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues have been generally deposited with the appropriate authorities. As explained to us, the Company did not have any dues of Customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Provident Fund, Employees State Insurance, Income-Tax, or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute. The following dues of Value added tax and sales tax, have not been deposited by the Company on account of dispute:

| Name of the statute | Nature of the dues | Amount under dispute (Rs.in lakhs) | Amount paid under protest (Rs.in lakhs) | Amount not paid | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|---|
| The Finance Act, 1994 | Service Tax | 2,995.27 | 112.32 | 2,882.96 | Oct-09 to Sept-14 | Appellate Tribunal |
| The Finance Act, 1994 | Service Tax | 1,273.16 | 95.48 | 1,177.67 | Oct-14 to Mar-16 | Appellate Tribunal |
| The Finance Act, 1994 | Service Tax | 997.32 | 67.99 | 929.33 | April-16 to June-17 | Appellate Tribunal |
| The Income Tax Act, 1961 | Income Tax | 7.15 | - | 7.15 | AY 2014-15 | Commissioner of Income Tax (Appeals) |
| The Income Tax Act, 1961 | Income Tax | 2.35 | - | 2.35 | AY 2018-19 | Commissioner of Income Tax (Appeals) |

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short- term basis by the Company. Accordingly, clause 3(ix)(d) of the Order is not applicable.

(e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Establishment of vigil mechanism is not mandated for the Company. As represented to us by the management, there are no whistle blower complaints received by the company during the year vigil mechanism established voluntarily.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

**For K B J & ASSOCIATES**
Chartered Accountants
Firm's Registration No: 114934W

**Kaushik B. Joshi**
Proprietor
Membership No:48889

Mumbai
10 May, 2023

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID FINANCIAL STATEMENTS

### Opinion

We have audited the internal financial controls with reference to financial statements of MP Online Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company as at and for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For K B J & ASSOCIATES**
Chartered Accountants
Firm's Registration No: 114934W

**Kaushik B. Joshi**
Proprietor
Membership No: .48889

Mumbai

10 May, 2023

## Balance Sheet

(₹ in lakhs)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **I. ASSETS** | | | |
| **Non - current assets** | | | |
| Property, plant and equipment | 8(a) | **180.27** | 208.09 |
| Right-of-use assets | 7 | **410.92** | 458.43 |
| Financial assets | | | |
| Trade receivables | | | |
| Billed | 6(b) | **-** | - |
| Other financial assets | 6(e) | **6,053.00** | 72.35 |
| Income tax assets (net) | | **124.47** | 115.01 |
| Deferred tax assets (net) | 15 | **176.25** | 162.41 |
| Other assets | 8(b) | **280.32** | 288.71 |
| **Total non-current assets** | | **7,225.23** | 1,305.00 |
| **Current assets** | | | |
| Financial assets | | | |
| Investments | 6(a) | **4,699.22** | 12,061.23 |
| Trade receivables | | | |
| Billed | 6(b) | **99.03** | 110.61 |
| Cash and cash equivalents | 6(c) | **2,760.91** | 1,793.12 |
| Loans | 6(d) | **2.68** | 1.19 |
| Other financial assets | 6(e) | **2,963.50** | 29.10 |
| Other assets | 8(b) | **331.45** | 571.15 |
| **Total current assets** | | **10,856.79** | 14,566.40 |
| **TOTAL ASSETS** | | **18,082.02** | 15,871.40 |
| **II. EQUITY AND LIABLITIES** | | | |
| **Equity** | | | |
| Share capital | 6(m) | **100.00** | 100.00 |
| Other equity | 9 | **12,620.09** | 12,040.85 |
| **Total Equity** | | **12,720.09** | 12,140.85 |
| **Liabilities** | | | |
| **Non-current liablities** | | | |
| Financial liabilities | | | |
| Lease liabilities | | **482.09** | 495.21 |
| Employee benefit obligations | 12 | **71.00** | 32.52 |
| **Total non-current liablities** | | **553.09** | 527.73 |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | | **62.79** | 84.12 |
| Trade payables | | | |
| Dues of micro enterprises and small enterprises | 6(f) | **-** | - |
| Dues to creditors other than micro enterprises and small enterprises | 6(g) | **623.89** | 226.85 |
| Other financial liablities | 6(i) | **2,908.76** | 1,567.92 |
| Unearned and deferred revenue | | **0.34** | 38.03 |
| Other liabilities | 8(c) | **1,075.48** | 986.33 |
| Employee benefit obligation | 12 | **94.29** | 114.68 |
| Income tax liabilities (net) | | **43.29** | 184.89 |
| **Total current liablities** | | **4,808.84** | 3,202.82 |
| **TOTAL EQUITY AND LIABILITIES** | | **18,082.02** | 15,871.40 |
| **NOTES FORMING PART OF THE FINANCIAL STATEMENTS** | 1-24 | | |

As per our report of even date attached

**For KBJ & Associates**

Chartered Accountants
Firm Registration no. 114934W

**Kaushik B. Joshi**
Proprietor
Membership no. 048889

Mumbai, May 10, 2023

For and on behalf of the Board of MP Online Limited
CIN number : U72400MP2006PLC018777

**Lakshminarayanan G S**
Director
DIN : 07982712

**Venguswamy Ramaswamy**
Director
DIN : 07943675

Mumbai, May 10, 2023

## Statement of Profit and Loss

(₹ in lakhs)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Revenue from operations | 10 | **9,184.60** | 7,704.03 |
| Other income | 11 | **828.87** | 520.93 |
| **TOTAL INCOME** | | **10,013.47** | 8,224.96 |
| **Expenses** | | | |
| Employee benefit expenses | 12 | **1,391.06** | 1,201.05 |
| Finance cost | 14 | **49.65** | 52.35 |
| Depreciation expense | 7, 8(a) | **104.63** | 103.78 |
| Other expenses | 13(a) | **4,944.75** | 4,402.11 |
| **TOTAL EXPENSES** | | **6,490.09** | 5,759.29 |
| **PROFIT BEFORE TAX** | | **3,523.38** | 2,465.67 |
| **Tax expense** | | | |
| Current tax | 15 | **915.00** | 667.72 |
| Deferred tax | 15 | **(10.57)** | (33.00) |
| **TOTAL TAX EXPENSES** | | **904.43** | 634.72 |
| **PROFIT FOR THE YEAR** | | **2,618.95** | 1,830.95 |
| **OTHER COMPREHENSIVE INCOME/(LOSS)** | | | |
| **Items that will not be reclassified subsequently to profit and loss** | | | |
| Remeasurement of defined employee benefit plans | | **(12.98)** | (61.86) |
| **Income tax on items that will not be reclassified subsequently to profit and loss** | | **3.27** | 15.57 |
| **TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)** | | **(9.71)** | (46.29) |
| **TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR** | | **2,609.24** | 1,784.66 |
| **Earnings per equity share - Basic and diluted (₹)** | 16 | **261.90** | 183.10 |
| Weighted average number of equity shares | | **10,00,000** | 10,00,000 |
| **NOTES FORMING PART OF THE FINANCIAL STATEMENTS** | 1-24 | | |

As per our report of even date attached

For and on behalf of the Board of MP Online Limited
CIN number : U72400MP2006PLC018777

**For KBJ & Associates**
Chartered Accountants
Firm Registration no. 114934W

**Kaushik B. Joshi**
Proprietor
Membership no. 048889
Mumbai, May 10, 2023

**Lakshminarayanan G S**
Director
DIN : 07982712

**Venguswamy Ramaswamy**
Director
DIN : 07943675
Mumbai, May 10, 2023



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## Notes forming part of the Financial Statements

### Statement of changes in equity

**A) EQUITY SHARE CAPITAL**

(₹ in lakhs)

| Balance as at April 1, 2022 | Changes in equity share capital due to prior period errors | Restated balance as at April 1, 2022 | Changes in equity share capital during the year | Balance as at March 31, 2023 |
|---|---|---|---|---|
| 100 | - | - | - | 100 |

| Balance as at April 1, 2021 | Changes in equity share capital due to prior period errors | Restated balance as at April 1, 2022 | Changes in equity share capital during the year | Balance as at March 31, 2022 |
|---|---|---|---|---|
| 100 | - | - | - | 100 |

* Refer note 6(m)

**B) OTHER EQUITY**

(₹ in lakhs)

| | Retained earnings |
|---|---|
| **Balance as at April 1, 2022** | 12,040.85 |
| Profit for the year | 2,618.95 |
| Other comprehensive income | (9.71) |
| **Total comprehensive income** | 14,650.09 |
| Dividend | (2,030.00) |
| **Balance as at March 31, 2023** | 12,620.09 |
| **Balance as at April 01, 2021** | **9,737.19** |
| Profit for the year | 1,830.95 |
| Other comprehensive income | (46.29) |
| General reserve | 519.00 |
| **Total comprehensive income** | **12,040.85** |
| Dividend | **-** |
| **Balance as at March 31, 2022** | **12,040.85** |

**Nature and purpose of reserves**

**General reserve**

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

**Retained earnings**

This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-24**

As per our report of even date attached

For and on behalf of the Board of MP Online Limited
CIN number : U72400MP2006PLC018777

**For KBJ & Associates**

Chartered Accountants
Firm Registration no. 114934W

**Kaushik B. Joshi**
Proprietor
Membership no. 048889
Mumbai, May 10, 2023

**Lakshminarayanan G S**
Director
DIN : 07982712

**Venguswamy Ramaswamy**
Director
DIN : 07943675
Mumbai, May 10, 2023



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## Notes forming part of the Financial Statements

## Statement of Cash Flows

(₹ in lakhs)

| | | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **I** | **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| | **Profit for the year** | **3,523.38** | 2,465.67 |
| | **Adjustments to reconcile profit or loss to net cash provided by operating activities** | | |
| | Depreciation expense | **104.63** | 103.78 |
| | Net gain on investments | **(354.99)** | (272.06) |
| | Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | **36.18** | 225.34 |
| | Interest income | **(467.60)** | (119.47) |
| | Unrealised gain on investments | **(5.70)** | (129.40) |
| | Finance costs | **49.65** | 52.35 |
| | **Operating profit before working capital changes** | **2,885.55** | 2,326.21 |
| | **Net change in** | | |
| | Trade receivables | **(24.60)** | 178.66 |
| | Loans and other financial assets | **(3.09)** | 5.71 |
| | Other assets | **248.09** | (142.29) |
| | Trade payables | **397.04** | (178.15) |
| | Unearned and deferred revenue | **(37.69)** | 21.50 |
| | Employee benefit obligation | **5.11** | 108.41 |
| | Other liabilities and provisions | **1,429.99** | (1,558.16) |
| | **Cash generated from operations** | **4,900.40** | 761.89 |
| | Taxes paid (net of refunds) | **(1,064.52)** | (595.87) |
| | **Net cash generated from operating activities** | **3,835.88** | 166.02 |
| **II** | **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| | Bank deposits placed | **(2,502.46)** | (0.72) |
| | Inter-corporate deposits placed | **(6,000.00)** | - |
| | Purchase of investments | **(3,100.00)** | 10,999.45) |
| | Payment for purchase of property, plant and equipment | **(29.30)** | (18.06) |
| | Proceeds from bank deposits | **5.72** | 3,000.00 |
| | Proceeds from inter-corporate deposits | **-** | - |
| | Proceeds from disposal / redemption of investments | **10,822.77** | 8,351.94 |
| | Interest received | **49.30** | 160.47 |
| | **Net cash generated from / (used in) investing activities** | **(753.97)** | 494.18 |
| **III** | **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| | Dividend | **(2,030.00)** | - |
| | Interest paid | **(49.65)** | (52.35) |
| | Repayment of lease liabilities | **(34.47)** | (42.86) |
| | **Net cash (used in) financing activities** | **(2,114.12)** | (95.21) |
| | **Net change in cash and cash equivalents** | **967.79** | 564.99 |
| | Cash and cash equivalents at the beginning of the year | **1,793.12** | 1,228.13 |
| | **Cash and cash equivalents at the end of the year (Refer Note 6c)** | **2,760.91** | 1,793.12 |
| | **NOTES FORMING PART OF THE FINANCIAL STATEMENTS** **1-24** | | |

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'

As per our report of even date attached

For and on behalf of the Board of MP Online Limited
CIN number : U72400MP2006PLC018777

**For KBJ & Associates**

Chartered Accountants
Firm Registration no. 114934W

**Kaushik B. Joshi**
Proprietor
Membership no. 048889
Mumbai, May 10, 2023

**Lakshminarayanan G S**
Director
DIN : 07982712

**Venguswamy Ramaswamy**
Director
DIN : 07943675
Mumbai, May 10, 2023

## 1. CORPORATE INFORMATION

MPOnline Limited (herein referred to as 'the Company') is a subsidiary of Tata Consultancy Services Limited ('TCS' or 'Holding Company') The Company primarily operates an e-commerce portal allowing payments and money transfer to be made through the Internet, enabling citizens and businesses to make payment of dues to various departments of state governments, educational institutions, public utilities and insurance companies.

The Company, is a public company incorporated and domiciled in India. The address of its registered office and principal place of business Office Block No.14 to 17, DB City Corporate block , DB Mall Fourth Floor, Arera Hills, MP Nagar, Bhopal 462011. As of March 31, 2023 Tata Consultancy Services Limited, the holding company owned 89% of the Company's equity share capital. Tata Sons Private Limited is the ultimate parent.

The Company is a venture between Tata Consultancy Services Limited and Madhya Pradesh State Electronics Development Corporation Limited ('Significant Shareholder'). The shareholding agreement between parties is valid until March 31, 2027.

The financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorised for issue on May 10, 2023.

## 2 . STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

## 3 . BASIS OF PREPARATION

These financial statements have been prepared in Indian Rupee which is the functional currency of the Company.

These financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair values at the end of each reporting period and employee retirement obligations as explained in the accounting policies below. Historical cost is generally based on fair value of consideration given in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measerement date.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in division II of Schedule III to the Company's Act, 2013. Based on the nature of services rendered to customer and time elapsed between deployment of resources and realisation in cash and cash equivalents of the consideration for such a services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

## 4 . USE OF ESTIMATES AND JUDGEMENTS

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements :

### a) Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

## Notes forming part of the Financial Statements

**b) Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**c) Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**d) Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**e) Employee benefits**

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

**f) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### 5. RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

## 6. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of Financial liabilitiesFinancial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

## Notes forming part of the Financial Statements

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of balance sheet whether a financial asset or a Group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**a) Investments - current**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Investments carried at fair value through profit or loss** | **4,699.22** | 12,061.23 |
| Mutual funds units (quoted) | **4,699.22** | 12,061.23 |

| | Quantity | As at March 31, 2023 | Quantity | As at March 31, 2022 |
|---|---|---|---|---|
| Aditya Birla Sun Life Liquid Fund - Growth-Direct Plan | **63,029.59** | **228.85** | 2,97,069.07 | 1,019.32 |
| ICICI Prudential - Liquid Fund - Growth-Direct Plan | **3,41,495.25** | **1,137.81** | 6,57,631.01 | 2,073.22 |
| Kotak Liquid Fund - Growth-Direct Plan | **20,430.25** | **929.25** | 78,246.28 | 3,367.00 |
| Nippon - Liquid Fund - Growth-Direct Plan | **23,041.71** | **1,268.89** | 60,754.55 | 3,164.12 |
| SBI - Liquid Fund - Growth-Direct Plan | **32,197.38** | **1,134.41** | 73,132.50 | 2,437.57 |
| | **4,80,194.18** | **4,699.21** | 11,66,833.41 | 12,061.23 |

Aggregate value of quoted investments is as follows:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Aggregate value of quoted investments | **4,699.22** | 12,061.23 |
| Aggregate market value of quoted investments | **4,699.22** | 12,061.23 |

**b) Trade receivables - Billed**

Trade receivables - Billed (unsecured) consist of the following:

**Trade receivables - Billed - Non current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables - Billed | **554.24** | 519.57 |
| Less: Allowance for doubtful trade receivables - Billed | **(554.24)** | (519.57) |
| **Considered good** | **-** | - |

Ageing for trade receivables – non-current outstanding as at March 31, 2023 is as follows:

(₹ in lakhs)

| | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| **Particulars** | **Not due** | **Less than 6 mnths** | **mnths 6 mnths - 1 yr** | **1 - 2 yrs** | **2 - 3 yrs** | **More than 3 yrs** | **Total** |
| Trade receivables - Billed | - | - | - | - | - | - | - |
| Undisputed trade receivables – considered good | - | - | - | 23.32 | 17.58 | 513.34 | 554.24 |
| Undisputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| Disputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| | - | - | - | 23.32 | 17.58 | 513.34 | 554.24 |
| Less: Allowance for doubtful trade receivables - Billed | | | | | | | (554.24) |
| | | | | | | | - |

## Notes forming part of the Financial Statements

Ageing for trade receivables – non-current outstanding as at March 31, 2022 is as follows:

(₹ in lakhs)

| | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| **Particulars** | **Not due** | **Less than 6 mnths** | **mnths 6 mnths - 1 yr** | **1 - 2 yrs** | **2 - 3 yrs** | **More than 3 yrs** | **Total** |
| Trade receivables - Billed | - | - | - | - | - | - | - |
| Undisputed trade receivables – considered good | - | - | - | 6.24 | - | 513.33 | 519.57 |
| Undisputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| Disputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| | - | - | - | 6.24 | - | 513.33 | 519.57 |
| Less: Allowance for doubtful trade receivables - Billed | | | | | | | (519.57) |
| | | | | | | | - |

**Trade receivables - Billed - Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables - Billed | **99.03** | 110.61 |
| Less : Allowance for doubtful trade receivables - Billed | **-** | - |
| **Considered good** | **-** | - |
| | **99.03** | 110.61 |

Above balances of trade receivables include balances with related parties (Refer note 21).

Ageing for trade receivables – non-current outstanding as at March 31, 2023 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 mnths | mnths 6 mnths - 1 yr | 1 - 2 yrs | 2 - 3 yrs | More than 3 yrs | Total |
| Trade receivables - Billed | - | - | - | - | - | - | - |
| Undisputed trade receivables – considered good | 30.72 | 43.63 | 24.68 | - | - | - | 99.03 |
| Undisputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| Disputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| | 30.72 | 43.63 | 24.68 | - | - | - | 99.03 |
| Less: Allowance for doubtful trade receivables - Billed | | | | | | | - |
| | | | | | | | 99.03 |

Ageing for trade receivables – non-current outstanding as at March 31, 2022 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 mnths | mnths 6 mnths - 1 yr | 1 - 2 yrs | 2 - 3 yrs | More than 3 yrs | Total |
| Trade receivables - Billed | - | - | - | - | - | - | - |
| Undisputed trade receivables – considered good | 20.99 | 57.10 | 20.29 | 12.23 | - | - | 110.61 |
| Undisputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| Disputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| | 20.99 | 57.10 | 20.29 | 12.23 | - | - | 110.61 |
| Less: Allowance for doubtful trade receivables - Billed | | | | | | | - |
| | | | | | | | 110.61 |

## Notes forming part of the Financial Statements

### c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balances with banks** | | |
| In current accounts | **2,760.91** | 1,793.12 |
| | **2,760.91** | 1,793.12 |

### d) Loans

Loans (unsecured) consist of the following:

**Loans - Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured, considered good** | | |
| Loans and advances to employee | **2.68** | 1.19 |
| | **2.68** | 1.19 |

### e) Other financial assets

Other financial assets consist of the following:

Other financial assets - Non-current

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Security deposits | **26.92** | 25.20 |
| Earmarked balances with banks * | **26.08** | 47.15 |
| Inter-corporate deposits** | **6,000.00** | - |
| | **6,053.00** | 72.35 |

*Earmarked balances includes balances held as margin money against guarantees.

**Inter-corporate deposits placed with financial institutions yield fixed interest rate.

**Other financial assets - Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Bank deposits | **2,500.00** | - |
| Earmarked balances with banks | **41.43** | 23.62 |
| Interest receivable | **422.07** | 5.48 |
| | **2,963.50** | 29.10 |

*Earmarked balances includes balances held as margin money against guarantees.

### f) Micro and small enterprises

The disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) fordues to micro enterprises and small enterprises as at March 31, 2023 and March 31, 2022 is as under:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Dues remaining unpaid to any supplier Principal | - | - |
| Interest on the above | - | - |
| Amount of interest paid in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| Amount of interest accrued and remaining unpaid | - | - |
| Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006 | - | - |

### g) Trade payables

Ageing for trade payables outstanding as at March 31, 2023 is as follows:

(₹ in lakhs)

| | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| Particulars | Not due | Less than 1 yr | 1 - 2 yrs | 2 - 3 yrs | More than 3 year | Total |
| MSME | - | - | - | - | - | **-** |
| Others | 365.56 | 9.42 | - | - | 156.56 | **531.54** |
| Disputed dues - MSME | - | - | - | - | - | **-** |
| Disputed dues - Others | - | - | - | - | - | **-** |
| | 365.56 | 9.42 | - | - | 156.56 | **531.54** |
| Accrued expenses | - | - | - | - | | **92.35** |
| | | | | | | **623.89** |

Above balances of trade payables include balances with related parties (Refer note 21).

## Notes forming part of the Financial Statements

Ageing for trade payables outstanding as at March 31, 2022 is as follows:

(₹ in lakhs)

| | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **Not due** | **Less than 1 yr** | **1 - 2 yrs** | **2 - 3 yrs** | **More than 3 year** | **Total** |
| **MSME** | - | - | - | - | - | - |
| **Others** | 23.42 | - | - | - | 156.56 | 179.98 |
| **Disputed dues - MSME** | - | - | - | - | - | - |
| **Disputed dues - Others** | - | - | - | - | - | - |
| | 23.42 | - | - | - | 156.56 | 179.98 |
| **Accrued expenses** | - | - | - | - | | 46.87 |
| | | | | | | 226.85 |

Above balances of trade payables include balances with related parties (Refer note 21).

### h) Other financial liabilities

Other financial liabilities consist of the following:

**Other financial liabilities - Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Amount collected on behalf of customers | **2,853.52** | 1,509.23 |
| Security deposits received | **54.90** | 58.29 |
| Accrued payroll | **0.34** | 0.40 |
| | **2,908.76** | 1,567.92 |

**i) Financial instruments by category**

The carrying value of financial instruments by categories as of March 31, 2023 is as follows:

(₹ in lakhs)

| | Fair value through profit or loss | Amortised cost | Total carrying value |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalents | - | 2,760.91 | 2,760.91 |
| Investments | 4,699.22 | - | 4,699.22 |
| Trade receivables | - | 99.03 | 99.03 |
| Loans* | - | 2.68 | 2.68 |
| Inter Corporate Deposits | | 6,000.00 | 6,000.00 |
| Other financial assets | - | 3,016.50 | 3,016.50 |
| **Total** | 4,699.22 | 11,879.12 | 16,578.34 |
| **Financial liabilities** | - | | |
| Trade payables | - | 623.89 | 623.89 |
| Lease liabilities | - | 544.88 | 544.88 |
| Other financial liabilities | - | 2,908.76 | 2,908.76 |
| **Total** | - | 4,077.53 | 4,077.53 |

The carrying value of financial instruments by categories as of March 31, 2022 is as follows:

(₹ in lakhs)

| | Fair value through profit or loss | Amortised cost | Total carrying value |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalents | - | 1,793.12 | 1,793.12 |
| Investments | 12,061.23 | - | 12,061.23 |
| Trade receivables | - | 110.61 | 110.61 |
| Loans | - | 1.19 | 1.19 |
| Other financial assets | - | 101.45 | 101.45 |
| **Total** | 12,061.23 | 2,006.37 | 14,067.60 |
| **Financial liabilities** | - | | |
| Trade payables | - | 226.85 | 226.85 |
| Lease liabilities | - | 579.33 | 579.33 |
| Other financial liabilities | - | 1,567.92 | 1,567.92 |
| **Total** | - | 2,374.10 | 2,374.10 |

Carrying amounts of cash and cash equivalents, trade receivables, loans receivables, Inter corporate deposits and trade payables as at March 31, 2023 and 2022 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, Inter corporate deposits, other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the periods presented.

## Notes forming part of the Financial Statements

**Measurement of fair value**

The management assessed the fair values of cash and cash equivalents, trade receivables, unbilled revenue, loan receivables, other financial assets, trade payable and other financial liabilities at their carrying amounts due to short term maturities of these investments.

**j) Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

(₹ in lakhs)

| As at March 31, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Mutual fund units | **4,699.22** | **-** | **-** | **4,699.22** |
| **Total** | **4,699.22** | **-** | **-** | **4,699.22** |
| **As at March 31, 2022** | | | | |
| **Financial assets** | | | | |
| Mutual fund units | 12,061.23 | - | - | 12,061.23 |
| **Total** | 12,061.23 | - | - | 12,061.23 |

**k) Financial risk management**

The Company is exposed primarily to credit and liquidity risk which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of the Board is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

**Foreign currency exchange rate risk**

The Company has no exposure to foreign currency risk.

**Interest rate risk**

The Company investments are primarily in fixed rate interest bearing investments. Hence the company is not significantly exposed to interest rate risk.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, cash and cash equivalents, bank deposits, inter corporate deposits and other financial assets. Inter corporate deposits of ₹ 6,000 lakhs as of March 31, 2023 are with a financial institution having a high credit-rating assigned by credit-rating agencies. Bank deposits of ₹ 2,567.51 lakhs and ₹ 70.77 lakhs as at March 31, 2023 and 2022, respectively is held with Indian banks having high credit ratings. None of the other financial instruments of the Company result in material concentration of credit risk.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 16,578.3.4 lakhs and ₹ 14,067.61 lakhs as of March 31, 2023 and 2022, respectively, being the total of the Carrying amount of balances with banks, bank deposits, investments, trade receivables, loans receivables, Intercorporate deposits and other financial assets.

Of the trade receivables balance as at March 31, 2023 is due from following three largest customers of the Company. There are no other customers who represent more than 10% of the total trade receivables.

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Customer A | **17.45** | 17.45 |
| Customer B | **327.81** | 327.81 |
| Customer C | **191.76** | 191.76 |
| Customer D | **18.74** | 40.17 |
| | **555.76** | 577.19 |

**Geographic concentration of credit risk**

The Company has a geographic concentration of trade receivables, net of allowances in India.

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(₹ in lakhs)

| **March 31, 2023** | Due in 1st Year | Due in 2nd Year | Due in 3rd to 5th Year | Due after 5th Year | Total |
|---|---|---|---|---|---|
| Trade and other payables | **623.89** | **-** | **-** | **-** | **623.89** |
| Lease liabilities | **62.77** | **35.77** | **116.80** | **1,419.01** | **1,634.35** |
| Other financial liabilities | **2,908.76** | **-** | **-** | **-** | **2,908.76** |
| **Total** | **3,595.42** | **35.77** | **116.80** | **1,419.01** | **5,167.00** |
| **March 31, 2022** | Due in 1st Year | Due in 2nd Year | Due in 3rd to 5th Year | Due after 5th Year | Total |
| Trade and other payables | 226.85 | - | - | - | 226.85 |
| Lease liabilities | 84.12 | 62.77 | 111.44 | 1,460.15 | 1,718.48 |
| Other financial liabilities | 1,567.92 | - | - | - | 1,567.92 |
| **Total** | 1,878.89 | 62.77 | 111.44 | 1,460.15 | 3,513.25 |

## Notes forming part of the Financial Statements

### l) Equity instruments

The authorised, issued, subscribed and fully paid-up share capital comprises of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorised** | | |
| 1,000,000 equity shares of ₹10 each | **100.00** | 100.00 |
| (March 31, 2022 : 1,000,000 Equity shares of ₹10 each) | **-** | - |
| **Issued, Subscribed and Fully paid up** | | |
| 1,000,000 equity shares of ₹10 each | **100.00** | 100.00 |
| (March 31, 2022 : 1,000,000 Equity shares of ₹10 each) | **-** | - |
| **Total** | **100.00** | 100.00 |

**a. Reconciliation of the number of shares**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount (₹ in lakhs)** | Number of shares | Amount (₹ in lakhs) |
| **Equity shares** | | | | |
| Opening balance | **10,00,000** | **100.00** | 10,00,000 | 100.00 |
| Issued during the year | **-** | **-** | - | - |
| **Closing balance** | **10,00,000** | **100.00** | 10,00,000 | 100.00 |

**b. Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held and carry a right to dividend. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of the interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**c. Shares held by holding company**

| | Number of shares | |
|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 |
| **Equity shares** | | |
| **Holding Company** | | |
| 8,90,000 equity shares (March 31, 2022: 8,90,000) are held by Tata Consultancy Services Limited | **8,90,000** | 8,90,000 |

**d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| Class of shares / Name of shareholder | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number of shares held** | **% holding in that class of shares** | Number of shares held | % holding in that class of shares |
| **Equity shares** | | | | |
| Madhya Pradesh State Electronics Development Corporation | **1,10,000** | **11%** | 1,10,000 | 11% |
| Tata Consultancy Services Limited | **8,90,000** | **89%** | 8,90,000 | 89% |

**e. Disclosure of Shareholding of Promoters**

Disclosure of shareholding of promoters as at March 31, 2022 is as follows:

| Promoter name | As at March 31, 2023 | | As at March 31, 2022 | | % Change during the year |
|---|---|---|---|---|---|
| | **Number of shares** | **% of total shares** | Number of shares | % of total shares | |
| Madhya Pradesh State Electronics Development Corporation | **1,10,000** | **11%** | 1,10,000 | 11% | 0% |
| Tata Consultancy Services Limited | **8,90,000** | **89%** | 8,90,000 | 89% | 0% |

**f.** The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

## 7. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

## Notes forming part of the Financial Statements

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**Company as a lessee**

The details of the right-of-use asset held by the Company is as follows:

(₹ in lakhs)

| | Additions for the year ended March 31, 2023 | Net carrying amount as at March 31, 2023 |
|---|---|---|
| Leasehold Building | **-** | **410.92** |
| | **-** | **410.92** |

| | Additions for the year ended March 31, 2022 | Net carrying amount as at March 31, 2022 |
|---|---|---|
| Leasehold Building | - | 458.43 |
| | - | 458.43 |

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Depreciation** | | |
| Leasehold Building | **47.51** | 47.51 |
| | **47.51** | 47.51 |

Interest on lease liabilities is ₹49.65 lakhs and ₹52.35 lakhs for the years ended March 31, 2023 and 2022, respectively.

The total cash outflow for leases is ₹84.12 lakhs and ₹82.33 lakhs for the years ended March 31, 2023 and 2022, respectively. The Company incurred ₹ Nil lakhs and ₹ Nil lakhs for the years ended March 31, 2023 and 2022, respectively, towards expenses relating to short-term leases and leases of low-value assets.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

## 8. NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES

### a) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Cost of an item of property, plant and equipment comprises of its purchases price including non refundable taxes, after deducting trade discount and any directly attributable cost of bringing the item to its working condition for its intended use.

Depreciation is provided for property, plant and equipment on straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of asset | Useful lives |
|---|---|
| Leasehold improvements | Lease term |
| Computer equipment | 4 years |
| Vehicles | 4 years |
| Office equipment | 5 years |
| Electrical installations | 10 years |
| Furniture and fixtures | 5 years |

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in the statement of profit and loss.

Property, plant and equipment consist of the following:

(₹ in lakhs)

| Description | Leasehold Improvements | Computer equipment | Vehicles | Office equipment | Electrical Installations | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|---|
| **Cost as at April 1, 2022** | **204.00** | **599.21** | **9.04** | **109.43** | **16.28** | **52.69** | **990.65** |
| Additions | - | 29.30 | - | - | - | - | 29.30 |
| Disposals | - | - | - | - | - | - | - |
| **Cost as at March 31, 2023** | **204.00** | **628.51** | **9.04** | **109.43** | **16.28** | **52.69** | **1,019.95** |
| **Accumulated depreciation as at April 1, 2022** | **(66.26)** | **(545.51)** | **(9.04)** | **(92.78)** | **(16.28)** | **(52.69)** | **(782.56)** |
| Disposals | - | - | - | - | - | - | - |
| Depreciation for the year | (11.84) | (34.18) | - | (11.10) | - | - | (57.12) |
| **Accumulated depreciation as at March 31, 2023** | **(78.10)** | **(579.69)** | **(9.04)** | **(103.88)** | **(16.28)** | **(52.69)** | **(839.68)** |
| **Net carrying amount as at March 31, 2023** | **125.90** | **48.82** | **-** | **5.55** | **-** | **-** | **180.27** |

* ₹ 29.30 lakhs has been capitalised and transferred to Property, plant and equipment during the year ended March 31, 2023.

## Notes forming part of the Financial Statements

(₹ in lakhs)

| Description | Leasehold Improvements | Computer equipment | Vehicles | Office equipment | Electrical Installations | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|---|
| **Cost as at April 1, 2021** | 204.00 | 581.15 | 9.04 | 109.43 | 16.28 | 52.69 | 972.59 |
| Additions | - | 1 8.06 | - | - | - | - | 18.06 |
| Disposals | - | - | - | - | - | - | - |
| **Cost as at March 31, 2022** | 204.00 | 599.21 | 9.04 | 109.43 | 16.28 | 52.69 | 990.65 |
| **Accumulated depreciation as at April 1, 2021** | (54.42) | (512.54) | (9.04) | (81.54) | (16.06) | (52.69) | (726.29) |
| Disposals | - | - | - | - | - | - | - |
| Depreciation for the year | (11.84) | (32.97) | - | (11.24) | (0.22) | - | (56.27) |
| **Accumulated depreciation as at March 31, 2022** | (66.26) | (545.51) | (9.04) | (92.78) | (16.28) | (52.69) | (782.56) |
| **Net carrying amount as at March 31, 2022** | 137.74 | 53.70 | - | 16.65 | 0.00 | - | 208.09 |

* ₹18.06 lakhs has been capitalised to Property, plant and equipment during the year ended March 31, 2022.

**b) Other assets**

Other assets consist of the following:

**Other assets - Non - current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured, considered good** | | |
| Prepaid expenses | **4.52** | 12.91 |
| Balance with Government authorities | **275.80** | 275.80 |
| | **280.32** | 288.71 |

**Other assets - Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured, considered good** | | |
| Prepaid expenses | **40.30** | 57.64 |
| Other advance* | **291.15** | 513.51 |
| | **331.45** | 571.15 |

* Paid to MP Electricty Board,Sysnet Global & NSDL for wallet

**c) Other liabilities**

**Other liabilities - Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advance received from collection agents | **984.11** | 917.92 |
| Indirect tax payable and other statutory liabilities | **91.37** | 68.41 |
| | **1,075.48** | 986.33 |

## 9. OTHER EQUITY

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **General reserve** | | |
| Opening balance and closing balance | **0.00** | 519.00 |
| Transfer to retained earnings | **0.00** | (519.00) |
| | **-** | - |
| **Retained earnings** | | |
| Opening balance | **12,040.85** | 9,737.19 |
| Profit for the year | **2,618.95** | 1,830.95 |
| Other comprehensive income | **(9.71)** | (46.29) |
| General reserve | **0.00** | 519.00 |
| **Total comprehensive income** | **14,650.09** | 12,040.85 |
| Dividend | **(2,030.00)** | 0.00 |
| | **12,620.09** | 12,040.85 |

## 10. REVENUE RECOGNITION

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue from time and material is recognised on output basis measured by number of transactions processed.

Revenue is measured based on the transaction price, which is the consideration as specified in the contract with the customer. Revenue excludes taxes collected from customers.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The Company disaggregates revenue from contracts with customers by nature of services.



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## Notes forming part of the Financial Statements

Revenue disaggregation by nature is as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Transaction revenue | **9,070.51** | 7,618.20 |
| Adhar authentication | **15.88** | 34.04 |
| Franchisee fees | **56.21** | 39.54 |
| Manpower supply | **42.00** | 12.25 |
| | **9,184.60** | 7,704.03 |

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient aligning Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

The Company does not have any contract assets.

**Movement in contract liabilities is given below:**

(₹ in lakhs)

| | Amount |
|---|---|
| **Opening balance as on April 1, 2022** | **38.03** |
| Less : Revenue recognised that was included in the contract liability balance at the beginning of the period. | **250.77** |
| Add : Increase due to invoicing during the year, excluding amounts recognised as revenue during the year.. | **213.08** |
| **Closing balance as on March 31, 2023** | **0.34** |

For the current year, the revenue recongnised in the statement of profit and loss equals to the contracted price. All the revenue is derived in the state of Madhya Pradesh in India

## 11. OTHER INCOME

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.



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Other income (net) consist of the following :

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest income | **465.89** | 117.87 |
| Net gain on investments carried at fair value through profit or loss | **5.70** | 129.40 |
| Net gain on sale of investments other than equity shares carried at fair value through profit or loss | **354.99** | 272.06 |
| Miscellaneous income | **2.29** | 1.60 |
| | **828.87** | 520.93 |
| **Interest income comprises :** | | |
| Interest on bank deposits | **94.59** | 117.87 |
| Interest income on corporate deposit | **371.30** | - |
| (*) Includes interest on lease deposits | **1.71** | 1.6 |

## 12. EMPLOYEE BENEFITS

### Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Past service cost, both vested and unvested, is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

### Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

### Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders. the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.



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## Notes forming part of the Financial Statements

Employee benefit expenses consist of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Salaries, incentives and allowances | **1,260.80** | 1,085.60 |
| Contribution to provident and other funds | **79.56** | 61.71 |
| Staff welfare expenses | **50.70** | 53.74 |
| | **1,391.06** | 1,201.05 |

Employee benefit obligations consist of the following:

**Employee benefit obligation - Non-Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Gratuity | **71.00** | 32.52 |
| | **71.00** | 32.52 |

**Employee benefit obligation - Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Gratuity | **36.05** | 58.55 |
| Compensated absences | **58.24** | 56.13 |
| | **94.29** | 114.68 |

Employee benefit plans consist of the following:

**Gratuity**

In accordance with law, the Company operates a scheme of Gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days' salary payable for each completed year of service. Vesting occurs upon completion of five continous years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.



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The following table sets out the details of the defined benefit retirement plans and the amounts recognised in the financial statements:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Change in benefit obligations** | | |
| Benefit obligations, beginning of the year | **136.04** | 63.03 |
| Service cost | **14.44** | 7.95 |
| Interest cost | **9.86** | 4.41 |
| Actuarial Losses on obligations for the year | **12.20** | 62.12 |
| Benefit paid | **(17.04)** | (1.47) |
| **Benefit obligations, end of the year** | **155.50** | 136.04 |
| **Change in plan assets** | | |
| Fair value of plan assets, beginning of the year | **44.98** | 40.85 |
| Interest income | **3.26** | 2.86 |
| Employers' contributions | **1.00** | 1.00 |
| Return on plan assets, excluding interest income | **(0.78)** | 0.27 |
| **Fair value of plan assets, end of the year** | **48.46** | 44.98 |

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Net obligation:** | | |
| (Deficit) of plan assets over obligations | **(107.05)** | (91.07) |
| | **(107.05)** | (91.07) |

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Category of assets:** | | |
| Insurer managed funds | **48.46** | 44.98 |
| | **4 8.46** | 44.98 |

Net periodic gratuity included in employee cost consists of the following components:

(₹ in lakhs)

| **Particulars** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Service cost | **14.44** | 7.95 |
| Net interest on net defined benefit liability / (asset) | **6.60** | 1.55 |
| **Net periodic gratuity / pension cost** | **21.04** | 9.50 |
| **Actual return on plan asets** | **3.26** | 2.86 |

## Notes forming part of the Financial Statements

Remeasurement of the net defined benefit liability/(asset):

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Actuarial (gains) arising from changes in demographic assumptions | **6.17** | 0.94 |
| Actuarial losses arising from changes in financial assumptions | **(4.25)** | (5.03) |
| Actuarial losses arising from changes in experience adjustments | **10.28** | 66.21 |
| Return on plan assets, excluding interest income | **0.78** | (0.26) |
| **Remeasurement of the net defined benefit liability / (assets)** | **12.98** | 61.86 |

The assumptions used in according for the defined benefit plan are set out below:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Discount rate | **7.50%** | 7.25% |
| Salary escalation rate | **6%** | 6% |
| Attrition rate | | |
| i) If Services < = 5 years | **18.98%** | 22.11% |
| ii) If Services > 5 years | **4.32%** | 2.01% |
| Mortality Rate | **Indian Assured Lives Mortality (2012-14)** | Indian Assured Lives Mortality (2012-14) |

Future mortality experience assumptions are taken based on the published statistics by the Life Insurance Corporation of India.

The Company is expected to contribute ₹ 36.05 lakhs to the defined benefit plan obligation for the year ending March 31, 2023.

Remeasurement (gain) / loss of defined employee benefit plan in other comprehensive income for the fiscals 2023 and 2022 are ₹ 12.98 lakhs and ₹ 61.86 lakhs respectively.

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows::

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Increase of 0.50% | **(7.98)** | (9.34) |
| Decrease of 0.50% | **8.69** | 10.31 |

If the expected salary growth increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Increase of 0.50% | **8.77** | 10.39 |
| Decrease of 0.50% | **(8.13)** | (9.49) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance sheet.

The defined benefit obligations shall mature after year ended March 31, 2023 as follows:

(₹ in lakhs)

| Year ending March 31, | Defined benefit obligations |
|---|---|
| 2024 | **8.64** |
| 2025 | **8.50** |
| 2026 | **8.65** |
| 2027 | **10.93** |
| 2028 | **9.54** |
| 2029 to 2033 | **56.27** |

**Providend Fund**

In accordance with law, the employees of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly.

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. The Company offers its employees defined contribution plan in the form of provident fund and family pension fund. Provident fund and family pension fund covers substantially all regular employees. While both, the employee and the Company pay predetermined contributions into the provident fund, contribution into the family pension fund are made by only the Company. The contribution is based on certain proportion of employee's salary. Contributions to Provident Fund are made to The Regional Provident Fund Commissioner for qualifying employees.

The Company expensed contributed ₹ 55.75 lakhs (March 31, 2022: ₹ 50.97 lakhs) for provident fund during the year ended March 31, 2023

## 13. COST RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised in employee benefit expenses, depreciation and amortisation expense and other expenses. Other expenses mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licences, communication expenses, comission, bad debts and advances written off, allowance for doubtful trade receivable and advances (net) and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment, etc.

## Notes forming part of the Financial Statements

### a) Other expenses

Other expenses consist of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Fees to external consultants | **470.81** | 732.90 |
| Facility expenses | **132.45** | 82.68 |
| Cost of equipment and software licences | **13.86** | 25.99 |
| Communication expenses | **197.98** | 185.27 |
| Commission | **3,945.68** | 2 ,997.97 |
| Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | **36.18** | 225.34 |
| Expenditure on Corporate Social Responsibility (refer to in note 13b) | **48.54** | 49.64 |
| Others (includes auditors remuneration referred to in note 17) | **99.25** | 102.32 |
| | **4,944.75** | 4,402.11 |

### b) Corporate Social Responsibility (CSR) expenditure

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| 1 - Amount required to be spent by the company during the year | **48.54** | 49.12 |
| 2 - Amount of expenditure incurred on: | | - |
| (i). Construction/acquisition of any asset | **-** | - |
| (ii) On purposes other than (i) above | **48.54** | 49.64 |
| 3 - Shortfall at the end of the year | **-** | - |
| 4 - Total of previous years shortfall | **-** | - |
| 5 - Reason for shortfall | **-** | - |
| 6 - Nature of CSR activities | **Education and welfare of children with disabilities** | - |
| 7 - Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard | **-** | - |

## 14. FINANCE COSTS

Finance costs consist of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest on lease liabilities | **49.65** | 52.35 |
| | **49.65** | 52.35 |

## 15. INCOME TAX

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**Current income taxes**

Current tax is measured based on taxable profit for the year and is computed in accordance with the Income Tax Act, 1961 using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the Balance Sheet after offsetting advance taxes paid and income tax provisions arising in the same tax jurisdictions.

**Deferred income taxes**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

The income tax expense consists of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Current Tax** | | |
| Current tax expenses for current year | **915.00** | 667.72 |
| Current tax benefit pertaining to prior years | | |
| | **915.00** | 667.72 |
| Deferred tax expenses/(benefit) | **(10.57)** | (33.00) |
| Deferred tax expense / (benefit) pertaining to prior years | | |
| | **(10.57)** | (33.00) |
| **Total income tax expense recognised in current year** | **904.43** | 634.72 |
| **Income tax expense recognised in OCI** | | |
| Deferred tax on remeasurement of defined employee benefit plan. | **3.27** | 15.57 |

## Notes forming part of the Financial Statements

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit before income taxes | **3,523.38** | 2,465.67 |
| Indian statutory income tax rate | **25.17%** | 25.17% |
| Expected income tax expense | **886.83** | 620.61 |
| **Tax effect of adjustments to reconcile expected income tax expense** | | |
| Disallowance of CSR expenses | **12.22** | 12.49 |
| Others (net) | **5.38** | 1.62 |
| **Total income tax expense** | **904.43** | 634.72 |

**Deferred tax balance**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2023 are as follows::

(₹ in lakhs)

| | Opening balance | Recognised in profit and loss | Recognised through OCI | Recognised through Retained earning | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | | | |
| Property, plant and equipment | **26.42** | **1.97** | | | **28.39** |
| Provision for employee benefits | **37.15** | **1.27** | **3.27** | | **41.69** |
| Unrealised gain / on securities carried at fair value through profit or loss / other comprehensive income | **(62.36)** | **(1.43)** | | | **(63.79)** |
| Operating lease liabilities | **30.42** | **3.29** | | | **33.71** |
| Others | **130.78** | **5.47** | | | **136.25** |
| **Net deferred tax assets / (liabilities)** | **162.41** | **10.57** | **3.27** | **-** | **176.25** |

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

| **As at March 31, 2023** | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment | **28.39** | | **28.39** |
| Provision for employee benefits | **41.69** | | **41.69** |
| Unrealised gain on securities carried at fair value through profit or loss / other | | **(63.79)** | **(63.79)** |
| Operating lease liabilities | **33.71** | | **33.71** |
| Others | **136.25** | | **1 36.25** |
| **Total deferred tax assets / (liabilities)** | **240.04** | **(63.79)** | **176.25** |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

(₹ in lakhs)

| | Opening balance | Recognised in profit and loss | Recognised through OCI | Recognised through Retained earning | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | | | |
| Property, plant and equipment | 32.22 | (5.80) | | | 26.42 |
| Provision for employee benefits | 13.90 | 7.68 | 15.57 | | 37.15 |
| Unrealised gain / on securities carried at fair value through profit or loss / other comprehensive income | (29.79) | (32.57) | | | (62.36) |
| Operating lease liabilities | 26.01 | 4.41 | | | 30.42 |
| Others | 71.50 | 59.28 | | | 130.78 |
| **Net deferred tax assets / (liabilities)** | 113.84 | 33.00 | 15.57 | - | 162.41 |

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

| **As at March 31, 2022** | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment | 26.42 | | 26.42 |
| Provision for employee benefits | 37.15 | | 37.15 |
| Unrealised gain on securities carried at fair value through profit or loss / other | | (62.36) | (62.36) |
| Operating lease liabilities | 30.42 | | 30.42 |
| Others | 130.78 | | 130.78 |
| **Net deferred tax assets / (liabilities)** | 224.77 | (62.36) | 162.41 |

## 16. EARNINGS PER SHARE

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit for the year (₹ in lakhs) | **2,618.95** | 1,830.95 |
| Weighted average number of equity shares | **10,00,000** | 10,00,000 |
| **Earnings per share basic and diluted** (₹) | **261.90** | 183.10 |
| Face value per equity share (₹) | **10** | 10 |

## Notes forming part of the Financial Statements

### 17. AUDITORS REMUNERATION

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Services as statutory auditors | **5.00** | 5.00 |
| Tax audit | **1.25** | - |
| Re-imbursement of out of pocket expenses | **0.28** | 0.28 |
| | **6.53** | 5.28 |

### 18. SEGMENT INFORMATION

The Company has been operating largely in one business segment viz. development, maintenance and management of the MPOnline portal for providing web based services and the other activities of the Company are incidental to the portal. These activities conducted only in one geographic segment viz India. Therefore, the disclosure requirements of the Ind AS 108 on "Segment Reporting" are not applicable.

For the year ended March 31, 2023 there are three customers that contribute more than 10% each of total revenue.

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Customer A | **1,970.47** | 111.35 |
| Customer B | **1,173.86** | 1,194.59 |
| Customer C | **1,127.91** | 9 62.41 |

### 19. COMMITMENTS AND CONTINGENCIES

**Indirect tax matters**

The Company has ongoing disputes with tax authorities mainly relating to treatment of characterisation and classification of certain items. As at March 31, 2023, the Company has demands amounting to ₹5,265.76 lakhs (March 31, 2022: ₹5,265.76 lakhs) from indirect tax authority which are being contested by the Company.

**Income tax matters**

The Company has ongoing disputes with income tax authorities relating to tax treatment of certain items. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances, and characterisation of fees for services received.

The Company has contingent liability in respect of demands from direct tax authorities, which are being contested by the Company on appeal amounting ₹9.50 lakhs and ₹9.50 lakhs as at March 31, 2023 and 2022, respectively.

**Bank guarantees**

The Company has provided guarantees to third parties aggregating ₹55.00 lakhs (March 31, 2022: ₹60.00 lakhs). The Company does not expect any outflow of resources in respect of the above.

**20.** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.



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## 21. RELATED PARTY TRANSACTIONS

The Company's principal related parties consist of its Holding Company Tata Consultancy Services Limited, Madhya Pradesh State Electronics Development Corporation Limited and key managerial personnel. The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

**Ultimate Holding Company**

Tata Sons Private Limited

**Holding Company**

Tata Consultancy Services Limited

**Significant shareholder**

Madhya Pradesh State Electronics Development Corporation Limited

**Key Management Personnel (KMP)**

Arun Panchal - Chief Operating Officer w.e f. January 01, 2022

Rajeev Sisaudiya- Chief Operating Officer upto December 31, 2021

Transactions with related parties are as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | | |
|---|---|---|---|
| | **Holding Company** | **Significant shareholder** | **Total** |
| Revenue from operations | **42.00** | **17.11** | **59.11** |
| Purchases of goods and services* | **266.51** | **32.90** | **299.41** |
| Reimbursement of expenses | **4.05** | **13.10** | **17.15** |
| Dividend paid | **1,806.70** | **223.30** | **2,030.00** |

(₹ in lakhs)

| | Year ended March 31, 2022 | | |
|---|---|---|---|
| | Holding Company | Significant shareholder | Total |
| Revenue from operations | 12.25 | 34.04 | 46.29 |
| Purchases of goods and services* | 602.18 | 31.11 | 633.29 |
| Reimbursement of expenses | 4.51 | 12.43 | 16.94 |
| Dividend paid | - | - | - |

* The key manangement personnel of the Company are on deputation and draw remuneration ₹ 44.40 lakhs and ₹ 56.25 lakhs from Tata Consultancy Services Limited as at March 31, 2023 and 2022, respectively. Service charges are payable by the Company to Tata Consultancy Services Limited



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## Notes forming part of the Financial Statements

(₹ in lakhs)

| | As at March 31, 2023 | | |
|---|---|---|---|
| | **Holding Company** | **Significant shareholder** | **Total** |
| Trade receivables | **54.37** | **211.04** | **265.41** |
| Security deposit | **-** | **8.15** | **8.15** |
| **Total** | **54.37** | **219.19** | **273.56** |

(₹ in lakhs)

| | As at March 31, 2022 | | |
|---|---|---|---|
| | Holding Company | Significant shareholder | Total |
| Trade receivables | 14.56 | 231.93 | 246.49 |
| Security deposit | - | 8.15 | 8.15 |
| **Total** | 14.56 | 240.08 | 254.64 |

Balances payable to related parties are as follows:

(₹ in lakhs)

| | As at March 31, 2023 | | |
|---|---|---|---|
| | **Holding Company** | **Significant shareholder** | **Total** |
| Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities | **35.21** | **-** | **35.21** |
| **Total** | **35.21** | **-** | **35.21** |

(₹ in lakhs)

| | As at March 31, 2022 | | |
|---|---|---|---|
| | Holding Company | Significant shareholder | Total |
| Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities | 23.41 | - | 23.41 |
| **Total** | 23.41 | - | 23.41 |

## 22) ADDITIONAL REGULATORY INFORMATION

### a) Ratios

| Ratio | Numerator | Denominator | Current year | Previous year |
|---|---|---|---|---|
| Current ratio (in times)* | Total current assets | Total current liabilities | 2.26 | 4.55 |
| Debt-Equity ratio (in times) | Debt consists of borrow-ings and lease liabilities | Total equity | 0.04 | 0.05 |
| Debt service coverage ratio (in times) | Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments | Debt service = Interest and lease payments+Principal repayments | NA | NA |
| Return on equity ratio (in %) | Profit for the year less Preference dividend (if any | Average total equity | 28.00% | 22.00% |
| Trade receivables turnover ratio (in times)** | Revenue from operations | Average trade receivables | 87.63 | 38.53 |
| Trade payables turnover ratio (in times) | Cost of equipment and software licences + Other expenses | Average trade payables | 11.62 | 13.93 |
| Net capital turnover ratio (in times) | Revenue from operations | Average working capital (i.e. Total current assets less Total current liabilities) | 1.06 | 0.74 |
| Net profit ratio (in %) | Profit for the year | Revenue from operations | 29% | 24% |
| Return on capital employed (in %)*** | Profit before tax and finance costs | Capital employed = Net worth + Lease liabilities + Deferred tax liabilities | 28% | 21% |
| Return on investment (in %)**** | Income generated from invested funds | Average invested funds in treasury investments | 0.07 | 0.04 |

*Since the company's revenue increased by 19% this fiscal year, the return on equity ratio has improved.

**Trade receivables turnover ratio (in times) increased as there is an increase in revenue in the current financial year along with

***Due to the current fiscal year's 19% growth in corporate income, the return on capital employed has grown.

**** Due to funds invested in high yeild return.



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## Notes forming part of the Financial Statements

**23.** No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**24. DIVIDENDS**

Dividends paid during the year ended March 31, 2023 include an amount of ₹ 203 per equity share for the year ended March 31, 2022.

Dividends declared by the Company are based on the profit available for distribution. On May 10, 2023, the Board of Directors of the Company have proposed a final dividend of ₹ 158 per share in respect of the year ended March 31, 2023 subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹1580 lakhs.

**Note:**

Previous Years Figures have been reclassed wherever necessary.

As per our report of even date attached

For and on behalf of the Board of MP Online Limited
CIN number : U72400MP2006PLC018777

**For KBJ & Associates**

Chartered Accountants
Firm Registration no. 114934W

**Kaushik B. Joshi**
Proprietor
Membership no. 048889
Mumbai, May 10, 2023

**Lakshminarayanan G S**
Director
DIN : 07982712

**Venguswamy Ramaswamy**
Director
DIN : 07943675
Mumbai, May 10, 2023

# C-EDGE TECHNOLOGIES LIMITED

( CIN: U72900MH2006PLC159038 )

## FINANCIAL STATEMENTS

**For the year ended**
**March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023





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# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF C-EDGE TECHNOLOGIES LIMITED

### Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of C- Edge Technologies Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other 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 and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the i:iccounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Eth.ics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free. from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditor's 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 auditor's 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 SAs 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 SAs, we exercise professional judgment and maintain professional skepticism 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation

offinancial statements 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 auditor's 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 auditor's 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order'') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

    (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    a) The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements - Refer income tax liabilities disclosed in the balance sheet along with Note 17 to the financial statements.

    b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

    c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

    d) (i) The management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 22 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

    (ii) The management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 22 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

    (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e), as provided under (i) and (ii) above, contain any material misstatement.

    e) The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

    As stated in Note 23 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Rajesh Shetty**
Partner
Membership No.: 130778
ICAI UDIN:23130778BGZQIZ7413

Mumbai, 25 April 2023

# Annexure A to the Independent Auditor's Report on the Financial Statements of C- Edge Technologies Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i). (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act; 1988 and rules made thereunder.

(ii). (a) The Company is a service company, primarily rendering information technology related solution. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii). According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

(iv). According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v). The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi). According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products manufactured by it (and/or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.

(vii). (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of Customs.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Cess or other statutory dues which have not been deposited by the Company on account of any dispute except for the following:

| Name of the statue | Nature of dues | Amount (Rs in lakhs)** | Period to which the amount relates | Forum where dispute is pending | Remarks, if any |
|---|---|---|---|---|---|
| Goods and Service Tax Act | GST | 213.07 | 2017 | Joint Commissioner | None |
| ** The amount is net of amount paid under protest of Rs. 91.31 lakhs | | | | | |

(viii). According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix). (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

(f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(f) is not applicable.

(x). (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi). (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report Linder sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Based on the information and explanations provided to us, the Company does not have a vigil mechanism and is not required to have a vigil mechanism as per the Act or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(xii). Pursuant to circular dated July 05, 2017 notified by Ministry of Corporate Affairs (MCA), the Company is exempted from the requirements of constitution of audit committee, accordingly the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv).(a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv). In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi).(a)The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company'is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has six Cl Cs as part of the Group.

(xvii). The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii). There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix). According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx). In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Rajesh Shetty**
Partner
Membership No.: 130778
!CAI UDIN:23130778BGZQIZ7413

Mumbai, 25 April 2023

# Annexure B to the Independent Auditor's Report on the financial statements of C- Edge Technologies Limited for the year ended 31 March 2023

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

## Opinion

We have audited the internal financial controls with reference to financial statements of C- Edge Technologies Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

## Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Rajesh Shetty**
Partner
Membership No: 130778
ICAI UDIN:23130778BGZQIZ7413

Mumbai, 25 April 2023

## Balance Sheet

(₹ in lakhs)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non - current assets** | | | |
| Property, plant and equipment | 8(a) | **3,390.27** | 3,013.92 |
| Right-of-use assets | 7 | **727.91** | 901.69 |
| Intangible assets | 8(b) | **725.93** | - |
| Financial assets | | | |
| Trade receivables | | | |
| Billed | 6(a) | **-** | 208.23 |
| Unbilled | | **-** | 15.33 |
| Other financial assets | 6(d) | **9,204.64** | 78.73 |
| Income tax asset (net) | | **1,482.92** | 802.82 |
| Deferred tax assets (net) | 15 | **410.63** | 225.67 |
| Other assets | 8(c) | **352.12** | 380.84 |
| **Total non-current assets** | | **16,294.42** | 5,627.23 |
| **Current assets** | | | |
| Financial assets | | | |
| Trade receivables | | | |
| Billed | 6(a) | **5,534.69** | 5,918.55 |
| Unbilled | | **2,772.45** | 1,734.04 |
| Cash and cash equivalents | 6(b)(i) | **14,671.86** | 13,609.97 |
| Other cash balances with bank | 6(b)(ii) | **2,618.13** | 10,195.45 |
| Loans | 6(c) | **-** | 3.74 |
| Other financial assets | 6(d) | **512.43** | 747.07 |
| Other assets | 8(c) | **1,690.49** | 1,545.69 |
| **Total current assets** | | **27,800.05** | 33,754.51 |
| **TOTAL ASSETS** | | **44,094.47** | 39,381.74 |
| **EQUITY AND LIABLITIES** | | | |
| **Equity** | | | |
| Share capital | 6(j) | **1,000.00** | 1,000.00 |
| Other equity | 6(k) | **35,090.28** | 30,261.19 |
| **Total Equity** | | **36,090.28** | 31,261.19 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | | **463.46** | 649.87 |
| Employee benefit obligation | 11 (ii) (a) | **81.38** | 57.37 |
| Unearned and deferred revenues | | **466.96** | 396.54 |
| **Total non-current liabilities** | | **1,011.80** | 1,103.78 |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | | **326.90** | 242.35 |
| Trade and other payables | | | |
| Dues of small enterprises and micro enterprises | 6(e) | **-** | - |
| Dues of creditors other than small enterprises and micro enterprises | 6(f) | **3,479.67** | 3,860.77 |
| Other financial liabilities | 6(g) | **32.59** | 17.17 |
| Unearned and deferred revenues | | **1,099.27** | 1,514.08 |
| Other liabilities | 8(d) | **701.75** | 742.79 |
| Employee benefit obligations | 11 (ii) (b) | **428.30** | 399.45 |
| Income tax liabilities (net) | | **923.91** | 240.16 |
| **Total current liabilities** | | **6,992.39** | 7,016.77 |
| **TOTAL EQUITY AND LIABILITIES** | | **44,094.47** | 39,381.74 |
| **NOTES FORMING PART OF THE FINANCIAL STATEMENTS** | 1-23 | | |

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

For and on behalf of the Board

**Rajesh Shetty**
Partner
Membership number: 130778
Mumbai, April 25, 2023

**Lakshminarayanan Gomatam Seshadri**
*Director*

**Vidya Krishnan**
*Director*

**Ujjwal Mathur**
*Director*

**Mihir Mishra**
*Director*

**Rahul Kulkarni**
*Chief Executive Officer*

**Aarti Salekar**
*Company Secretary*

**Rohinton Peer**
*Chief Financial Officer*
Mumbai, April 25, 2023

## Statement of Profit and Loss

(₹ in lakhs)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Revenue from operations | 9 | **35,576.82** | 32,651.45 |
| Other income | 10 | **1,231.10** | 927.23 |
| **TOTAL INCOME** | | **36,807.92** | 33,578.68 |
| **EXPENSES** | | | |
| Employee benefits expenses | 11(i) | **6,535.19** | 6,002.86 |
| Finance costs | 14 | **52.61** | 64.05 |
| Depreciation and amortisation expense | | **1,931.82** | 2,022.63 |
| Other expenses | 12 | **16,802.59** | 15,664.23 |
| **TOTAL EXPENSES** | | **25,322.21** | 23,753.77 |
| **PROFIT BEFORE TAX** | | **11,485.71** | 9,824.91 |
| **TAX EXPENSE** | | | |
| Current tax | 15 | **3,097.97** | 2,656.90 |
| Deferred tax | 15 | **(173.98)** | (150.19) |
| **TOTAL TAX EXPENSES** | | **2,923.99** | 2,506.71 |
| **PROFIT FOR THE YEAR** | | **8,561.72** | 7,318.20 |
| **OTHER COMPREHENSIVE (LOSSES) / INCOME** | | | |
| **Items that will not be reclassified subsiquently to profit and loss** | | | |
| Remeasurement of defined employee benefit plans | | **(43.61)** | (57.14) |
| Income tax on item that will not be reclassified subsequently to the statement of profit and loss | | **10.98** | 14.38 |
| **TOTAL OTHER COMPREHENSIVE (LOSSES) / INCOME** | | **(32.63)** | (42.76) |
| **TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR** | | **8,529.09** | 7,275.44 |
| **Earnings per equity share- Basic and diluted (₹)** | 19 | **85.62** | 73.18 |
| Weighted average number of equity shares | | **10,000,000** | 10,000,000 |
| Face value per equity share (₹) | | **10** | 10 |
| **NOTES FORMING PART OF THE FINANCIAL STATEMENTS** | 1-23 | | |

As per our report of even date attached
For **B S R & Co. LLP**
Firm's registration number : 101248W/W-100022

For and on behalf of the Board

**Rajesh Shetty**
Partner
Membership number: 130778
Mumbai, April 25, 2023

**Lakshminarayanan Gomatam Seshadri**
*Director*

**Vidya Krishnan**
*Director*

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*Director*

**Rahul Kulkarni**
*Chief Executive Officer*

**Aarti Salekar**
*Company Secretary*

**Rohinton Peer**
*Chief Financial Officer*
Mumbai, April 25, 2023

## Statement of Changes In Equity

### A EQUITY SHARE CAPITAL

(₹ in lakhs)

| Balance as on April 1, 2022 | Changes in equity share capital due to prior period errors | Restated balance as at April 1, 2022 | Changes in equity share capital during the year | Balance as at March 31, 2023 |
|---|---|---|---|---|
| **1,000.00** | **-** | **1,000.00** | **-** | **1,000.00** |

(₹ in lakhs)

| Balance as on April 1, 2021 | Changes in equity share capital due to prior period errors | Restated balance as at April 1, 2021 | Changes in equity share capital during the year | Balance as at March 31, 2022 |
|---|---|---|---|---|
| 1,000.00 | - | 1,000.00 | - | 1,000.00 |

*Refer note 6(j)

### B OTHER EQUITY

(₹ in lakhs)

| | Retained earnings | Total equity |
|---|---|---|
| **Balance as at April 1, 2022** | **30,261.19** | **30,261.19** |
| Profit for the year | **8,561.72** | **8,561.72** |
| Other comprehensive income | **(32.63)** | **(32.63)** |
| **Total comprehensive income** | **8,529.09** | **8,529.09** |
| Dividend | **(3,700.00)** | **(3,700.00)** |
| **Balance as at March 31, 2023** | **35,090.28** | **35,090.28** |
| **Balance as at April 1, 2021** | 26,685.75 | 26,685.75 |
| Profit for the year | 7,318.20 | 7,318.20 |
| Other comprehensive income | (42.76) | (42.76) |
| **Total comprehensive income** | 7,275.44 | 7,275.44 |
| Dividend | (3,700.00) | (3,700.00) |
| **Balance as at March 31, 2022** | 30,261.19 | 30,261.19 |

**Nature and purpose of reserves**

### a. Retained earnings

This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date.

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-23

As per our report of even date attached
For **B S R & Co. LLP**
Firm's registration number: 101248W/W-100022

For and on behalf of the Board

**Rajesh Shetty**
Partner
Membership number: 130778
Mumbai, April 25, 2023

**Lakshminarayanan Gomatam Seshadri**
*Director*

**Vidya Krishnan**
*Director*

**Ujjwal Mathur**
*Director*

**Mihir Mishra**
*Director*

**Rahul Kulkarni**
*Chief Executive Officer*

**Aarti Salekar**
*Company Secretary*

**Rohinton Peer**
*Chief Financial Officer*
Mumbai, April 25, 2023



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## Statement of Cash Flows

(₹ in lakhs)

| | | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **I** | **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| | **Profit for the year** | **8,561.72** | 7,318.20 |
| | **Adjustments to reconcile profit and loss to net cash provided by operating activities** | | |
| | Depreciation and amortisation expense | **1,931.82** | 2,022.63 |
| | Tax expense | **2,923.99** | 2,506.71 |
| | Bad debts written off, allowance for doubtful trade receivables and advances (net) | **731.29** | 456.84 |
| | Interest income | **(1,204.56)** | (919.96) |
| | Finance costs | **52.61** | 64.05 |
| | Unrealised (gain) / loss on lease modification | **(22.91)** | - |
| | **Operating profit before working capital changes** | **12,973.96** | 11,448.47 |
| | **Net change in** | | |
| | Trade receivables | | |
| | Billed | **(139.20)** | 1,735.35 |
| | Unbilled | **(1,023.08)** | (883.51) |
| | Other financial assets | **(21.62)** | 52.23 |
| | Other assets | **(114.48)** | 457.33 |
| | Trade payables | **(381.11)** | (774.12) |
| | Other financial liabilities | **15.42** | (84.25) |
| | Other liabilities and provision | **(31.79)** | (563.52) |
| | Unearned and deferred revenues | **(344.39)** | 195.29 |
| | **Cash generated from operations** | **10,933.71** | 11,583.27 |
| | Taxes paid (net of refunds) | **(3,094.31)** | (3,436.12) |
| | **Net cash generated from operating activities** | **7,839.40** | 8,147.15 |
| **II** | **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| | Bank deposits matured | **10,195.45** | 2,000.00 |
| | Bank deposits placed | **(11,624.20)** | (4,595.45) |
| | Payment for purchase of property, plant and equipment | **(1,930.89)** | (1,204.57) |
| | Payment for intangible assets | **(788.00)** | - |
| | Interest received | **1,416.37** | 451.04 |
| | **Net cash used in Investing activities** | **(2,731.27)** | (3,348.98) |
| **III** | **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| | Dividend paid | **(3,700.00)** | (3,700.00) |
| | Repayment of lease liabilities | **(293.63)** | (264.79) |
| | Interest paid | **(52.61)** | (64.05) |
| | **Net cash used in financing activities** | **(4,046.24)** | (4,028.84) |
| | **Net change in cash and cash equivalents** | **1,061.89** | 769.33 |
| | **Cash and cash equivalents at the beginning of the year** | **13,609.97** | 12,840.64 |
| | **Cash and cash equivalents at the end of the year (Refer note 6(b)(i))** | **14,671.86** | 13,609.97 |
| | **Components of cash and cash equivalents** | | |
| | In current accounts | **2,960.18** | 862.22 |
| | In deposit accounts | **11,711.68** | 12,747.75 |
| | | **14,671.86** | 13,609.97 |
| **IV** | **NOTES FORMING PART OF THE FINANCIAL STATEMENTS** 1-23 | | |

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.
Refer note 12(j) for amount spent during the years ended March 31, 2023 and 2022 on construction / acquisition of any asset and other purposes relating to CSR activities.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

**Rajesh Shetty**
Partner
Membership number: 130778
Mumbai, April 25, 2023

For and on behalf of the Board

**Lakshminarayanan Gomatam Seshadri**
*Director*

**Vidya Krishnan**
*Director*

**Ujjwal Mathur**
*Director*

**Mihir Mishra**
*Director*

**Rahul Kulkarni**
*Chief Executive Officer*

**Aarti Salekar**
*Company Secretary*

**Rohinton Peer**
*Chief Financial Officer*
*Mumbai, April 25, 2023*

# Notes forming part of the Financial Statements

## 1) CORPORATE INFORMATION

C-Edge Technologies Limited (herein referred to as 'the Company') is a subsidiary of Tata Consultancy Services Limited ('TCS' or 'Holding Company') which owns 51% of the equity shares. The balance 49% of the equity shares are owned by State Bank of India ('SBI' or 'Significant Shareholder'). The main objects of the Company are to provide information technology related services and solutions; to develop, procure, license / sublicense and supply computer software and to design, manufacture, procure, supply hardware and to develop, customize and adapt any software for its own use or for the use of multiple users and to provide computer hardware / software maintenance services.

The Company is a public limited company incorporated and domiciled in India. The address of the Corporate office is Nitco Biz Park, 2nd floor, Road No. 16U, Wagle Industrial Estate, Thane (West) - 400 604.

The financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorised for issue on April 25, 2023.

## 2) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

## 3) BASIS OF PREPARATION

These financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair values at the end of each reporting period and employee retirement obligations as explained in the accounting policies below. Historical cost is generally based on fair value of consideration given in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and realisation in cash and cash equivalents of the consideration for such a services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows has been prepared under indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The financial statements have been prepared in Indian Rupee (₹) which is the functional currency of the Company. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

## 4) USE OF ESTIMATES AND JUDGEMENTS

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

**a) Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**b) Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allowances and disallowances while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**c) Provisions and contingent liabilities**

The Company estimates the provisions that have present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**d) Employee benefits**

The accounting of employee benefit obligations in nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

**e) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirement of Ind AS 116. Identification of a lease require significant judgements. The Company uses significant judgement in assessing the term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**f) Allowance for doubtful trade receivable (Refer note 6)**

## 5) RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

## Notes forming part of the Financial Statements

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

### 6) FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or have expired.

***Cash and cash equivalents***

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents also consists of balances with banks which are unrestricted for withdrawal and usage.

***Financial assets at amortised cost***

Financial assets are subsequently measured at amortised cost if their financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at fair value through other comprehensive income***

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial asset and the contractual terms of the financial assets give rise at specified dates to the cash flows that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

***Financial assets at fair value through profit and loss***

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

***Financial liabilities***

Financial liabilities are measured at amortised cost using the effective interest method.

***Equity instruments***

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

***Impairment of Financial assets (other than at fair value)***

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for all contract assets and all trade receivables that do not constitute a financing transaction. Financial instrument (Ind AS 109) requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance of trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at the amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

## 6) (a) TRADE RECEIVABLES

Trade receivables - Billed (unsecured) consist of the following:

**Trade receivables - Billed – Non-current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivable - Billed | - | 208.23 |
| Less : Allowance for doubtful trade receivables - Billed | - | - |
| Considered good | - | 208.23 |
| Trade receivable - Billed | - | 329.82 |
| Less : Allowance for doubtful trade receivables - Billed | - | (329.82) |
| Considered impaired | - | - |
| | - | 208.23 |

Above balances of trade receivables include balances with related parties (Refer note 18)

## Notes forming part of the Financial Statements

Ageing for trade receivables – non-current outstanding as at March 31, 2023 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months -1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Undisputed trade receivables– considered good | - | - | - | - | - | - | - |
| Undisputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| **Less: Allowance for doubtful trade receivables - Billed** | | | | | | | - |
| | | | | | | | - |
| **Trade Receivables - unbilled** | | | | | | | - |
| | | | | | | | - |

Ageing for trade receivables – non-current outstanding as at March 31, 2022 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months -1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Undisputed trade receivables – considered good | - | - | - | 138.51 | 58.31 | 11.41 | 208.23 |
| Undisputed trade receivables – credit impaired | - | - | - | 254.57 | 62.94 | 12.31 | 329.82 |
| | - | - | - | 393.08 | 121.25 | 23.72 | 538.05 |
| **Less: Allowance for doubtful trade receivables - Billed** | | | | | | | (329.82) |
| | | | | | | | 208.23 |
| **Trade Receivables - unbilled** | | | | | | | 15.33 |
| | | | | | | | 223.56 |

Trade receivables - Billed (unsecured) consist of the following:

**Trade receivables - Billed – Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivable - Billed | **6,190.69** | 5,918.55 |
| Less : Al lowance for doubtful trade receivables - Billed | **(656.00)** | - |
| Considered good | **5,534.69** | 5,918.55 |
| Trade receivable - Billed | **701.85** | 428.01 |
| Less : Al lowance for doubtful trade receivables - Billed | **(701.85)** | (428.01) |
| **Considered impaired** | **-** | - |
| | **5,534.69** | 5,918.55 |

Above balances of trade receivables include balances with related parties (Refer note 18)

Ageing for trade receivables – current outstanding as at March 31, 2023 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months -1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Undisputed trade receivables– considered good | **1,512.29** | **3,994.27** | **454.91** | **169.82** | **41.67** | **17.73** | **6,190.69** |
| Undisputed trade receivables – credit impaired | **-** | **-** | **-** | **478.72** | **183.47** | **39.66** | **701.85** |
| | **1,512.29** | **3,994.27** | **454.91** | **648.54** | **225.14** | **57.39** | **6,892.54** |
| **Less: Allowance for doubtful trade receivables - Billed** | | | | | | | **(1,357.85)** |
| | | | | | | | **5,534.69** |
| **Trade Receivables - unbilled** | | | | | | | **2,772.45** |
| | | | | | | | **8,307.14** |

Ageing for trade receivables – current outstanding as at March 31, 2022 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months -1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Undisputed trade receivables – considered good | 1,591.22 | 4,082.88 | 244.45 | - | - | - | 5,918.55 |
| Undisputed trade receivables – credit impaired | 85.62 | 197.36 | 145.03 | - | - | - | 428.01 |
| | 1,676.84 | 4,280.24 | 3 89.48 | - | - | - | 6,346.56 |
| **Less: Allowance for doubtful trade receivables - Billed** | | | | | | | (428.01) |
| | | | | | | | 5,918.55 |
| **Trade Receivables - unbilled** | | | | | | | 1,734.04 |
| | | | | | | | 7,652.59 |

**(b) i Cash and cash equivalents**

Cash and cash equi valents consist of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balances with banks** | | |
| In current accounts* | **2,960.18** | 862.22 |
| In deposit accounts with original maturity less than 3 months* | **11,711.68** | 12,747.75 |
| | **14,671.86** | 13,609.97 |

*Above balances of cash and cash equivalents include balances with related parties (Refer note 18)

**(b) ii Other bank balances with bank**

Other balances with bank consists of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Short term bank deposits | **2,618.13** | 10,195.45 |
| | **2,618.13** | 10,195.45 |



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**(c) Loans**

Loans receivable (unsecured) consist of the following :

(₹ in lakhs)

| **(i) Loans - current** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered good** | | |
| (a) Advances to employees | **-** | 3.74 |
| | **-** | 3.74 |

**(d) Other financial assets**

Other financial assets consist of the following :

(₹ in lakhs)

| **(i) Other financial assets - Non - current** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Security deposits | **198.57** | 78.73 |
| Bank deposit more than 12 months | **9,006.07** | - |
| | **9,204.64** | 78.73 |
| **(ii) Other financial assets - current** | | |
| (a) Security deposits | **56.50** | 81.47 |
| (b) Interest receivable* | **455.93** | 665.60 |
| | **512.43** | 747.07 |

*Above balances of interest receivable include balances with related parties (Refer note 18)

**(e) Dues of small enterprises and micro enterprises**

The disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) for dues to micro enterprises and small enterprises as at March 31, 2023 and March 31, 2022 is as under:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Dues remaining unpaid to any supplier | | |
| Principal | **-** | - |
| Interest on the above | **-** | - |
| Amount of interest paid in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | **-** | - |
| Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | **-** | - |
| Amount of interest accrued and remaining unpaid | **-** | - |
| Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006 | **-** | - |

## Notes forming part of the Financial Statements

### (f) Trade payables

Ageing for trade payables outstanding as at March 31, 2023 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months -1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| MSME * | - | - | - | - | - | - | - |
| Others** | - | 488.73 | 45.90 | - | - | 113.47 | 648.10 |
| Disputed dues - MSME * • | - | - | - | - | - | - | - |
| Disputed dues - Others • | - | - | - | - | - | - | - |
| | - | 488.73 | 45.90 | - | - | 113.47 | 648.10 |
| **Accrued expenses** | | | - | - | - | | 2,831.57 |
| | | | - | - | - | | 3,479.67 |

*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006.

• Disputed Trade Payables pertain to those parties where a legal claim has been filed in any court in India.

**Above balances of trade payables include balances with related parties (Refer note 18).

Ageing for trade payables outstanding as at March 31, 2022 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| | Not due | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| MSME * | - | - | - | - | - | - |
| Others** | 339.22 | 146.17 | - | - | 133.47 | 618.86 |
| Disputed dues - MSME * • | - | - | - | - | - | - |
| Disputed dues - Others • | - | - | - | - | - | - |
| | 339.22 | 146.17 | - | - | 133.47 | 618.86 |
| **Accrued expenses** | | | - | - | | 3,241.91 |
| | | | - | - | | 3,860.77 |

*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006.

• Disputed Trade Payables pertain to those parties where a legal claim has been filed in any court in India.

** Above balances of trade payables include balances with related parties (Refer note 18).

**(g) Other financial liabilities**

Other financial liabilities consists of the following :

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Accrued payroll | **32.59** | 17.17 |
| | **32.59** | 17.17 |

**(h) Financial instruments by category**

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 6 to the financial statements.

The carrying value of financial instruments by categories as of March 31, 2023 is as follows:

(₹ in lakhs)

| | Fair value through Profit and Loss | Amortised cost | Total carrying value |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalents | **-** | **14,671.86** | **14,671.86** |
| Trade receivables | | | |
| Billed | | **5,534.69** | **5,534.69** |
| Unbilled | **-** | **2,772.45** | **2,772.45** |
| Other bank balance | **-** | **2,618.13** | **2,618.13** |
| Other financial assets | | **9,717.07** | **9,717.07** |
| **Total** | **-** | **35,314.20** | **35,314.20** |
| **Financial liabilities** | | | |
| Trade and other payables | **-** | **3,479.67** | **3,479.67** |
| Lease liabilities | | **790.36** | **790.36** |
| Other financial liabilities | **-** | **32.59** | **32.59** |
| **Total** | **-** | **4,302.62** | **4,302.62** |

## Notes forming part of the Financial Statements

The carrying value of financial instruments by categories as of March 31, 2022 is as follows:

(₹ in lakhs)

| | Fair value through Profit and Loss | Amortised cost | Total carrying value |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalents | - | 13,609.97 | 13,609.97 |
| Trade receivables | - | | |
| Billed | - | 6,126.78 | 6,126.78 |
| Unbilled | - | 1,749.37 | 1,749.37 |
| Other Bank balances | - | 10,195.45 | 10,195.45 |
| Loans | - | 3.74 | 3.74 |
| Other financial assets | - | 825.80 | 825.80 |
| **Total** | - | 32,511.11 | 32,511.11 |
| **Financial liabilities** | | | |
| Trade and other payables | - | 3,860.77 | 3,860.77 |
| Lease liabilities | - | 892.22 | 892.22 |
| Other financial liabilities | - | 17.17 | 17.17 |

**Measurement of fair value**

The management assessed the fair values of cash and cash equivalents, trade receivables, unbilled receivables, loan receivables, other financial assets, trade payable and other financial liabilities at their carrying amounts due to short term maturities of these instruments.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. The financial assets & liabilities of the company come under Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

**(i) Financial risk management**

The Company is exposed primarily to credit, liquidity and interest rate risk which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of the Board is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

**a) Interest rate risk**

The Company's investments are primarily in fixed rate interest bearing investments. Hence the company is not significantly exposed to interest rate risk.

**b) Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivable and other financial assets.

The Company's exposure to customers is diversified and there are no customers other than the Holding Company who contributes to more than 10% of outstanding trade receivables as at March 31, 2023 and March 31, 2022. None of the other financial instruments of the Company result in material concentration of credit risk.

The allowance for lifetime expected credit loss on trade receivables for the years ended March 31,2023 and 2022, was ₹ 731.29 lakhs and ₹ 908.16 lakhs respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Balance at the beginning of the year | **757.85** | 507.85 |
| Changes during the year | **731.29** | 908.16 |
| Bad debts written off | **(131.29)** | (658.16) |
| Balance at the end of the year | **1,357.85** | 757.85 |

**c) Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligation. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(₹ in lakhs)

| | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| **March 31, 2023** | | | | | |
| Trade and other payables | **3,479.67** | **-** | **-** | **-** | **3,479.67** |
| Lease liabilities | **3 65.59** | **318.59** | **164.61** | **-** | **848.79** |
| Other financial liabilities | **32.59** | **-** | **-** | **-** | **32.59** |
| | **3,877.85** | **318.59** | **164.61** | **-** | **4,361.05** |
| **March 31, 2022** | | | | | |
| Trade and other payables | 3,860.77 | - | - | - | 3,860.77 |
| Lease liabilities | 287.24 | 261.27 | 438.95 | - | 987.46 |
| Other financial liabilities | 17.17 | - | - | - | 17.17 |

## Notes forming part of the Financial Statements

**d) Foreign currency exchange rate risk**

The Company's exposure to foreign currency risk is not material.

**(j) Equity instrument**

The authorised, issued, subscribed and fully paid-up share capital comprises of :

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(a) Authorised :** | | |
| 4,00,00,000 equity shares of ₹ 10 each (March 31, 2022 : 4,00,00,000 equity shares of ₹ 10 each) | **4,000.00** | 4,000.00 |
| | **4,000.00** | 4,000.00 |
| **(b) Issued, subscribed and paid up:** | | |
| 1,00,00,000 equity shares of ₹ 10 each (March 31, 2022 : 1,00,00,000 equity shares of ₹ 10 each) | **1,000.00** | 1,000.00 |
| | **1,000.00** | 1,000.00 |

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

**i) Reconciliation of number of shares**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **No. of shares** | **Amount (₹ lakhs)** | No. of shares | Amount (₹ lakhs) |
| **Equity shares** | | | | |
| Opening balance | **1,00,00,000** | **1,000.00** | 1,00,00,000 | 1,000.00 |
| Issued during the year | **-** | **-** | - | - |
| Closing balance | **1,00,00,000** | **1,000.00** | 1,00,00,000 | 1,000.00 |

**ii) Rights, preferences and restrictions attached to shares**

**Equity shares**

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held and carry a right to dividend. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### iii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

**Equity shares**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | Holding | No. of shares | Holding |
| Tata Consultancy Services Limited (holding company) | **51,00,000** | **51%** | 51,00,000 | 51% |
| State Bank Of India (significant shareholder) | **49,00,000** | **49%** | 49,00,000 | 49% |

### iv) Disclosure of Shareholding of Promoters

Disclosure of shareholding of promoters as at March 31, 2023 is as follows:

| | Shares held by promoters at the end of the year | | | % Change during the year |
|---|---|---|---|---|
| Sr. no. | Promoter name | No. of shares | % of total shares | |
| 1 | Tata Consultancy Services Limited (holding company) | **51,00,000** | **51%** | - |
| 2 | State Bank Of India (significant shareholder) | **49,00,000** | **49%** | - |
| | **Total** | **1,00,00,000** | **100** | - |

Disclosure of shareholding of promoters as at March 31, 2022 is as follows:

| | Shares held by promoters at the end of the year | | | % Change during the year |
|---|---|---|---|---|
| Sr. no. | Promoter name | No. of shares | % of total shares | |
| 1 | Tata Consultancy Services Limited (holding company) | **51,00,000** | **51%** | - |
| 2 | State Bank Of India (significant shareholder) | **49,00,000** | **49%** | - |
| | **Total** | **1,00,00,000** | **100** | - |

## Notes forming part of the Financial Statements

**(k) Other equity**

Other equity consist of the following :

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (i) Retained earnings | | |
| Opening balance | **30,261.19** | 26,685.75 |
| (ii) Profit for the year | **8,561.72** | 7,318.20 |
| (iii) OCI Impact and remeasurement of defined employee benefit plans | **(32.63)** | (42.76) |
| (iv) Appropriation : | | |
| (v) Less : | | |
| (a) Dividend on equity shares | **(3,700.00)** | (3,700.00) |
| | **35,090.28** | 30,261.19 |

## 7) LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The rightof- use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the

Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The details of the right-of-use asset held by the Company is as follows:

(₹ in lakhs)

| | Additions for the year ended March 31, 2023 | Net carrying amount as at March 31, 2023 |
|---|---|---|
| Buildings | **199.38** | **727.91** |
| | **199.38** | **727.91** |

(₹ in lakhs)

| | Additions for the year ended March 31, 2022 | Net carrying amount as at March 31, 2022 |
|---|---|---|
| Buildings | - | 901.69 |
| | - | 901.69 |

Depreciation on right - of - use assets is as follows :

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2023 |
|---|---|---|
| Buildings | **315.21** | **315.15** |
| | **315.21** | **315.15** |

Interest on lease liabilities is ₹ 52.61 lakhs and ₹ 62.56 lakhs for the year ended March 31, 2023 and March 31, 2022 respectively.

## Notes forming part of the Financial Statements

The Company incurred ₹ 6.91 lakhs and ₹ 4.00 lakhs for the year ended March 31, 2023 and March 31, 2022 respectively towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 353.15 lakhs and ₹ 331.35 lakhs for the year ended March 31, 2023 and March 31, 2022 respectively , including cash outflow for short term and low value leases.

Lease contracts entered by the Company majorly pertains for premises taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitments towards variable rent as per contract.

### 8) NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES

#### (a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Cost of an item of property, plant and equipment comprises of its purchases price including non refundable taxes, after deducting trade discount and any directly attributable cost of bringing the item to its working condition for its intended use. Depreciation is provided for property, plant and equipment on straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| **Type of asset** | **Useful life** |
|---|---|
| Office equipment | 5 - 10 years |
| Buildings (Leasehold) | Lease term |
| Furniture and fixtures | 5 years |
| Computers | 4 years |
| Leasehold improvements | Lease term |

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Property, plant and equipment with finite life are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in the statement of profit and loss.

**Property, plant and equipment**

Property, plant and equipment consist of the following:

(₹ in lakhs)

| Description | Gross block as at April 1, 2022 | Additions | Disposals | Gross block as at March 31, 2023 | Accumulated depreciation as at April 1, 2022 | Depreciation for the year | Depreciation on disposals | Accumulated depreciation as at March 31, 2023 | Net carrying amount as at March 31, 2023 | Net carrying amount as at March 31, 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Computer | **11,455.98** | **1,916.21** | **2,273.35** | **11,098.84** | **(8,682.28)** | **(1,480.85)** | **(2,273.35)** | **(7,889.78)** | **3,209.06** | **2,773.70** |
| Office equipment | **269.33** | **10.02** | **-** | **279.35** | **(119.54)** | **(29.00)** | **-** | **(148.54)** | **130.81** | **149.79** |
| Furniture and fixtures | **111.45** | **4.66** | **-** | **116.11** | **(99.35)** | **(14.18)** | **-** | **(113.53)** | **2.58** | **12.10** |
| Leasehold Improve-ments | **208.13** | **-** | **-** | **208.13** | **(129.80)** | **(30.51)** | **-** | **(160.31)** | **47.82** | **78.33** |
| **Total** | **12,044.89** | **1,930.89** | **2,273.35** | **11,702.43** | **(9,030.97)** | **(1,554.54)** | **(2,273.35)** | **(8,312.16)** | **3,390.27** | **3,013.92** |

(₹ in lakhs)

| Description | Gross Block as at April 1, 2021 | Additions | Disposals | Gross block as at March 31, 2022 | Accumulated depreciation as at April 1, 2021 | Depreciation for the year | Depreciation on disposals | Accumulated depreciation as at March 31, 2022 | Net carrying amount as at March 31, 2022 | Net carrying amount as at March 31, 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| Computers | 10,343.67 | 1,112.31 | - | 11,455.98 | (7,057.32) | (1,624.96) | - | (8,682.28) | 2,773.70 | 3,286.35 |
| Office equipment | 209.79 | 59.54 | - | 269.33 | (93.82) | (25.72) | - | (119.54) | 149.79 | 115.97 |
| Furniture and fixtures | 111.45 | 0.00 | - | 111.45 | (88.55) | (10.80) | - | (99.35) | 12.10 | 22.90 |
| Leasehold Improvements | 183.98 | 24.15 | - | 208.13 | (83.80) | (46.00) | - | (129.80) | 78.33 | 100.18 |
| Total | 10,848.89 | 1,196.00 | - | 12,044.89 | (7,323.49) | (1,707.48) | - | (9,030.97) | 3,013.92 | 3,525.40 |

## Notes forming part of the Financial Statements

### (b) Intangible assets

Intangible assets purchased are measured at cost as at the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences which are amortised over licence period which equates the economic useful life of 4 years on a straight-line basis over the period of its economic useful life.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in the statement of profit and loss.

Intangible assets consist of the following:

(₹ in lakhs)

| | Software licences |
|---|---|
| **Cost as at April 1, 2022** | **-** |
| Additions | **788.00** |
| Disposals / Derecognised | **-** |
| **Cost as at March 31, 2023** | **788.00** |
| **Accumulated amortisation as at April 1, 2022** | **-** |
| Amortisation | **(62.07)** |
| Disposals / Derecognised | **-** |
| **Accumulated amortisation as at March 31, 2023** | **(62.07)** |
| **Net carrying amount as at March 31, 2023** | **725.93** |

(₹ in lakhs)

| | Software licences |
|---|---|
| **Cost as at April 1, 2021** | - |
| Additions | - |
| Disposals / Derecognised | - |
| **Cost as at March 31, 2022** | - |
| **Accumulated amortisation as at April 1, 2021** | - |
| Amortisation | - |
| Disposals / Derecognised | - |
| **Accumulated amortisation as at March 31, 2022** | - |
| **Net carrying amount as at March 31, 2022** | - |

The estimated amortisation for years subsequent to March 31, 2023 is as follows:

(₹ in lakhs)

| Year ending March 31, | Amortisation expense |
|---|---|
| 2024 | 196.71 |
| 2025 | 196.71 |
| 2026 | 196.71 |
| 2027 | 135.80 |
| 2028 | - |
| | 725.93 |

**(c) Other assets**

Other assets consist of the following:

**(i) Other assets - Non – current**

(₹ in lakhs)

| Considered good | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Contract fulfillment cost * | **211.13** | 282.73 |
| (b) Balance with Government Authorities ** | **91.31** | 91.31 |
| (c) Prepaid expenses | **49.68** | 6.80 |
| | **352.12** | 380.84 |

** Amount deposited with Goods & Service Tax (GST) Authorities.

**(ii) Other assets - current**

(₹ in lakhs)

| Unsecured, considered good | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Contract fulfillment cost * | **640.00** | 458.44 |
| (b) Prepaid expenses | **174.31** | 288.49 |
| (c) Indirect taxes recoverable | **869.18** | 795.36 |
| (d) Advance to suppliers | **5.40** | 3.40 |
| (e) Advances to employees | **1.60** | - |
| | **1,690.49** | 1,545.69 |

* Contract fulfilment costs of ₹ 1,018.53 lakhs and ₹ 986.85 lakhs for the years ended March 31, 2023 and 2022, respectively, have been amortized in the statement of profit and loss.

## Notes forming part of the Financial Statements

**(d) Other liabilities**

Other liabilities consists of the following :

**(i) Other liabilities - current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advance received from customers | **-** | 7.11 |
| Indirect taxes payable and other statutory liabilities | **701.75** | 735.68 |
| | **701.75** | 742.79 |

## 9) REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services and business solutions.

The Company's contracts with customers could include commitment to transfer multiple products and services to a customer. The Company assesses the products / services committed in a contract and identifies distinct performance obligations in the contract including whether a performance obligation is satisfied at a point in time or over a period of time. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at each reporting period.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue from ASP (Applications Service Provider) platforms are recognised as the services are performed and amount earned. Revenue is recongnised on a time elapsed mode and revenue is straight lined over the period of performance. Amounts are considered to be earned once evidence of an agreement or contractual arrangement has been obtained, services are delivered and collectability is reasonably assured.
- Revenue from the supply of third party equipment or software is recognised at the point in time when control is transferred to the customer net of applicable taxes and duties.

**Contract fulfilment costs**

Contract fulfilment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalisation. Such costs are amortized over the contractual period or useful life of the license whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Revenue is measured based on the transaction price, which is the consideration as specified in the contract with the customer. Revenue excludes taxes collected from customers.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The Company disaggregates revenue from contracts with customers by industry verticals and nature of services.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Significant shareholder, along with it's Regional Rural Banks, and the Holding Company contributes 40% (41% : March 2022 ) and 29% (26% : March 31, 2022) of the company's total revenue for year ended March 31, 2023, respectively.

Other income comprises of interest income for financial instruments namely bank and corporate deposits measured at amortised cost which is recorded on accrual basis.

**Revenue from operations**

The Company generates revenue from consultancy services and sale of equipment to the Banking, Financial Services and Insurance (BFSI) sector in India.

(₹ in lakhs)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| (a) Information technology and consultancy services | **35,339.99** | 32,413.72 |
| (b) Sale of equipment | **236.83** | 237.73 |
| | **35,576.82** | 32,651.45 |

The Company has applied practical expedient of not disclosing the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

The Company does not have any contract assets.

**Movement in contract liabilities is given below:**

(₹ in lakhs)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Opening balance | **1,910.62** | 1,715.33 |
| Less : Revenue recognised that was included in contract liability balance at the beginning of the year | **(1,487.32)** | (858.12) |
| Add : Increase due to invoicing during the year, excluding amounts recognised as revenue during the year | **1,142.93** | 1,053.41 |
| Closing balance | **1,566.23** | 1,910.62 |

For the current year, the revenue recongnised in the statement of profit and loss equals to the contracted price.

## Notes forming part of the Financial Statements

### 10) OTHER INCOME

Other income (net) consist of the following:

(₹ in lakhs)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| (a) Interest income | **1,204.56** | 919.96 |
| (b) Others | **26.54** | 7.27 |
| | **1,231.10** | 927.23 |
| **Interest income comprises :** | | |
| Interest income on bank deposits and interest on financial assets carried at amortised cost. | **1,170.49** | 919.96 |
| Interest revenue - Income tax refunds | **34.07** | - |
| | **-** | |
| **Others income comprises :** | | |
| Others | **26.54** | 7.27 |

### 11) EMPLOYEE BENEFITS

**i) Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**ii) Defined benefit plans**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Past service cost, both vested and unvested, is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service 'past service cost' or 'past service gain' or the gain or loss on curtailment is recognised immediately in profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**iii) Defined contribution plan**

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

**iv) Other employee benefit obligations**

**Compensated absences**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

**i) Employee benefit expenses consist of the following:**

(₹ in lakhs)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| (a) Salaries, Incentives and allowances | **6,114.96** | 5,612.26 |
| (b) Contribution to provident and other funds | **273.57** | 240.77 |
| (c) Staff welfare expenses | **146.66** | 149.83 |
| | **6,535.19** | 6,002.86 |

Employee benefit obligation consist of the following :

**(ii) (a) Employee benefit obligations - non current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Gratuity Liability | **81.38** | 57.37 |
| | **81.38** | 57.37 |

**(ii) (b) Employee benefit obligations - current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Gratuity Liability | **267.39** | 246.46 |
| Compensated absences | **160.91** | 152.99 |
| | **428.30** | 399.45 |

Employee benefit plans consists of the following :

**i) Defined contribution plans**

**Provident fund**

In accordance with Indian law, the Company's employees are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly.

These are plans in which the Company pays pre-defined amounts to separate funds (provident fund and pension fund) and does not have any legal or informal obligation to pay additional sums. The Company offers its employees defined contribution plan in the form of provident fund and family pension fund. Provident fund and family pension fund covers substantially all regular employees. While both, the employee and the Company pay predetermined contributions into the provident fund, contribution into the family pension fund are made by only the Company. The



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## Notes forming part of the Financial Statements

contribution is based on certain proportion of employee's salary. Contributions to Provident Fund are made to The Regional Provident Fund Commissioner for qualifying employees.

The Company contributed ₹ 219.52 lakhs (March 31, 2022 : ₹ 191.65 lakhs) for provident fund during the year ended March, 31 2023.

**Gratuity**

In accordance with Indian law, the Company operate a scheme of Gratuity which is a defined benefit plan and is wholly unfunded. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

The following table sets out the details of the defined benefit retirement plans and the amount recognised in the financial statements:

(₹ in lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Change in benefit obligations** | | |
| Benefit obligations, beginning of the year | **303.83** | 272.81 |
| Service cost | **31.49** | 29.73 |
| Interest cost | **17.41** | 15.00 |
| Benefits paid | **(47.58)** | (70.85) |
| Actuarial losses / (gains) recognized in OCI | **43.62** | 57.14 |
| **Benefit obligations, end of the year** | **348.77** | 303.83 |
| Service cost | **31.49** | 29.73 |
| Net interest on net defined benefit (assets)/liabilities | **17.41** | 15.00 |
| **Net periodic gratuity cost** | **48.90** | 44.73 |

The Company has no plan assets.

The assumptions used in accounting for the defined benefit plan are set out below :

| | | |
|---|---|---|
| Discount rate | **7.25%** | 5.75% |
| Salary escalation rate | **7.00%** | 5.00% |
| Mortality Rate | **Indian Assured Lives Mortality (2012-14)** | Indian Assured Lives Mortality (2012-14) |

Future mortality assumptions are taken based on the published statistics by the Insurance Regulatory and Development Authority of India.

| Attrition rate | | |
|---|---|---|
| i) If Services < = 5 years | **33.27%** | 41.30% |
| ii) If Services > 5 years | **24.29%** | 17.85% |

Remeasurement of net defined benefit liability / (asset)

(₹ in lakhs)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Actuarial (gains) and losses arising from changes in demographic assumptions | **8.65** | 9.98 |
| Actuarial (gains) and losses arising from changes in financial assumptions | **5.01** | 8.67 |
| Actuarial (gains) and losses arising from changes in experience adjustments | **29.95** | 38.49 |
| Remeasurement of net defined benefit liability / (asset) | **43.61** | 57.14 |

The expected benefits are based on the same assumptions as used to measure the Company's defined benefit obligations as at March 31, 2023.

Remeasurement loss / (gain) of the defined benefit obligation of ₹ 43.61 lakhs and ₹ 57.14 lakhs for the years ended March 31, 2023 and March 31, 2022 has been accounted in other comprehensive income.

The significant actuarial assumptions for determination of defined benefit obligation are the discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the period, while holding all other assumptions constant.

If the discount rate increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Increase of 0.50% | **(4.87)** | (5.73) |
| Decrease of 0.50% | **5.05** | 6.00 |

If the expected salary growth increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Increase of 0.50% | **5.04** | 6.01 |
| Decrease of 0.50% | **(4.91)** | (5.80) |

## Notes forming part of the Financial Statements

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the balance sheet.

The defined benefit obligations shall mature after year ended March 31, 2023 as follows:

(₹ in lakhs)

| Year ending March 31, | Defined benefit obligation |
|---|---|
| 2024 | **81.37** |
| 2025 | **70.04** |
| 2026 | **55.15** |
| 2027 | **46.35** |
| 2028 | **40.58** |
| 2029 to 2033 | **105.01** |

### 12) COST RECOGNITION

Cost and expenses are recognised when incurred and have been classified according to their nature.

The costs of the company are broadly categorised in employee benefit expenses, other expenses and depreciation and amortisation. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other expenses majorly include fees to external consultants, commission expenses, cost of facility running, communication expenses, allowance for doubtful trade receivables and other expenses.

Other expenses consist of the following:

(₹ in lakhs)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| (a) Fees to external consultants | **1,424.88** | 1,221.39 |
| (b) Software and material costs | **6,754.85** | 5,439.48 |
| (c) Communication expenses | **6,280.14** | 6,643.09 |
| (d) Travelling and conveyance expenses | **69.84** | 28.09 |
| (e) Facility and hosting charges | **588.10** | 512.46 |
| (f) Repairs and maintenance | **357.05** | 276.35 |
| (g) Electricity expenses | **116.68** | 82.26 |
| (h) Bad debts written off, allowance for trade receivable and advance (net) | **731.29** | 908.16 |
| (i) Security charges | **44.81** | 45.35 |
| (j) Corporate Social Responsibility* | **206.09** | 205.69 |
| (k) Others (includes Auditor's remuneration referred to in note 13) | **228.86** | 301.91 |
| | **16,802.59** | 15,664.23 |

**Corporate Social Responsibility (CSR) expenditure**

(₹ in lakhs)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Amount required to be spent by the company during the year | **206.09** | 205.69 |
| Amount of expenditure incurred on : | | |
| (i) Construction/acquisition of any asset | **-** | 162.58 |
| (ii) On purposes other than (i) above | **206.09** | 43.11 |
| Excess / (Shortfall) at the end of the year | **-** | - |
| Total of previous years shortfall | **-** | - |

(₹ in lakhs)

| | | |
|---|---|---|
| Nature of CSR activities | **Education, Skilling, Health, Sanitation and Hygiene** | |
| Details of related party transactions | **-** | - |
| Movements in provision made with respect to a liability incurred by entering into a contractual obligation | **-** | - |

## 13) AUDITOR'S REMUNERATION

Auditor's remuneration consists of the following:

(₹ inlakhs)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Auditor | **6.73** | 5.90 |
| For other services | **2.36** | 2.36 |
| For reimbursement of out-of-pocket expenses | **0.50** | 0.33 |
| | **9.59** | 8.59 |

Inclusive of indirect taxes input credit has been / will be availed.

## 14) FINANCE COST

Finance costs consist of the following:

(₹ in lakhs)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Interest expense | **52.61** | 64.05 |
| | **52.61** | 64.05 |

## Notes forming part of the Financial Statements

### 15) INCOME TAXESS

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**i) Current income taxes**

Current tax is measured based on taxable profit for the year and is computed in accordance with the Income Tax Act, 1961 using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the Balance Sheet after offsetting advance taxes paid and income tax provisions arising in the same tax jurisdictions.

**ii) Deferred income taxes**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax labilities and assets and the Company can settle current tax labilities and assets on a net basis.

The income tax expense consists of the following:

Income tax recognised in the statement of profit and loss

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Current Tax:** | | |
| Current tax expense for current year | **3,113.95** | 2,698.62 |
| Current tax expense pertaining to prior years | **(15.98)** | (41.72) |
| | **3,097.97** | 2,656.90 |
| Deferred tax expense / (benefit) | **(173.98)** | (150.19) |
| **Total income tax expense recognised in the current year** | **2,923.99** | 2,506.71 |
| **Income tax expense recognised in OCI** | | |
| Deferred tax on remeasurement of defined employee benefit plan. | **10.98** | 14.38 |

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit or loss is as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit before taxes | **11,485.71** | 9,824.91 |
| Indian statutory income tax rate | **25.170%** | 25.170% |
| Expected income tax expense | **2,890.95** | 2,472.93 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense** | | |
| (a) Current tax expense pertaining to prior years | **(15.98)** | (41.72) |
| (b) Disallowance under section 37 | | |
| (i) CSR expenses | **51.87** | 51.60 |
| (c) Others (net) | **(2.85)** | 23.90 |
| **Total income tax expense** | **2,923.99** | 2,506.71 |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:

(₹ in lakhs)

| | Opening balance | Recognised / (reversed) through statement of profit and loss | Recognised in/ reclassified from other comprehensive income | Recognised in/ reclassified from retained earnings | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to:** | | | | | |
| Property, plant and equipment | **(102.43)** | **18.42** | **-** | **-** | **(84.01)** |
| Lease obligations | **20.93** | **2.21** | **-** | **-** | **23.14** |
| Provision for Employee benefit | **116.42** | **2.33** | **10.98** | **-** | **129.73** |
| Provision for receivables, loans and advances | **190.75** | **151.02** | **-** | **-** | **341.77** |
| **Total deferred tax assets / (liabilities)** | **225.67** | **173.98** | **10.98** | **-** | **410.63** |

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

| **As at March 31, 2023** | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to:** | | | |
| Property, plant and equipment | - | (84.01) | (84.01) |
| Lease obligations | 23.14 | - | 23.14 |
| Provision for Employee benefit | 129.73 | - | 129.73 |
| Provision for receivables, loans and advances | 341.77 | - | 341.77 |
| **Net deferred tax assets / (liabilities)** | 494.64 | (84.01) | 410.63 |

## Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

(₹ in lakhs)

| | Opening balance | Recognised / (reversed) through statement of profit and loss | Recognised in/ reclassified from other comprehensive income | Recognised in/ reclassified from retained earnings | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax assets/ (liabilities) in relation to:** | | | | | |
| Property, plant and equipment | (196.56) | 94.13 | - | - | (102.43) |
| Lease obligations | 15.44 | 5.49 | - | - | 20.93 |
| Provision for Employee benefit | 114.39 | (12.35) | 14.38 | - | 116.42 |
| Provision for receivables, loans and advances | 127.83 | 62.92 | - | - | 190.75 |
| **Total deferred tax assets / (liabilities)** | 61.10 | 150.19 | 14.38 | - | 225.67 |

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

| **As at March 31, 2022** | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to:** | | | |
| Property, plant and equipment | - | (102.43) | (102.43) |
| Finance lease obligations | 20.93 | - | 20.93 |
| Provision for Employee benefit | 116.42 | - | 116.42 |
| Provision for receivables, loans and advances | 190.75 | - | 190.75 |
| **Net deferred tax assets / (liabilities)** | 328.10 | (102.43) | 225.67 |

### 16) SEGMENT INFORMATION

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Chief Executive Officer.

The Company has been operating largely in one business segment viz. Banking, Financial Services and Insurance (BFSI). The activities of the Company are conducted only in one geographic segment viz India. Therefore, the disclosure requirements of the Ind AS 108 on "Segment Reporting" are not applicable.

### 17) COMMITMENTS AND CONTINGENCIES

The company has contractually comitted (net of advances) ₹ 286.01 lakhs as at March 31, 2023 (March 31, 2022 : ₹ 895.17 lakhs) for purchase of property, plant and equipment.

**Contingencies**

**Indirect tax matters**

The Company has received a demand notice from the Office of the Commissioner of Goods and Service Tax dated September 03, 2020 demanding ₹ 304.38 lakhs which the Company has claimed as transition benefits u/s 140 of the Central Goods and Service Tax Act, 2017. The Company has filed an appeal before the Appellate Authority after making payment of 10% of the confirmed demand, i.e. ₹ 30.44 lakhs.

Since the Appellate Authority has upheld the base demands, consequential interest and penalties have also been upheld via order in appeal dated April 05, 2021, the next recourse available to the company is to file an appeal within three months of constitution of the Appellate Tribunal, as also clarified by CBIC vide Circular 132/2/2020 – GST dated 18.03.2020.

However, in view of non-constitution of the GST Appellate Tribunal, company is unable to file the appeal as on date. Company has complied with the pre-deposit requirement u/s 112 (9) of the CGST Act, 2017 and made further payment of ₹ 60.88 lakhs. The total deposit paid by the company is ₹ 91.31 lakhs.

## 18) RELATED PARTY DISCLOSURES

The Company's material related party transactions and outstanding balances are with its Holding Company and Significant Shareholder with whom the Company routinely enters into transactions in the ordinary course of business.

**a) Related parties and their relationship**

| | |
|---|---|
| Ultimate Holding Company | Tata Sons Private Limited |
| Holding Company | Tata Consultancy Services Limited |
| Significant shareholder | State Bank of India |
| Key Management Personnel | Dhananjaya Tambe - Chief Executive Officer (till April 30, 2022) |
| | Rahul Kulkarni - Chief Executive Officer (from May 01.2022)* |
| | Rohinton Peer - Chief Financial Officer * |

**b) Transactions with the related parties**

Transactions with related parties are as follows:

For the year ended March 31, 2023 and March 31, 2022

| Particulars | Holding Company | Significant shareholder | Key Management Personnel* | Total |
|---|---|---|---|---|
| i) Revenues from operation | **10,140.04** | **1,344.42** | **-** | **11,484.46** |
| | *8,473.80* | *1,197.82* | - | *9,671.62* |
| ii) Managerial remuneration | **-** | **-** | **-** | **-** |
| | - | - | *121.16* | *121.16* |
| iii) Other operating expenses | **1,407.25** | **-** | **142.23** | **1,549.48** |
| | *1,463.93* | - | - | *1,463.93* |
| iv) Interest income | **-** | **588.16** | **-** | **588.16** |
| | - | *356.06* | - | *356.06* |
| v) Dividend paid | **1,887.00** | **1,813.00** | **-** | **3,700.00** |
| | *1,887.00* | *1,813.00* | - | *3,700.00* |
| vi) Bad debts | **278.45** | - | - | **278.45** |
| | - | - | - | - |
| vii) Deposits | - | **3,800.00** | - | **3,800.00** |
| | - | - | - | - |



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## Notes forming part of the Financial Statements

### c) Balances with related parties

As at March 31, 2023 and March 31, 2022

(₹ in lakhs)

| Particulars | Holding Company | Significant shareholder | Key Management Personnel* | Total |
|---|---|---|---|---|
| 1 Trade payables | **710.52** | **-** | **-** | **710.52** |
| | *517.33* | *-* | *23.88* | *541.21* |
| 2 Trade receivables | **5,108.87** | **159.08** | **-** | **5,267.95** |
| | *4,082.49* | *160.25* | *-* | *4,242.74* |
| 3 Balances with bank | **-** | **14,671.86** | **-** | **14,671.86** |
| | *-* | *13,609.97* | *-* | *13,609.97* |
| 4 Unearned and deferred revenues | **235.00** | **-** | **-** | **235.00** |
| | *73.74* | *-* | *-* | *73.74* |
| 5 Interest Receivable | **-** | **196.07** | **-** | **196.07** |
| | - | 86.98 | - | 86.98 |
| 6 Bad debts | **278.45** | **-** | - | **278.45** |
| | - | - | - | - |
| 7 Deposits | **-** | **3,800.00** | - | **3,800.00** |
| | - | - | - | - |

* The Chief Executive Officer and Chief Financial Officer of the Company are on deputation and draw remuneration from Tata Consultancy Services Limited. Service charges are payable by the Company to Tata Consultancy Services Limited.

The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

Figures in italics in the above tables pertains to March 31, 2022.

### 19) EARNING PER SHARE (EPS)

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit for the year (₹ in lakhs) | **8 ,561.72** | 7,318.20 |
| Weighted average number of equity shares | **10,000,000** | 10,000,000 |
| Earning per share basic and diluted (₹) | **85.62** | 73.18 |
| Face value per equity share (₹) | **10** | 10 |

**20)** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact.

## 21) ADDITIONAL REGULATORY INFORMATION

(₹ in lakhs)

| Ratio | Numerator | Denominator | March 31, 2023 | March 31, 2022 | % variance | Reason for variance |
|---|---|---|---|---|---|---|
| Current ratio (in times) | Total current assets | Total current liabilities | 3.98 | 4.81 | (17.26)% | |
| Debt service coverage ratio (in times) | Earning for Debt Service = Profit after tax + Noncash operating expenses + Interest + Other noncash adjustments | Debt service = Interest and lease payments + Principal repayments | 30.46 | 27.32 | 11.49% | |
| Return On equity ration (in %) | Profit for the year | Average total equity | 25.42% | 24.83% | 2.38% | |
| Trade receivable turnover ratio (in times) | Revenue from operations | Average trade receivables | 4.40 | 3.83 | 14.88% | |
| Trade payables turnover ratio (in times) | Cost of equipment andsoftware licences + Other expenses | Average trade payables | 4.52 | 3.69 | 22.49% | |
| Net capital turnover ratio (in times) | Revenue from operations | Average working capital (ie. Total current assets less Total current liabilities | 1.71 | 1.48 | 15.54% | |
| Net profit ratio (in %) | Profit for the year | Revenue from operations | 24.07% | 22.41% | 7.41% | |
| Return on capital employed (in %) | Profit before tax and finance cost | Capital employed = Tangible net worth + Lease Liability + Deferred tax liabilities | 31.29% | 30.77% | 1.69% | |
| Return on investments (in %) | Income generated from invested funds | Average invested funds | 8.17% | 4.06% | 101.23% | The increase is due increase in interest income on bank deposits. |
| Debt equity ratio (in times) | Lease liability | Total equity | 0.02 | 0.03 | (33.33)% | Decrease is due to increase in total equity. |



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## Notes forming part of the Financial Statements

**22)** No funds have been advanced/loaned/invested (from borrowed funds or from share premium or from any other sources / kind of funds) by the Company to any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding (whether recorded in writing or otherwise) that the Group shall (i) directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

### 23) SUBSEQUENT EVENT

Dividend paid during the year ended March 31, 2023 pertains to final dividend for the year ended March 31, 2022.

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. Accordingly, the Retained Earnings reported in these financial statements may not be fully distributable. As at March 31, 2023, income available for distribution were ₹ 35,090.28 lakhs. On April 25, 2023 the Board of Directors of the Company have proposed a final dividend of ₹ 45.00 per equity share in respect of the year ended March 31, 2023 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 4,500.00 lakhs.

As per our report of even date attached

For **B S R & Co. LLP**
Firm's registration number: 101248W/W-100022

**Rajesh Shetty**
Partner
Membership number: 130778
Mumbai, April 25, 2023

For and on behalf of the Board

**Lakshminarayanan Gomatam Seshadri**
*Director*

**Vidya Krishnan**
*Director*

**Ujjwal Mathur**
*Director*

**Mihir Mishra**
*Director*

**Rahul Kulkarni**
*Chief Executive Officer*

**Aarti Salekar**
*Company Secretary*

**Rohinton Peer**
*Chief Financial Officer*
*Mumbai, April 25, 2023*



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# MAHAONLINE LIMITED

(CIN: U72900MH2010PLC206026)

# FINANCIAL STATEMENTS

**For the year ended**
**March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF MAHAONLINE LIMITED** **UDIN NO**

**Report on the Audit of the Financial Statements**

## Opinion

We have audited the Standalone financial statements of **MahaOnline Limited** (hereinafter referred to as "the Company"); which comprises the Balance Sheet as at 31st March 2023 and Statement of Profit and Loss (including other comprehensive income), statement of changes in equity and the Cash Flow Statement for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and Statement of Profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

## Information other than the Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

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 during the course of our audit or otherwise appears to be materially misstated.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

## Responsibility of Management's and Board of Director's for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (AS) specified under Section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and board of director's are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

## Auditor's Responsibility 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 auditor's 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 SAs 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 SAs, we exercise professional judgement and maintain professional skepticism 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 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Director'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 auditor's 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 auditor's 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

i) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India, in term of section 143(11) of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.

ii) (A) As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from the examination of those books.

c) The Balance Sheet and the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Statement of Cash Flow dealt with by this report are in agreement with the books of accounts.

d) In our opinion, aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the Directors as on March 31, 2023, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2023 from being appointed as a Director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Independent Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 19 to the financial statements.

ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 23 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the note 23 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv) (a) and (iv) (b) contain any material mis-statement.

v) The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 24 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

vi) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

According to the information and explanations given to us, no remuneration has been paid by the Company to any of its directors. Accordingly, provisions of Section 197 of the Act relating to remuneration to directors are not applicable. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

## Other Matters

The financial statements as on 31st March 2022 has been audited by BSR & Co. LLP, whose report thereon dated 11th May 2022, expressed unmodified opinion on financial statements.

**For K B J & ASSOCIATES.**
Chartered Accountants
(Firm Registration No. 114934W)

**Kaushik B. Joshi**
Proprietor
(Membership No. 48889)

Mumbai

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF MAHAONLINE LIMITED FOR THE YEAR ENDED 31 MARCH 2023

Report on Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of MahaONLINE LIMITED ('the Company')

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Plant, Property and Equipment.

(B) The Company has maintained proper records showing full particulars of Intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has a regular programme of physical verification of its Property, plant and equipment by which all Property, plant and equipment are verified every year. In accordance with this programme, Property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and records examined by us, the company does not have any immovable property (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including Right-of-use assets) and intangible assets.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is a service company, primarily rendering information technology related solutions. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The Company has granted loans to one company during the year, details of the loan is stated in sub-clause (a) below.

(a) (A) The Company does not have any subsidiaries. Accordingly, clause 3(iii)(a) A of the Order is not applicable.

(B) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has granted loans to other party as below:

| **Particulars** | **Amount (Rs. in Lakhs)** |
|---|---|
| Aggregate amount during the year – Others | 1401.72 |
| Balance outstanding as at balance sheet date – Others | 1401.72 |

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the loans given are, prima facie, not prejudicial to the interest of the Company

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the overdues of existing loans given to the same party.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Sections 185 of the Companies Act, 2013 ("the Act") and the company has not made any investments or provided any guarantee or security as specified under section 186 of the Companies Act, 2013 ("the Act"). Further, the company has complied with the provisions of section 186 of the Companies Act, 2013 ("the Act") in relation to the loan given.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Sales tax, Service tax, Duty of excise and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into Goods and Service Tax (GST).

According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including GST, Provident fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues have been generally deposited with the appropriate authorities. As explained to us, the Company did not have any dues of Customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable..

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Provident Fund, Employees State Insurance, Income-Tax, or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute. The following dues of Income tax and value added tax, have not been deposited by the Company on account of dispute:

| **Name of Statue** | **Nature of the Dues** | **Amount under dispute (₹ in Lakhs)** | **Period to which the amount relates** | **Forum where dispute is pending** |
|---|---|---|---|---|
| Income-tax Act, 1961 | Income tax | 12.95 | Assessment Year 2017-18 | Commissioner of Income-tax (Appeals) |
| The Income Tax Act, 1961 | Income Tax | 0.75 | Assessment Year - 2012-13 and 2013-14 | Assessing Officer |
| Maharashtra Value Added Tax Act, 2002 | Value Added Tax | 18.61 | Financial Year - 2013-2014 | Assistant Commissioner of Sales Tax |



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(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short- term basis by the Company. Accordingly, clause 3(ix)(d) of the Order is not applicable.

(e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Establishment of vigil mechanism is not mandated for the Company. As represented to us by the management, there are no whistle blower complaints received by the company during the year vigil mechanism established voluntarily.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) As stated in note 13 (b) of the Financial statements and according to the information and explanations given to us, during the year provision of Section 135 is not applicable to the company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable

**For K B J & ASSOCIATES.**
Chartered Accountants
(Firm Registration No. 114934W)

**Kaushik B. Joshi**
Proprietor
(Membership No. 48889)

Mumbai



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# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF MAHAONLINE LIMITED FOR THE YEAR ENDED 31 MARCH 2023

**Report on the internal financial controls with reference to the aforesaid financial statements**

## Opinion

We have audited the internal financial controls with reference to financial statements of Maha online as of 31 March 2023 in conjunction with our audit of the financial statements of the Company as at and for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

## Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For K B J & ASSOCIATES.**
Chartered Accountants
(Firm Registration No. 114934W)

**Kaushik B. Joshi**
Proprietor
(Membership No. 48889)

Mumbai

# Balance Sheet

(₹ in lakhs)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 8(a) | **0.39** | 32.40 |
| Right-of-use assets | 7 | **3.11** | 8.70 |
| Intangible Assets | 8(b) | **-** | - |
| Financial assets | | | |
| Other financial assets | 6(f) | **136.74** | 1,504.95 |
| Trade Receivables | | | |
| Billed | 6(b) | **-** | - |
| Income-tax assets (net) | | **483.26** | 665.90 |
| Deferred tax assets (net) | 15 | **-** | 140.80 |
| Other assets | 8(b) | **-** | 5.55 |
| **Total non-current assets** | | **623.50** | 2,358.30 |
| **Current assets** | | | |
| Financial assets | | | |
| Investments | 6(a) | **3,340.55** | 3,356.16 |
| Trade receivables | | | |
| Billed | 6(b) | **3,059.46** | 2,912.01 |
| Cash and cash equivalents | 6(c) | **3,496.56** | 396.49 |
| Other balances with banks | 6(d) | **2,540.74** | 2,661.46 |
| Loans | 6(e) | **1,401.72** | 1,344.83 |
| Other financial assets | 6(f) | **255.71** | 268.57 |
| Other assets | 8(c) | **87.25** | 80.13 |
| **Total current assets** | | **14,181.99** | 11,019.65 |
| **TOTAL ASSETS** | | **14,805.49** | 13,377.95 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 6(f) | **255.27** | 255.27 |
| Other equity | 9 | **8,288.49** | 7,739.89 |
| **Total Equity** | | **8,543.76** | 7,995.16 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | | **-** | 119.08 |
| Other financial liabilities | 6(h) | **42.70** | 42.70 |
| Employee benefit obligations | 12 | **3.11** | 3.20 |
| Unearned and deferred revenue | 10 | **47.16** | 35.64 |
| Deferred tax liability (net) | 15 | **91.10** | - |
| **Total non-current liabilities** | | **184.07** | 200.62 |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | | **119.08** | 195.30 |
| Trade payables | | | |
| Dues of micro enterprises and small enterprises | 6(g) | **-** | - |
| Dues of creditors other than micro enterprises and small enterprises | 6(g) | **1,175.97** | 1,844.44 |
| Other financial liabilities | 6(h) | **4,679.84** | 3,012.53 |
| Unearned and deferred revenue | 10 | **-** | 11.52 |
| Other liabilities | 8(c) | **98.29** | 98.84 |
| Employee benefit obligations | 12 | **4.48** | 4.21 |
| Income tax liabilities (net) | | **-** | 15.33 |
| **Total current liabilities** | | **6,077.66** | 5,182.17 |
| **TOTAL EQUITY AND LIABILITIES** | | **14,805.49** | 13,377.95 |
| **NOTES FORMING PART OF THE FINANCIAL STATEMENTS** | 1-24 | | |

As per our report of even date attached

For and on behalf of the Board
CIN: U72900MH2010PLC206026

**For KBJ & Associates**
Chartered Accountants
Firm's registration no : 114934W

**Lakshminarayanan G S**
Director
Din No: 07982712

**Chaitanya Sathe**
Director
Din No: 06942922

**Kaushik B. Joshi**
Proprietor
Membership No: 48889
Mumbai

**Shanti Nair**
Chief Operating Officer



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# Statement of Profit and Loss

(₹ in lakhs)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Revenue from operations | 10 | **71.91** | 275.73 |
| Other income | 11 | **499.54** | 465.05 |
| Other income | 11(a) | **541.65** | - |
| **TOTAL INCOME** | | **1,113.10** | 740.78 |
| **Expenses** | | | |
| Employee benefit expenses | 12 | **37.07** | 121.60 |
| Depreciation | 7,8(a) | **13.59** | 29.79 |
| Other expenses | 13(a) | **119.01** | 359.49 |
| Finance costs | 14 | **12.10** | 22.34 |
| **TOTAL EXPENSES** | | **181.77** | 533.22 |
| **PROFIT BEFORE TAX** | | **931.33** | 207.56 |
| **Tax expense** | | | |
| Current tax | 15 | **1.67** | 50.71 |
| Deferred tax | 15 | **232.45** | 9.62 |
| **TOTAL TAX EXPENSE** | | **234.12** | 60.33 |
| **PROFIT FOR THE YEAR** | | **697.21** | 147.23 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement of defined employee benefit plans | | **(2.12)** | (0.46) |
| **Income tax on items that will not be reclassified subsequently to profit or loss** | | **0.55** | 0.12 |
| **TOTAL OTHER COMPREHENSIVE (LOSSES)/INCOME** | | **(1.57)** | (0.34) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **695.64** | 146.89 |
| **Earnings per equity share- Basic and diluted (₹)** | 16 | **27.31** | 5.77 |
| Weighted average number of equity shares | | **2,552,705** | 2,552,705 |
| **NOTES FORMING PART OF THE FINANCIAL STATEMENTS** | 1-24 | | |

As per our report of even date attached

For and on behalf of the Board
CIN: U72900MH2010PLC206026

**For KBJ & Associates**
Chartered Accountants
Firm's registration no : 114934W

**Kaushik B. Joshi**
Proprietor
Membership No: 48889
Mumbai

**Lakshminarayanan G S**
Director
Din No: 07982712

**Shanti Nair**
Chief Operating Officer

**Chaitanya Sathe**
Director
Din No: 06942922

# Statement of Changes in Equity

## A. EQUITY SHARE CAPITAL

(₹ in lakhs)

| Balance as on April 1, 2022 | Changes in equity share capital due to prior period erros | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the year | Balance as at March 31, 2023 |
|---|---|---|---|---|
| 255.27 | - | - | - | 255.27 |

(₹ in lakhs)

| Balance as on April 1, 2021 | Changes in equity share capital due to prior period erros | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the year | Balance as at March 31, 2022 |
|---|---|---|---|---|
| 255.27 | - | - | - | 255.27 |

*Refer note 6(l)

## B. OTHER EQUITY

Other equity consist of the following:

(₹ in lakhs)

| | Reserves and surplus | |
|---|---|---|
| | Retained earnings | Total Equity |
| **Balance as at April 1, 2022** | **7,739.89** | 7,739.89 |
| Profit for the year | **697.21** | 697.21 |
| Other comprehensive income | **(1.57)** | (1.57) |
| **Total comprehensive income** | **695.64** | 695.64 |
| Dividend | **147.04** | 147.04 |
| **Balance as at March 31, 2023** | **8,288.49** | 8,288.49 |
| **Balance as at April 1, 2021** | **7,917.96** | 7,917.96 |
| Profit for the year | **147.23** | 147.23 |
| Other comprehensive income | **(0.34)** | (0.34) |
| **Total comprehensive income** | **146.89** | 146.89 |
| | **324.96** | 324.96 |
| **Balance as at March 31, 2022** | **7,739.89** | 7,739.89 |

**Retained earnings**

This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date.

Loss of ₹ (1.57) lakhs and of ₹(0.34) lakhs on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for the years ended March 31, 2023 and 2022, respectively.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS** 1-24

As per our report of even date attached

For and on behalf of the Board
CIN: U72900MH2010PLC206026

**For KBJ & Associates**
Chartered Accountants
Firm's registration no : 114934W

**Lakshminarayanan G S**
Director
Din No: 07982712

**Chaitanya Sathe**
Director
Din No: 06942922

**Kaushik B. Joshi**
Proprietor
Membership No: 48889
Mumbai

**Shanti Nair**
Chief Operating Officer

# Statement of Cash Flow

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Profit for the year** | **697.21** | 147.23 |
| **Adjustments to reconcile profit and loss to net cash provided by operating activities** | | |
| Depreciation | **13.59** | 29.79 |
| Net gain on disposal of property, plant and equipment | **(4.25)** | - |
| Net gain on investments | **(24.67)** | (72.69) |
| Provision for doubtful debts (net) | **(74.10)** | 40.74 |
| Tax expense | **234.11** | 60.33 |
| Interest income | **(310.90)** | (334.29) |
| Unrealised gain on investments | **(159.72)** | (58.07) |
| Finance costs | **12.10** | 22.33 |
| **Operating profit before working capital changes** | **383.37** | (164.63) |
| **Net change in** | | |
| Trade receivables | **(73.35)** | 878.44 |
| Other financial assets | **190.43** | 179.22 |
| Other assets | **(1.57)** | 53.29 |
| Trade payables | **(668.47)** | (1,696.78) |
| Unearned and deferred revenue | **-** | 0.43 |
| Other financial liabilities | **1,667.31** | (4,237.94) |
| Other liabilities and provisions | **(2.49)** | (126.51) |
| **Cash generated from operations** | **1,495.23** | (5,114.48) |
| Taxes paid (net of refunds) | **165.64** | (84.04) |
| **Net cash (used in)/ generated from operating activities** | **1,660.87** | (5,198.52) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Bank deposits placed | **(2,570.06)** | (3,895.50) |
| Inter-corporate deposits placed | **(1,401.72)** | (1,344.83) |
| Payment for purchase of property, plant and equipment | **(0.03)** | -0.02 |
| Proceeds from disposal of property, plant and equipment | **28.29** | - |
| Proceeds from bank deposits | **3,943.39** | 4,389.13 |
| Proceeds from inter-corporate deposits | **1,344.83** | 1,291.00 |
| Proceeds from disposal / redemption of investments | **200.00** | 700.00 |
| Interest received | **248.94** | 335.01 |
| **Net cash generated from investing activities** | **1,793.64** | 1,474.79 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Dividend paid | **(147.04)** | (324.96) |
| Repayment of lease liabilities | **(207.40)** | (264.88) |
| **Net cash used in financing activities** | **(354.44)** | (589.84) |
| **Net change in cash and cash equivalents** | **3,100.07** | (4,313.57) |
| Cash and cash equivalents at the beginning of the year | **396.49** | 4,710.06 |
| **Cash and cash equivalents at the end of the year (Refer Note 6 (c))** | **3,496.56** | 396.49 |
| **NOTES FORMING PART OF THE FINANCIAL STATEMENTS** 1-24 | | |

As per our report of even date attached

For and on behalf of the Board
CIN: U72900MH2010PLC206026

**For KBJ & Associates**
Chartered Accountants
Firm's registration no : 114934W

**Lakshminarayanan G S**
Director
Din No: 07982712

**Chaitanya Sathe**
Director
Din No: 06942922

**Kaushik B. Joshi**
Proprietor
Membership No: 48889
Mumbai

**Shanti Nair**
Chief Operating Officer



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## Notes forming part of the Financial Statements

### 1. CORPORATE INFORMATION

MahaOnline Limited (hereinafter referred as 'the Company') provides information technology (IT) and IT enabled services in the State of Maharashtra. The Company is engaged into the business of development, maintenance and management of MahaOnline portals for providing web-based services by Government to Citizens (G2C), Government to Business and other portal services of Government of Maharashtra.

The Company is unlisted public limited company incorporated and domiciled in India. The address of the registered office is Directorate of Information Technology, Mantralaya Annex, 7th Floor, Mumbai - 400032 and corporate office is 5th floor, Trade World, D-Wing, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai 400013. Tata Consultancy Services Limited (TCS), the holding company, owns 74% of the Company's equity share capital. Tata Sons Limited is the ultimate parent.

The joint venture between Tata Consultancy Services ("TCS") and the Government of Maharashtra ("GoM") to provide IT services to the GoM was for a period of 10 years until the agreement is terminated or the Joint Venture ("JV") Company is liquidated/dissolved. The agreement expired in July 2020 and post July 2020 the Joint Venture agreement is in continuation until notice of termination of the agreement by either party is received.

Effective 1st April 2020, MahaOnline transferred its projects to Maharashtra Information Technology Corporation Limited (MahaIT). However, MahaOnline continues to assist Maha IT in fulfilling its service responsibilities on these projects that Maha IT now has with Government of Maharashtra. MahaOnline will raise invoices with agreed markup on MahaIT for the expenses incurred on the its associates cost, office premises lease cost and all AMCs renewal /firewall/UPS cost

### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

### 3. BASIS OF PREPARATION

These financial statements have been prepared in Indian Rupee which is the functional currency of the company.

These financial statements have been prepared on historical cost basis except for certain financial instruments and defined benefit plans which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

### 4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

## Notes forming part of the Financial Statements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements.

**a) Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**b) Provision for income tax and deferred tax**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

**c) Provision and contingent liabilities**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**d) Employee benefits**

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

**e) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### 5. RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

**lnd AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

## 6, FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.



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## Notes forming part of the Financial Statements

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix.For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**a) Investment**

Investments consist of the following:

(₹ in lakhs)

| Investments – Current | As at March 31, 2023 | | | As at March 31, 2022 |
|---|---|---|---|---|
| Investment carried at fair value through profit and loss | Quantity | ₹ | Quantity | ₹ |
| Mutual funds (quoted) | | | | |
| Tata Liquid Fund Direct Plan - Growth | 41,891 | 1,487.71 | 47,745 | 1604.45 |
| UTI Liquid Cash Plan - Direct Growth Plan | 50,221 | 1,852.84 | 50,221 | 1751.71 |
| | 92,112 | 3,340.55 | 97,966 | 3,356.16 |

Aggregate value of quoted investments is as follows:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Aggregate value of quoted investments | 3,340.55 | 3,356.16 |
| Aggregate market value of quoted investments | 3,340.55 | 3,356.16 |

**b) Trade receivables - Billed**

Trade receivables - Billed (unsecured) consist of the following:

(₹ in lakhs)

| Trade receivables - Billed - Non Current | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables - Billed | 41.76 | 782.35 |
| Less: Allowance for doubtful trade receivables - Billed | (41.76) | (782.35) |
| **Considered good** | - | - |
| Trade receivables - Billed | - | 16.00 |
| Less: Allowance for doubtful trade receivables - Billed | - | (16.00) |
| **Credit impaired** | - | - |
| | - | - |

Above balances of trade receivables include balances with related parties (Refer note 21).

Ageing for trade receivables - non-current outstanding as at March 31, 2023 is as follow:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| **Trade receivables - billed** | | | | | | | |
| Undisputed trade receivables – considered good | - | - | - | - | - | 41.76 | 41.76 |
| Undisputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| Disputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| | - | - | - | - | - | 41.76 | 41.76 |
| **Less: Allowance for doubtful trade receivables - Billed** | | | | | | | (41.76) |
| | | | | | | | - |

Ageing for trade receivables - non-current outstanding as at March 31, 2022 is as follow:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| **Trade receivables - billed** | | | | | | | |
| Undisputed trade receivables – considered good | - | - | - | 26.18 | 106.20 | 649.97 | 782.35 |
| Undisputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables – credit impaired | - | - | - | - | - | 16.00 | 16.00 |
| Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| Disputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| | - | - | - | 26.18 | 106.20 | 665.97 | 798.35 |
| **Less: Allowance for doubtful trade receivables - Billed** | | | | | | | (798.35) |



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## Notes forming part of the Financial Statements

(₹ in lakhs)

| Trade receivables - Billed - Current | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables - Billed | **3,059.46** | 2912.01 |
| Less: Allowance for doubtful trade receivables - Billed | **-** | - |
| **Considered good** | **3,059.46** | 2,912.01 |

Above balances of trade receivables include balances with related parties (Refer note 21).

Ageing for trade receivables - current outstanding as at March 31, 2023 is as follow:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| **Trade receivables - billed** | | | | | | | |
| Undisputed trade receivables – considered good | - | 129.98 | 157.02 | 459.26 | 614.42 | 1,698.77 | 3,059.45 |
| Undisputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| Disputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| | - | 129.98 | 157.02 | 459.26 | 614.42 | 1,698.77 | 3,059.45 |
| **Less: Allowance for doubtful trade receivables - Billed** | | | | | | | - |
| | | | | | | | 3,059.45 |

Ageing for trade receivables - current outstanding as at March 31, 2022 is as follow:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| **Trade receivables - billed** | | | | | | | |
| Undisputed trade receivables – considered good | - | 223.18 | 262.43 | 728.41 | 861.73 | 836.25 | 2,912.00 |
| Undisputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| Disputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| | - | 223.18 | 262.43 | 728.41 | 861.73 | 836.25 | 2,912.00 |
| **Less: Allowance for doubtful trade receivables - Billed** | | | | | | | |
| | | | | | | | 2,912.00 |

**c) Cash and cash equivalents**

Cash and cash equivalents consist of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balances with banks** | | |
| In current accounts | **3,496.56** | 396.49 |
| Cash on hand | **-** | - |
| | **3,496.56** | 396.49 |

**d) Other balances with banks**

Other balances with banks consist of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Earmarked balances with banks* | **3.28** | - |
| Short-term bank deposits | **2,537.46** | 2,661.46 |
| | **2,540.74** | 2,661.46 |

* Earmarked balances includes balances held as margin money against guarantees.



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## Notes forming part of the Financial Statements

### e) Loans

Loans receivable (unsecured) consist of the following:

(₹ in lakhs)

| **Loans receivables – Current** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered good** | | |
| Inter-corporate deposits* | **1,401.72** | 1,344.83 |
| | **1,401.72** | 1,344.83 |

* Inter-corporate deposits placed with financial institutions yield fixed interest rate.

### f) Other Financial Assets

Other financial assets consist of the following:

(₹ in lakhs)

| **Other financial assets - Non-current** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Security deposits | **136.74** | 131.39 |
| Interest receivable | **-** | 1.88 |
| Sub-lease receivable | **-** | 119.08 |
| Earmarked balances with banks * | **-** | 3.16 |
| Bank deposits (more than 12 months from the balance sheet date) | **-** | 1,249.44 |
| | **136.74** | 1,504.95 |

* Earmarked balances includes balances held as margin money against guarantees.

(₹ in lakhs)

| **Other financial assets - Current** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Security deposits | **1.79** | 2.27 |
| Interest receivable | **134.84** | 71.00 |
| Sub-lease receivable | **119.08** | 195.30 |
| | **255.71** | 268.57 |

**g) Trade payables**

Ageing for trade payables outstanding as at March 31, 2023 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less than - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| MSME * | | | | | | |
| Others | - | - | - | - | 1,064.01 | 1,064.01 |
| Disputed dues - MSME | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |
| | - | - | - | - | 1,064.01 | 1,064.01 |
| **Accrued Expenses** | | | | | | 111.15 |
| | | | | | | 1,175.16 |

* MSME .as per the Micro, Small and Medium Enterprises Development Act, 2006.

Ageing for trade payables outstanding as at March 31, 2022 is as follows:

(₹ in lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less than - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| MSME * | | | | | | |
| Others | - | 23.87 | 67.50 | 19.75 | 1,156.33 | 1,267.45 |
| Disputed dues - MSME | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |
| | - | 23.87 | 67.50 | 19.75 | 1,156.33 | 1,267.45 |
| **Accrued Expenses** | | | | | | 576.98 |
| | | | | | | 1,844.43 |

* MSME asper the Micro, Small and Medium Enterprises Development Act, 2006.

Above balances of trade payables include balances with related parties (Refer note 21)

**h) Other Financial Liabilities**

Other financial liabilities consist of the following:

(₹ in lakhs)

| Other financial liabilities - Non-current | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Security deposits received | **42.70** | 42.70 |
| | **42.70** | 42.70 |



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## Notes forming part of the Financial Statements

**Other financial liabilities - Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Amounts collected on behalf of customers * | **4,431.92** | 2,757.18 |
| Security deposits | **247.92** | 255.35 |
| | **4,679.84** | 3,012.53 |

* Amount collected on behalf of customers includes collection of government services fees

**i) Financial instruments by category**

The carrying value of financial instruments by categories as of March 31, 2023 is as follows:

(₹ in lakhs)

| | Fair value through profit or loss | Amortised cost | Total carrying value |
|---|---|---|---|
| **Financial assets:** | | | |
| Cash and cash equivalents | **-** | **3,496.56** | **3,496.56** |
| Bank deposits | **-** | **2,537.46** | **2,537.46** |
| Earmarked balances with banks | **-** | **3.28** | **3.28** |
| Investments | **3,340.55** | **-** | **3,340.55** |
| Trade receivables | **-** | **3,059.46** | **3,059.46** |
| Loans* | **-** | **1,401.72** | **1,401.72** |
| Other financial assets | **-** | **392.45** | **392.45** |
| **Total** | **3,340.55** | **10,890.93** | **14,231.48** |
| **Financial liabilities:** | | | |
| Trade payables | **-** | **1,175.97** | **1,175.97** |
| Lease liabilities | **-** | **119.08** | **119.08** |
| Other financial liabilities | **-** | **4,722.54** | **4,722.54** |
| **Total** | **-** | **6,017.59** | **6,017.59** |

* Loans consist of inter corporate deposits of ₹ 1401.72 lakhs with original maturity period within 12 months

The carrying value of financial instruments by categories as of March 31, 2022 is as follows:

(₹ in lakhs)

| | Fair value through profit or loss | Amortised cost | Total carrying value |
|---|---|---|---|
| **Financial assets:** | | | |
| Cash and cash equivalents | - | 396.49 | 396.49 |
| Bank deposits | - | 2,661.46 | 2,661.46 |
| Investments | 3,356.16 | - | 3,356.16 |
| Trade receivables | - | 2,912.01 | 2,912.01 |
| Loans* | - | 1,344.83 | 1,344.83 |
| Other financial assets | - | 1,773.52 | 1,773.52 |
| **Total** | 3,356.16 | 9,088.31 | 12,444.47 |
| **Financial liabilities:** | | | |
| Trade and other payables | - | 1,844.44 | 1,844.44 |
| Lease liabilities | - | 314.38 | 314.38 |
| Other financial liabilities | - | 3,055.23 | 3,055.23 |
| **Total** | - | 5,214.05 | 5,214.05 |

* Loans consist inter corporate deposits of Rs. 1344.83 lakhs with original maturity period within 12 months

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables, loans receivables and trade payables as at March 31, 2023 and March 31, 2022 approximate the fair value. Carrying amounts of bank deposits, other balances with banks, other financial assets and other financial liabilities which are subsequently measured at amortised cost also approximate the fair value due to their nature in each of the periods presented. Fair value measurement of lease liabilities is not required.

**j) Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets measured at fair value on a recurring basis.

(₹ in lakhs)

| **As of March 31, 2023** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Investments in Mutual fund units | **3,340.55** | **-** | **-** | **3,340.55** |
| **Total** | **3,340.55** | **-** | **-** | **3,340.55** |
| **As of March 31, 2022:** | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets:** | | | | |
| Investments in Mutual fund units | 3,356.16 | - | - | 3,356.16 |
| **Total** | 3,356.16 | - | - | 3,356.16 |

## Notes forming part of the Financial Statements

**k) Financial risk management:**

The Company is exposed primarily to credit ,liquidity and interest rate risk which may adversely impact the fair value of its financial instruments. The Company's focus is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on its financial performance.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such change in financial instruments may result from changes in the credit rating and other market changes. The Company's exposure to the market risk is primarily on account of fluctuation in market rates of NAV of mutual funds.

**Interest rate risk**

The fixed deposits and intercorporate deposits made by the Company bears a fixed rate of interest. Hence the Company is not significantly expose to interest rate risk.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investments, cash and cash equivalents, bank deposits, inter corporate deposits and other financial assets. Inter corporate deposits of ₹ 1401.72 lakhs and ₹ 1,344.83 as of March 31, 2023 and 2022, respectively, are with a financial institution having a high credit-rating assigned by credit-rating agencies. Bank deposits of ₹ 2537.46 lakhs and ₹ 3,910.90 lakhs as at March 31, 2023 and 2022 is held with Indian banks having high credit ratings. None of the other financial instruments of the Company result in material concentration of credit risk.

- **Exposure to credit risk**

  The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 14,231.48 lakhs and ₹ 12,444.47 lakhs as of March 31, 2023 and 2022, respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, unbilled receivables, investments and loans receivables and other financial assets.

  Of the trade receivables balance as at March 31, 2023, ₹ 2,222.03 lakhs and ₹ 674.52 lakhs (March 31, 2022: ₹ 1,957.19 lakhs and ₹ 674.52 lakhs) are due from Maharashtra Information Technology Corporation Ltd and Rural Development Department respectively, the Company's largest customers. There are no other customers who represent more than 10% of the total trade receivables.

- **Geographic concentration of credit risk**

  The Company has a geographic concentration of trade receivables, net of allowances and unbilled revenue in India.

  The allowance for lifetime expected credit loss on trade receivables for the year ended March 31, 2023 and 2022 was ₹ (756.59) lakhs and ₹ 40.74 lakhs respectively .The reconciliation of allowance for doubtful trade receivables is as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Balance at the beginning of the year | **798.36** | 757.62 |
| Change during the year | **(756.59)** | 40.74 |
| Balance at the end of the year | **41.77** | 798.36 |

### Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(₹ in lakhs)

| **March 31, 2023** | **Due in 1st Year** | **Due in 2nd Year** | **Due in 3rd Year** | **Due in 4th Year** | **Due in 5th Year** | **Total** |
|---|---|---|---|---|---|---|
| Trade payables | **1,175.97** | **-** | **-** | **-** | **-** | **1,175.97** |
| Lease Liability | **120.75** | **-** | **-** | **-** | **-** | **120.75** |
| Other financial liabilities | **4,722.54** | **-** | **-** | **-** | **-** | **4,722.54** |
| **Total** | **6,019.26** | **-** | **-** | **-** | **-** | **6,019.26** |
| **March 31, 2022** | Due in 1st Year | Due in 2nd Year | Due in 3rd Year | Due in 4th Year | Due in 5th Year | Total |
| Trade payables | 1,844.44 | - | - | - | - | 1,844.44 |
| Lease Liability | 207.00 | 120.75 | - | - | - | 327.75 |
| Other financial liabilities | 3,055.23 | - | - | - | - | 3,055.23 |
| **Total** | 5,106.67 | 120.75 | - | - | - | 5,227.42 |

### l) Equity instruments

The authorised, issued, subscribed and fully paid-up share capital comprises of the following:

(₹ in lakhs)

| | **As at March 31, 2023** | **As at March 31, 2022** |
|---|---|---|
| **Authorised :** | | |
| 25,000,000 equity shares of ₹ 10 each (March 31, 2022 : 25,000,000 equity shares of ₹ 10 each) | **2,500.00** | 2,500.00 |
| | **2,500.00** | 2,500.00 |
| **Issued, Subscribed and Fully paid-up:** | | |
| 2,552,705 equity shares of ₹ 10 each (March 31, 2022 : 2,552,705 equity shares of ₹ 10 each) | **255.27** | 255.27 |
| | **255.27** | 255.27 |

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

#### a) Reconciliation of number of shares

| | **As at March 31, 2023** | | **As at March 31, 2022** | |
|---|---|---|---|---|
| | **No. of Equity shares** | **Amount (₹ lakhs)** | **No. of Equity shares** | **Amount (₹ lakhs)** |
| Opening balance | **2,552,705** | **255.27** | 2,552,705 | 255.27 |
| Issued during the year | **-** | **-** | - | - |
| Closing balance | **2,552,705** | **255.27** | 2,552,705 | 255.27 |

## Notes forming part of the Financial Statements

**b) Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held and carry right to dividend. The dividend, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion of their shareholding.

**c) Shares held by holding company and subsidiaries of holding company**

| | Number of shares | |
|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 |
| **Equity shares** | | |
| **Holding Company** | | |
| 1,889,005 equity shares (March 31, 2021: 1,889,005) are held by Tata Consultancy Services Limited | **1,889,005** | 1,889,005 |
| | **18,89,005** | 18,89,005 |

**d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| **Equity Shares** | No. of shares | Holding | No. of shares | Holding |
| Tata Consultancy Services Limited (Holding company) | **1,889,005** | **74%** | 1,889,005 | 74% |
| Governor, Government of Maharashtra | **6,63,700** | **26%** | 6,63,700 | 26% |
| | **2,552,705** | **100%** | 2,552,705 | 100% |

**e) Disclosure of Shareholding of Promoters**

Disclosure of shareholding of promoters as at March 31, 2023 is as follows :

| Shares held by promoters at the end of the year | | | | % Change during the year |
|---|---|---|---|---|
| Sr. no. | Promoter name | No. of shares * | % of total shares | |
| 1 | Tata Consultancy Services Limited | **1,889,005** | **74%** | - |
| 2 | Governor, Government of Maharashtra | **6,63,700** | **26%** | - |
| | | **2,552,705** | **100%** | - |

Disclosure of shareholding of promoters as at March 31, 2022 is as follows :

| Shares held by promoters at the end of the year | | | | % Change during the year |
|---|---|---|---|---|
| Sr. no. | Promoter name | No. of shares * | % of total shares | |
| 1 | Tata Consultancy Services Limited | **1,889,005** | **74%** | - |
| 2 | Governor, Government of Maharashtra | **6,63,700** | **26%** | - |
| | | **2,552,705** | **100%** | - |



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## 7. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

ocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**Company as a lessor**

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

## Notes forming part of the Financial Statements

The details of the right-of-use asset held by the Company is as follows:

(₹ in lakhs)

| | Addition for the year ended March 31, 2023 | Net carrying amount as at March 31, 2023 |
|---|---|---|
| Building | **-** | **3.11** |
| | **-** | **3.11** |

(₹ in lakhs)

| | Addition for the year ended March 31, 2022 | Net carrying amount as at March 31, 2022 |
|---|---|---|
| Building | - | 8.70 |
| | - | 8.70 |

Depreciation on right-of-use assets is as follows:

(₹ in lakhs)

| **Depreciation** | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Building | **5.59** | 98.20 |
| | **5.59** | 98.20 |

Interest on lease liabilities is ₹ 11.70 lakhs for the year ended March 31, 2023 (March 31, 2022: ₹ 22.33 lakhs)

The Company incurred ₹ Nil for the year ended March 31, 2023 (March 31, 2021: ₹ Nil lakhs) towards expenses relating to short-term leases and leases of low-value assets.The total cash outflow for leases is ₹ Nil for the year ended March 31, 2023 (March 31, 2022: ₹ Nil lakhs), including cash outflow for short term and low value leases.

Lease contracts entered by the Company pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

During December 2020, leased property has been sub-let by the Company. The lease and sub-lease expire in October 2023. The lease income is equal to lease payments. The Company classifies the sub-lease as a finance lease because it is for the whole of the remaining term.

(₹ in lakhs)

| **Sublease movement** | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Balance at the beginning of the period | **314.38** | 499.05 |
| Additions during the period | **-** | - |
| Interest income accrued during the period | **11.70** | 22.33 |
| Lease receipts | **(207.00)** | (207.00) |
| Balance at the end of the period | **119.08** | 314.38 |

The following tables sets out maturity analysis of lease receivables, showing the undiscounted lease payaments to be received after the reporting date.

(₹ in lakhs)

| | 2023 | 2022 |
|---|---|---|
| Less than one year | **120.75** | 207.00 |
| One or two years | **-** | 120.75 |
| Two or three years | **-** | - |
| **Total undiscounted lease receivables** | **120.75** | **327.75** |

## 8. NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES

### a) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any.

Cost of an item of property, plant and equipment comprises of its purchases price including non refundable taxes, after deducting trade discount and any directly attributable cost of bringing the item to its working condition for its intended use.

Depreciation is provided for property, plant and equipment on straight line method so as to expense the cost less residual value over their estimated useful lives based on technical evaluation. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**The estimated useful lives are as mentioned below:**

| Type of asset | Method | Useful life |
|---|---|---|
| Computer equipment | Straight line | 4 years |
| Office equipment | Straight line | 5 years |
| Electrical installation | Straight line | 5 years |
| Furniture and fixtures | Straight line | 5 years |
| Leasehold improvements | Straight line | Lease term |

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in the statement of profit and loss.

## Notes forming part of the Financial Statements

Property, plant and equipment consist of the following:

(₹ in lakhs)

| | Leasehold improvements | Computer equipment | Furniture and fixtures | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|
| **Cost as at April 1, 2022** | **10.74** | **591.77** | **69.57** | **55.87** | **64.92** | **792.87** |
| Additions | **-** | **0.03** | **-** | **-** | **-** | **0.03** |
| Disposals | **-** | **(403.01)** | **(0.23)** | **-** | **-** | **(403.24)** |
| **Cost as at March 31, 2023** | **10.74** | **188.79** | **69.34** | **55.87** | **64.92** | **389.66** |
| **Accumulated depreciation as at April 1, 2022** | **(10.74)** | **(560.12)** | **(69.57)** | **(55.12)** | **(64.92)** | **(760.47)** |
| Depreciation for the year | **-** | **(7.61)** | **-** | **(0.39)** | **-** | **(8.00)** |
| On disposals | **-** | **378.97** | **0.23** | **-** | **-** | **379.20** |
| **Accumulated depreciation as at March 31, 2023** | **(10.74)** | **(188.76)** | **(69.34)** | **(55.51)** | **(64.92)** | **(389.27)** |
| **Net carrying amount as at March 31, 2023** | **-** | **0.03** | **-** | **0.36** | **-** | **0.39** |

(₹ in lakhs)

| | Leasehold improvements | Computer equipment | Furniture and fixtures | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|
| **Cost as at April 1, 2021** | 10.74 | 591.75 | 69.57 | 55.87 | 64.92 | 792.85 |
| Additions | - | 0.02 | - | - | - | 0.02 |
| Disposals | - | - | - | - | - | - |
| **Cost as at March 31, 2022** | 10.74 | 591.77 | 69.57 | 55.87 | 64.92 | 792.87 |
| **Accumulated depreciation as at April 1, 2021** | (10.74) | (536.34) | (69.57) | (54.70) | (64.92) | (736.27) |
| Depreciation for the year | - | (23.78) | - | (0.42) | - | (24.20) |
| On disposals | - | - | - | - | - | - |
| **Accumulated depreciation as at March 31, 2022** | (10.74) | (560.12) | (69.57) | (55.12) | (64.92) | (760.47) |
| **Net carrying amount as at March 31, 2022** | - | 31.65 | - | 0.75 | - | 32.40 |

**b) Intangible assets**

Intangible assets purchased including acquired in business combination, are measured at cost as at the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.
Intangible assets are amortised on a straight line basis.
Intangible assets consist of software licenses.

(₹ in lakhs)

| **Description** | Softwares licenses |
|---|---|
| **Cost as at April 1, 2022** | 30.33 |
| Additions | - |
| Disposals / Derecognised | - |
| **Cost as of March 31, 2023** | 30.33 |
| **Accumulated depreciation as of April 1, 2022** | (30.33) |
| Amortisation | - |
| Disposals / Derecognised | - |
| **Accumulated depreciation as of March 31, 2023** | (30.33) |
| **Net carrying amount as of March 31, 2023** | - |

**Other assets - Current**

(₹ in lakhs)

| Description | Softwares licenses |
|---|---|
| **Cost as at April 1, 2021** | 30.33 |
| Additions | - |
| Disposals / Derecognised | - |
| **Cost as of March 31, 2022** | 30.33 |
| **Accumulated depreciation as of April 1, 2021** | (30.33) |
| Amortisation | - |
| Disposals / Derecognised | - |
| **Accumulated depreciation as of March 31, 2022** | (30.33) |
| **Net carrying amount as of March 31, 2022** | - |

**c) Other assets**

Other assets consist of the following:

**Other assets - Non-current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered good** | | |
| Prepaid expenses | **-** | 5.55 |
| | **-** | 5.55 |

**Other assets - Current**

(₹ in lakhs)

| **Considered good** | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Prepaid expenses | **1.64** | 11.62 |
| Contract fulfillment costs | **-** | - |
| Indirect taxes recoverable | **57.54** | 53.64 |
| Advances to suppliers | **0.50** | 0.50 |
| Others | **27.57** | 14.37 |
| **Considered doubtful** | **-** | - |
| Less:- Allowance on doubtful assets | **-** | - |
| | **87.25** | 80.13 |

**d) Other liabilities**

Other liabilities consist of the following:

(₹ in lakhs)

| **Other liabilities - Current** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advance received from collection agencies | **90.02** | 90.02 |
| Indirect taxes payable and other statutory liabilities | **8.28** | 8.82 |
| | **98.29** | 98.84 |



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## Notes forming part of the Financial Statements

### 9) OTHER EQUITY

Other equity consist of the following:

(₹ in lakhs)

| | Reserves and surplus | |
|---|---|---|
| | Retained earnings | Total Equity |
| **Balance as at April 1, 2022** | **7,739.89** | 7,739.89 |
| Profit for the year | **697.21** | 697.21 |
| Other comprehensive income | **(1.57)** | (1.57) |
| **Total comprehensive income** | **695.64** | 695.64 |
| Dividend | **147.04** | 147.04 |
| **Balance as at March 31, 2023** | **8,288.49** | 8,288.49 |
| **Balance as at April 1, 2021** | **7,917.96** | 7,917.96 |
| Profit for the year | **147.23** | 147.23 |
| Other comprehensive income | **(0.34)** | (0.34) |
| **Total comprehensive income** | **146.89** | 146.89 |
| Dividend | **324.96** | 324.96 |
| **Balance as at March 31, 2022** | **7,739.89** | 7,739.89 |

### 10. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT and IT enabled services in the State of Maharashtra.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- Revenue is measured based on the transaction price, which is the consideration as specified in the contract with the customer. Revenue excludes taxes collected from customers.
- Support service income is accounted on accrual basis in accordance with the terms of the contract entered into between the Company and the counterparty. It is calculated based on agreed mark-up on costs incurred.
- Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.
- Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.



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Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services.

**Revenue disaggregation by nature is as follows:**

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Transaction revenue | **24.65** | 72.30 |
| Data centre establishment and maintenance | **-** | 2.45 |
| Support services | **47.26** | 200.98 |
| | **71.91** | 275.73 |

The Company generates revenues from providing services in the state of Maharashtra in India. For the current year, the revenue recognised in the statement of profit and loss equals to the contracted price.

**Information about major customers:**

For the year ended March 31 ,2023 there are two customers who contribute more than 10% each to the total revenue. Maharashtra Information Technology Corporation Ltd. ₹ 47.26 lakhs constituting 65.72% of the total revenue and Slum Rehabilitation Autjority ₹ 24.65 lakhs constituting 34.28% of the total revenue.

**Changes in unearned and deferred revenue are as under :**

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **47.16** | 46.73 |
| Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year | **-** | (2.45) |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year. | **-** | 2.88 |
| **Balance at the end of the year** | **47.16** | 47.16 |

## Notes forming part of the Financial Statements

### 11. OTHER INCOME

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using effective interest method.

Other income consists of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest income | **310.90** | 334.29 |
| Net gain on investments carried at fair value through profit and loss | **184.39** | 130.76 |
| Net gain on sale of investments carried at amortised cost | **-** | - |
| Net gain on disposal of property, plant and equipment | **4.25** | - |
| | **499.54** | 465.05 |
| Interest income comprises : | | |
| Interest on bank deposits | **190.41** | 245.92 |
| Interest on income-tax refund | **28.54** | - |
| Interest on inter-corporate deposits | **74.56** | 60.59 |
| Other interest | **17.39** | 27.78 |
| | **310.90** | 334.29 |

### 11A EXCEPTIONAL INCOME

Exceptional income consists of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Previous year liability written off | **541.65** | - |
| | **541.65** | - |

### 11. EMPLOYEE BENEFITS

**Defined benefit plans**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

**Defined contribution plans**

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



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**Compensated absences**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the obligation at the balance sheet date.

**Employee Benefit Expenses**

Employee benefit expenses consist of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Salaries, incentives and allowances | **38.57** | 106.11 |
| Contribution to provident fund and other funds | **2.29** | 7.60 |
| Staff welfare expenses | **(3.79)** | 7.89 |
| | **37.07** | 121.60 |

Employee benefit obligations consist of the following:

**Employee benefit obligations - Non-current**

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Compensated absences | **0.73** | 0.80 |
| Gratuity liability | **2.38** | 2.02 |
| Other employee benefit obligation | **-** | 0.38 |
| | **3.11** | 3.20 |

**Employee benefit obligations - Current**

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Compensated absences | **1.58** | 1.81 |
| Gratuity liability | **2.90** | 2.40 |
| | **4.48** | 4.21 |

Employee benefit plans consist of the following:

**Gratuity**

n accordance with Indian law, the Company operates a scheme of gratuity which is a defined benefit plan. The unfunded gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service.



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## Notes forming part of the Financial Statements

The following table sets out the details of the defined benefit retirement plans and the amounts recognised in the financial statements:

**Change in benefit obligations:**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Benefit obligation at the beginning of the year | **4.42** | 12.44 |
| Interest cost | **0.20** | 0.53 |
| Service cost | **0.23** | 1.20 |
| Benefits paid | **(1.70)** | (10.21) |
| Remeasurement of net defined benefit liability / (assets) | **2.13** | 0.46 |
| **Present value of benefit obligation at the end of the year** | **5.28** | 4.42 |

**Remeasurement of the net defined benefit liability/(asset):**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Actuarial (gains) and losses arising from changes in demographic assumptions | **0.00** | (0.02) |
| Actuarial (gains) and losses arising from changes in financial assumptions | **(0.12)** | (0.01) |
| Actuarial (gains) and losses arising from changes in experience adjustments | **2.24** | 0.49 |
| **Remeasurement of the net defined benefit liability** | **2.12** | 0.46 |
| **Net actuarial loss** | **2.12** | 0.46 |

**Assumptions used in accounting for gratuity plan:**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Discount rate | **7.25%** | 4.50% |
| Salary escalation rate | **4.00%** | 4.00% |
| Attrition rate | | |
| i) If Services < 5 years | **88.60%** | 77.68% |
| ii) If Services > 5 years | **53.33%** | 54.05% |
| Mortality Rate During Employment | **Indian Assured Lives Mortality (2012-14)** | Indian Assured Lives Mortality (2012-14 |

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases / decreases by 0.50%, the defined benefit obligations would (decrease)/ increase as follows:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Increase of 0.50% | **(0.02)** | (0.02) |
| Decrease of 0.50% | **0.02** | 0.02 |

If the expected salary growth increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Increase of 0.50% | **0.02** | 0.02 |
| Decrease of 0.50% | **(0.02)** | (0.02) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

**Amount recognised in the Statement of Profit and Loss:**

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Current service cost | **0.23** | 1.20 |
| Net interest expenses | **0.20** | 0.53 |
| Component of defined benefit cost recognised in profit or loss | **0.43** | 1.73 |
| Remeasurement of the net defined benefit liability/(asset): | **2.12** | 0.46 |
| Components of defined benefits cost recongnised in other comprehensive | **2.12** | 0.46 |
| **Total** | **2.55** | 2.19 |

**Amount recognised in the Balance Sheet:**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Present value of benefit obligation at the end of the year | **(5.28)** | (4.42) |
| **Net (Liability) recognized In the Balance Sheet** | **(5.28)** | (4.42) |



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## Notes forming part of the Financial Statements

The defined benefit obligations shall mature after year ended March 31, 2023 as follows:

(₹ in lakhs)

| Year ending March 31, | Defined benefit obligations |
|---|---|
| 2024 | **2.90** |
| 2025 | **1.40** |
| 2026 | **0.68** |
| 2027 | **0.33** |
| 2028 | **0.16** |
| 2028 to 2033 | **0.14** |

**Provident fund**

In accordance with Indian law, the employees are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly.

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. The Company offers its employees defined contribution plan in the form of provident fund and family pension fund. Provident fund and family pension fund covers substantially all regular employees. While both, the employee and the Company pay predetermined contributions into the provident fund, contribution into the family pension fund are made by only the Company. The contribution is based on certain proportion of employee's salary. Contributions to Provident Fund are made to The Regional Provident Fund Commissioner for qualifying employees. The Company contributed ₹1.86 lakhs (March 31, 2022: ₹ 5.87 lakhs) for provident fund during the year ended March, 31 2023..

## 13. COST RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the Company are broadly categorised in employee benefit expenses, depreciation and other expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other expenses majorly include fees to external consultants, commission, facility running expenses, travel expenses, cost of equipment and software licenses, communication costs, bad debts and allowances for doubtful trade receivables and other expenses. Other expenses is an aggregation of costs which are individually not material such as recruitment and training, entertainment, etc.

### a) Other expenses

Other expenses includes the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Fees to external consultants | **78.67** | 151.22 |
| Equipment and software licenses | **0.20** | 1.41 |
| Communication expenses | **21.75** | 23.64 |
| Facility running expenses | **34.64** | 28.85 |
| Repairs and maintenance | **7.93** | 9.54 |
| Provision for doubtful debts (net) | **(74.10)** | 40.74 |
| Payment to auditors (refer note 17) | **1.50** | 4.33 |
| Expenditure on Corporate Social Responsibility (refer note 13(b)) | **-** | 38.10 |
| Project expenses | **0.90** | 22.64 |
| Other expenses | **47.52** | 39.02 |
| | **119.01** | 359.49 |

**b) Expenditure on Corporate Social Responsibility Activities**

With the omission of Rule 3(2) of the CSR Rules, since in the previous financial year none of the three criteria exceeds the threshold, the Company is not required to make any CSR spending for the FY22-23. As per section 135 of the Companies Act, 2013, amount required to be spent by the Company during the year ended March 31, 2022 was ₹ 38.10 lakhs, computed at 2% of its average net profit for the immediately preceding three financial years, on CSR. The Company incurred an amount of ₹ 38.10 lakhs for the year ended March 31, 2022, towards CSR expenditure for purposes other than construction / acquisition of any asset.

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| 1- Amount required to be spent by the company during the year | - | 38.10 |
| 2- Amount of expenditure incurred on: | | |
| (i) Construction / acquisition of any asset | - | - |
| (ii) On purpose other than (i) and above | - | 38.10 |
| 3- Shortfall at the end of the year, | - | - |
| 4- Total of previous years shortfall | - | - |
| 5- Reason for shortfall, | - | - |
| 6- Nature of CSR activities, | | Contributed to TCS Foundation for children medical care in Maharashtra |
| 7- Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard | - | 38.10 |

## 14. FINANCE COSTS

Finance cost includes the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest on delayed payment of GST | **0.40** | 0.01 |
| Interest on lease liabilities | **11.70** | 22.33 |
| | **12.10** | 22.34 |

## 15. INCOME TAXES

Income-tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**Current income taxes**

The current income tax expense includes income taxes payable by the Company.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision.

## Notes forming part of the Financial Statements

**Deferred income taxes**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Income-tax expense consists of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Current tax** | | |
| Current tax expense for current year | **1.67** | 50.71 |
| | **1.67** | 50.71 |
| **Deferred tax** | | |
| Deferred tax expense | **232.45** | 9.62 |
| **Total income-tax expense recognised in current year** | **234.12** | 60.33 |

The reconciliation of estimated income-tax expenses at Indian statutory income-tax rate to income-tax expenses reported in statement of profit and loss is as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit before taxes | **931.33** | 207.56 |
| Indian statutory income-tax rate | **25.168%** | 25.168% |
| Expected income-tax expense | **234.40** | 52.24 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense** | | |
| Tax pertaining to prior year | **(0.08)** | (1.80) |
| CSR | **-** | 9.59 |
| Others (net) | **(0.20)** | 0.30 |
| **Total income-tax expense** | **234.12** | 60.33 |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:

(₹ in lakhs)

| | Opening balance | Recognised / reversed through profit or loss | Recognised in other comprehensive income | Recognised in/ reclassified from retained earning | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to:** | | | | | |
| Property, plant and equipment and intangible assets | **22.87** | **(1.97)** | **-** | **-** | **20.90** |
| Provision for employee benefits | **2.17** | **0.14** | **0.55** | **-** | **2.86** |
| Provision for doubtful debts | **200.81** | **190.42** | **-** | **-** | **10.39** |
| Unrealised gain on mutual fund | **(85.05)** | **(40.20)** | **-** | **-** | **(125.25)** |
| **Net deferred tax assets / (liabilities)** | **140.80** | **(232.45)** | **0.55** | **-** | **(91.10)** |

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

| **As at March 31, 2022** | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment and intangible assets | **20.90** | **-** | **20.90** |
| Provision for employee benefits | **2.86** | **-** | **2.86** |
| Provision for doubtful debts | **10.39** | **-** | **10.39** |
| Unrealised gain on mutual fund | **-** | **125.25** | **(125.25)** |
| **Total deferred tax assets / (liabilities)** | **34.15** | **125.25** | **(91.10)** |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

(₹ in lakhs)

| | Opening balance | Recognised / reversed through profit or loss | Recognised in other comprehensive income | Recognised in/ reclassified from retained earning | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to:** | | | | | |
| Property, plant and equipment and intangible assets | 24.95 | (2.08) | - | - | 22.87 |
| Provision for employee benefits | 5.35 | (3.30) | 0.12 | - | 2.17 |
| Provision for doubtful debts | 191.16 | 9.65 | - | - | 200.81 |
| Unrealised gain on mutual fund | (71.16) | (13.89) | - | - | (85.05) |
| **Net deferred tax assets / (liabilities)** | 150.30 | (9.62) | 0.12 | - | 140.80 |

## Notes forming part of the Financial Statements

Gross deferred tax assets and liabilities are as follows: (₹ in lakhs)

| As at March 31, 2022 | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment and intangible assets | 22.87 | - | 22.87 |
| Provision for employee benefits | 2.17 | - | 2.17 |
| Provision for doubtful debts | 200.81 | - | 200.81 |
| Unrealised gain on mutual fund | - | 85.05 | (85.05) |
| **Total deferred tax assets / (liabilities)** | 225.85 | 85.05 | 140.80 |

## 16. EARNINGS PER SHARE

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit for the year(₹) | **697.21** | 147.23 |
| Weighted average number of equity shares | **25,52,705** | 25,52,705 |
| Earnings per share basic and diluted (₹) | **27.31** | 5.77 |
| Face value per equity share (₹) | **10** | 10 |

## 17. AUDITOR'S REMUNERATION

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Statutory Audit | **1.50** | 4.10 |
| Out of pocket | **0.08** | 0.23 |
| | **1.58** | 4.33 |

## 18. SEGMENT REPORTING

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker for assessing the Company's performance and allocating the resources based on an analysis of various performance indicators by business segments and geographic segments.The Company is mainly engaged in the business of providing IT enabled services to various departments of Government of Maharashtra which constitute a single business segment. These activities are conducted only in one geographic segment viz India. Therefore, the disclosure requirements of the Ind AS 108 "Segment Reporting" are not applicable.

## 19. COMMITMENTS AND CONTINGENCIES

**Capital commitments**

There are no contractual commitment for purchase of property plant and equipment as at March 31, 2023 and 2022.

**Contingencies**

(₹ in lakhs)

| | As at March 31,2023 | As at March 31,2022 |
|---|---|---|
| Income-tax demands | **13.70** | 13.70 |
| Sales Tax | **18.61** | 18.61 |
| Other claims not acknowledged as debts * | **-** | 436.32 |
| | **32.31** | 468.63 |

- Government of Maharashtra had awarded the Aadhar enrolment work to MahaOnline Limited and MahaOnline further outsourced the Aadhar enrollment work to Mphasis Ltd in the year Mar 2011. As per agreement with Mphasis, payment will be released to Mphasis for only when UID authority approves the Aadhar enrolment done by Mphasis. MahaOnline has released the payment based on the count approved by the UID. There is a dispute in count claimed by the Mphasis and count approved by the Government. Mphasis has filed the claim of ₹ 436.32 lakhs against Mahaonline for payment towards its services. During the year arbitration award was received and liability has been released.

**20.** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

## 21. RELATED PARTY DISCLOSURES

### A Related Parties and their relationship

**I. (A) Ultimate Holding Company**

Tata Sons Limited

**(B) Holding Company**

Tata Consultancy Services Limited

**II. Investing Party**

Governor, Government of Maharashtra

**III. Fellow Subsidiaries with whom the Company has transactions**

Tata Teleservices (Maharashtra) Ltd.

The TATA Power Company Limited

Voltas Ltd

**IV. Key managerial Personnel**

Mrs. Shanti Nair, Chief Operating Officer

Note: Related parties have been identified by the Management.

### B Transactions during the year ended and Balances as at March 31, 2023

**Transactions with Related Parties**

(₹ in lakhs)

| | Year ended March 31, 2023 | | | |
|---|---|---|---|---|
| | Holding Company | Investing Party | Fellow Subsidiary Companies | Key Management Personnel |
| Revenue from operations | **-** | **24.65** | **-** | **-** |
| Purchases of goods and services (including reimbursements) (Refer note below) * | **44.40** | **-** | **28.42** | **-** |
| Dividend paid | **108.81** | **38.23** | **-** | |

Note: * The key manangement personnel of the Company is on deputation and have drawn remuneration of ₹ 44.40 lakhs from Tata Consultancy Services Limited during the year ended March 31, 2023. Services charges are payable by the Company to Tata Consultancy Services Limited.

## Notes forming part of the Financial Statements

**Transactions with Related Parties**

(₹ in lakhs)

| | Year ended March 31, 2022 | | | |
|---|---|---|---|---|
| | Holding Company | Investing Party | Fellow Subsidiary Companies | Key Management Personnel |
| Revenue from operations | - | 74.75 | - | - |
| Purchases of goods and services (including reimbursements) (Refer note below) * | * 43.20 | - | 3.56 | |
| Amount spend for CSR | - | - | 38.10 | |
| Dividend paid | 240.47 | 84.49 | - | - |

Note: * The key manangement personnel of the Company is on deputation and have drawn remuneration of ₹ 43.20 lakhs from Tata Consultancy Services Limited during the year ended March 31, 2022. Services charges are payable by the Company to Tata Consultancy Services Limited.

**Balances with Related Parties**

(₹ in lakhs)

| | As at March 31, 2023 | | | |
|---|---|---|---|---|
| | Holding Company | Investing Party | Fellow Subsidiary Companies | Key Management Personnel |
| Trade Receivables | **16.72** | **862.46** | **-** | **-** |
| Trade Payables | **13.55** | **6.17** | **6.79** | **-** |
| Guarantees given | **-** | **2.00** | **-** | **-** |
| Security Deposit | **-** | **5.23** | **1.00** | **-** |

**Balances with Related Parties**

(₹ in lakhs)

| | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Holding Company | Investing Party | Fellow Subsidiary Companies | Key Management Personnel |
| Trade Receivables | 16.72 | 938.09 | - | - |
| Trade Payables | 69.30 | 6.17 | 0.29 | (0.04) |
| Guarantees given | - | 2.00 | - | - |
| Security deposit | - | 5.59 | 1.00 | - |

## 22. ADDITIONAL REGULATORY INFORMATION

| Ratio | Numerator | Denominator | Current Year | Previous Year | % Variance | Reason for Variance |
|---|---|---|---|---|---|---|
| Current Ratio (in times) | Total Current Assets | Total Current Liabilities | 2.33 | 2.13 | 9.39% | |
| Return on Equity (in %) | Profit for the year less preferance dividend (if any) | Average total equity | 8.43% | 1.82% | 363.19% | Return on equity is higher due to increased in profit for the year due to Excep-tional Income on account of Provision written back |
| Trade receivables turnover ratio (in times) | Revenue from operations | Average trade receivables - billed | 2.00% | 8.00% | (75.00%) | Variance is due to re-duction in revenue from operations by Rs.203.82 lakhs. |
| Trade payables turnover ratio (in times) | Cost of equipment and software licenses + Other expenses | Average trade payables | 8.00% | 13.00% | (38.46%) | Variance is due to reduction in other expenses and payables by Rs. 240.83 lakhs and Rs. 668.47 lakhs respectively. |
| Net capital turnover ratio (in times) | Revenue from operations | Average working capital (ie. Total current assets less Total current liabilities | 1.00% | 6.00% | (83.33%) | Variance is due to reduction in revenue as compared to working capital due to reduced operations. |
| Net profit ratio (in %) | Profit for the year | Total Income | 62.64% | 19.87% | 215.25% | Net profit ratio as com-pared to previous year has increased due to in profit for the year on ac-count of exception itm of Creditors written back |
| Return on capital employed (in %) | Profit before tax and finance cost | Capital employed = Tangible net worth +Total debt + Deferred taxliabilities | 11.18% | 3.15% | 254.92% | Variance is due to higher profit as compared to capital employed due to other income. |
| Return on investment (in %) | Income generated from invested funds | Average invested funds | 5.65% | 4.79% | 17.95% | |



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## Notes forming part of the Financial Statements

**23.** "No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."

**24. DIVIDENDS**

Dividends paid during the year ended March 31, 2023 include an amount of ₹ 5.76 per equity share for the year ended March 31, 2022. Dividends paid during the year ended March 31, 2022 include an amount of ₹ 5.76 per equity share towards dividend for the year ended March 31, 2021.

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company.

**Note:**

Previous Years Figures have been reclassed wherever necessary.

As per our report of even date attached

For and on behalf of the Board
CIN: U72900MH2010PLC206026

**For KBJ & Associates**
Chartered Accountants
Firm's registration no : 114934W

**Lakshminarayanan G S**
Director
Din No: 07982712

**Chaitanya Sathe**
Director
Din No: 06942922

**Kaushik B. Joshi**
Proprietor
Membership No: 48889

**Shanti Nair**
Chief Operating Officer

Mumbai



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# TCS e-Serve International Limited

**(CIN: U72300MH2007PLC240002)**

## FINANCIAL STATEMENTS

**For the year ended**
**March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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# INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF TCS E-SERVE INTERNATIONAL LIMITED**

## Report on the Audit of Financial Statements

## Opinion

We have audited the financial statements of TCS e-Serve International Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2023, and the Statement of Profit or Loss (including other 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 the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

## Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and auditor's report(s) thereon.

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.

## Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's 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 auditor's 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 SAs 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 SAs, we exercise professional judgment and maintain professional skepticism 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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 auditor's 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 auditor's 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   A. As required by Section 143(3) of the Act, we report that:

      a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

      b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

      c. The balance sheet, the statement of profit or loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

      d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

      e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

      f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements - Refer income tax liabilities disclosed in the balance sheet along with Note 19 to the financial statements.

      b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      d. (i) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 24 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

         (ii) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the Note 24 to the financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other person(s) or entity(ies) identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

         (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Rekha Shenoy**
*Partner*
Membership No:124219
ICAI UDIN:23124219BGYUWG7839

Place: Mumbai
Date: 18 May 2023

# Annexure A to the Independent Auditor's Report
## on the financial statements of TCS e-Serve International Limited
## for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of Intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of two years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies noticed on such verification.

(c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is a service company, primarily rendering business process outsourcing services. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records, the Company has made investments in other parties and granted unsecured loans to other parties during the year, in respect of which the requisite information is as below. The Company has not made any investments in, provided any guarantee or security or granted any loans or advances in nature of loans, secured or unsecured, to companies, firms or limited liability partnerships. The Company has not provided any guarantee or security or granted any advances in nature of loans, secured or unsecured, to other parties nor it has granted any secured loans to other parties.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to other parties as below:

| **Particulars** | **Guarantees** | **Security** | **Loans** | **Advances in nature of loans** |
|---|---|---|---|---|
| Aggregate amount during the year | | | | |
| Subsidiaries* | - | - | - | - |
| Joint ventures* | - | - | - | - |
| Associates* | - | - | - | - |
| Others | - | - | Rs 82 Lakhs | - |
| Balance outstanding as at balance sheet date | | | | |
| Subsidiaries* | - | - | - | - |
| Joint ventures* | - | - | - | - |
| Associates* | - | - | - | - |
| Others* | - | - | Rs 68 Lakhs | - |

*As per the Companies Act, 2013

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the investment made and terms and conditions of the loans given during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties. Further, the Company has not given any advances in the nature of loans to any party during the year.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment. Further, the Company has not given any advances in the nature of loans to any party during the year.

(iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to investments made.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Goods and Service Tax, Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess or other statutory dues which have not been deposited by the Company on account of any disputes, except for the following:

| **Name of the statue** | **Nature of the dues** | **Amount (Rs in Lakhs)** | **Period to which the amount relates** | **Forum where the dispute is pending** | **Remarks, if any** |
|---|---|---|---|---|---|
| Income-tax Act, 1961 | Demand received u/s 147 of the Income-tax Act, 1961 | 85 | AY 2016-2017 | Commissioner of Income-tax (Appeals) | |

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

(f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(f) is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Establishment of vigil mechanism is not mandated for the Company. As represented to us by the management, there are no whistle blower complaints received by the Company during the year under the vigil mechanism established by the parent company for the Group.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) Pursuant to circular dated July 05, 2017 notified by Ministry of Corporate Affairs (MCA), the Company is exempted from the requirements of constitution of audit committee, accordingly the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has six CICs as part of the Group

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.

(b) In our opinion and according to the information and explanations given to us and basis independent legal opinion obtained by the Company, upon irrevocable transfer of funds by Company to implementing agencies for designated multi-year projects undertaken through them, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to ongoing projects. Accordingly, clause 3(xx)(b) of the Order is not applicable.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Rekha Shenoy**
*Partner*
Membership No.: 124219
ICAI UDIN:23124219BGYUWG7839

Place: Mumbai
Date: 18 May 2023

# Annexure B to the Independent Auditors' Report
## on the financial statements of TCS e-Serve International Limited for the year ended 31 March 2023

### Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act , 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Opinion

We have audited the internal financial controls with reference to financial statements of TCS e-Serve International Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls, with reference to financial statements assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Rekha Shenoy**
*Partner*
Membership No.: 124219
ICAI UDIN:23124219BGYUWG7839

Place: Mumbai
Date: 18 May 2023

## Balance sheet

(₹ in lakhs)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 8(a) | **3,642** | 4,518 |
| (b) Capital work-in-progress | 8(a) | **182** | 271 |
| (c) Right-of-use assets | 7 | **9,405** | 5,792 |
| (d) Intangible assets | 8(b) | **986** | 1,726 |
| (e) Financial assets | | | |
| (i) Investments | 6(a) | **8** | - |
| (ii) Other financial assets | 6(e) | **1,043** | 900 |
| (f) Income tax assets (net) | | **2,636** | 2,030 |
| (g) Deferred tax assets (net) | 15 | **2,236** | 4,060 |
| (h) Other assets | 8(c) | **3,308** | 728 |
| **Total non-current assets** | | **23,446** | 20,025 |
| **Current assets** | | | |
| (a) Financial assets | | | |
| (i) Investments | 6(a) | **15,537** | 9,000 |
| (ii) Trade receivables | | | |
| Billed | 6(b) | **54,578** | 51,050 |
| Unbilled | | **9,396** | 4,818 |
| (iii) Cash and cash equivalents | 6(c) | **3,418** | 3,835 |
| (iv) Loans | 6(d) | **72** | 69 |
| (v) Other financial assets | 6(e) | **247** | 113 |
| (b) Other assets | 8(c) | **3,360** | 7,673 |
| **Total current assets** | | **86,608** | 76,558 |
| **TOTAL ASSETS** | | **1,10,054** | 96,583 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Share capital | 6(l) | **1,000** | 1,000 |
| (b) Other equity | 9 | **23,588** | 14,182 |
| **Total equity** | | **24,588** | 15,182 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | | **8,343** | 5,522 |
| (b) Employee benefit obligations | 12 | **139** | 332 |
| **Total non-current liabilities** | | **8,482** | 5,854 |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | | **2,187** | 1,116 |
| (ii) Trade payables | | | |
| 1. Dues of small enterprises and micro enterprises | 6(f) | **-** | - |
| 2. Dues of creditors other than small enterprises and micro enterprises | 6(f) | **49,381** | 49,146 |
| (iii) Other financial liabilities | 6(g) | **18,178** | 17,717 |
| (b) Unearned and deferred revenue | 10 | **6** | 478 |
| (c) Other liabilities | 8(d) | **1,463** | 1,961 |
| (d) Employee benefit obligations | 12 | **5,628** | 4,921 |
| (e) Income tax liabilities (net) | | **141** | 208 |
| **Total current liabilities** | | **76,984** | 75,547 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,10,054** | 96,583 |
| **NOTES FORMING PART OF THE FINANCIAL STATEMENTS** | | | |

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no. 101248W/W-100022

**Rekha Shenoy**
Partner
Membership number : 124219
Mumbai, May 18, 2023

For and on behalf of the Board

**Ramakrishna Mohan Veeturi**
*CEO and Managing Director*
Place : United Sates of America
May 18, 2023

**Krishnaswamy M Gopikumar**
*CFO, Director and Company Secretary*
Place : United Sates of America
May 18, 2023

## Statement of Profit or Loss

(₹ in lakhs)

| | | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|---|
| I. | Revenue from operations | 10 | **2,02,334** | 1,86,292 |
| II. | Other income (net) | 11 | **3,587** | 359 |
| **III.** | **TOTAL INCOME** | | **2,05,921** | 1,86,651 |
| IV. | **Expenses:** | | | |
| | (a) Employee benefit expenses | 12 | **1,49,638** | 1,27,645 |
| | (b) Finance costs | 14 | **576** | 570 |
| | (c) Depreciation and amortisation expense | 7 & 8(a),(b) | **4,431** | 3,792 |
| | (d) Other expenses | 13(a) | **38,530** | 43,224 |
| | **TOTAL EXPENSES** | | **1,93,175** | 1,75,231 |
| **V.** | **PROFIT BEFORE TAX (III-IV)** | | **12,746** | 11,420 |
| **VI.** | **Tax expense:** | | | |
| | (a) Current tax | 15 | **1,504** | (44) |
| | (b) Deferred tax | 15 | **1,827** | 3,021 |
| | **TOTAL TAX EXPENSE** | | **3,331** | 2,977 |
| **VII.** | **PROFIT FOR THE YEAR** | | **9,415** | 8,443 |
| **VIII.** | **OTHER COMPREHENSIVE LOSS** | | | |
| | **(i) Items that will not be reclassified subsequently to profit or loss:** | | | |
| | Remeasurement of defined employee benefit plans | | **(12)** | (62) |
| | **(ii) Income-tax on items that will not be reclassified subsequently to profit or loss** | | **3** | 16 |
| | Net change in fair values of investments other than equity shares carried at fair value through OCI * | | **-** | - |
| | **(iii) Income tax on items that will be reclassified subsequently to profit or loss*** | | **-** | - |
| | **TOTAL OTHER COMPREHENSIVE LOSS NET OF TAXES** | | **(9)** | (46) |
| **IX.** | **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **9,406** | 8,397 |
| | *value is less than Rs 50,000. | | | |
| **X.** | **Earnings per equity share :- Basic and diluted (₹)** | 16 | **941** | 844 |
| | Weighted average number of equity shares | | **10,00,000** | 10,00,000 |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no. 101248W/W-100022

**Rekha Shenoy**
Partner
Membership number : 124219
Mumbai, May 18, 2023

For and on behalf of the Board

**Ramakrishna Mohan Veeturi**
*CEO and Managing Director*
Place : United Sates of America
May 18, 2023

**Krishnaswamy M Gopikumar**
*CFO, Director and Company Secretary*
Place : United Sates of America
May 18, 2023

## Statement of Changes in Equity

### A. EQUITY SHARE CAPITAL

(₹ in lakhs)

| Balance as at April 1, 2022 | "Changes in equity share capital due to prior period errors" | "Restated balance as at April 1, 2022" | Change in Equity share capital during the year | Balance as at March 31, 2023 |
|---|---|---|---|---|
| **1,000** | **-** | **1,000** | **-** | **1,000** |

(₹ in lakhs)

| Balance as at April 1, 2021 | "Changes in equity share capital due to prior period errors" | "Restated balance as at April 1, 2021" | Change in Equity share capital during the year | Balance as at March 31, 2022 |
|---|---|---|---|---|
| 1,000 | - | 1,000 | - | 1,000 |

### B. OTHER EQUITY

(₹ in lakhs)

| | Reserves and surplus | | Total other equity |
|---|---|---|---|
| | General reserve | Retained earnings | |
| **Balance as at April 1, 2022** | **-** | **14,182** | **14,182** |
| Profit for the year | **-** | **9,415** | **9,415** |
| Other comprehensive loss | **-** | **(9)** | **(9)** |
| **Total comprehensive Income** | **-** | **9,406** | **9,406** |
| **Balance as at March 31, 2023** | **-** | **23,588** | **23,588** |
| **Balance as at April 1, 2021** | 403 | 5,382 | 5,785 |
| Profit for the year | - | 8,443 | 8,443 |
| Other comprehensive loss | - | (46) | (46) |
| Transfer from general reserve to retained earnings | (403) | 403 | - |
| **Total comprehensive Income** | (403) | 8,800 | 8,397 |
| **Balance as at March 31, 2022** | - | 14,182 | 14,182 |

Loss of ₹ 9 lakhs and ₹ 46 lakhs on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for the years ended March 31, 2023 and 2022, respectively.

**Nature and purpose of reserves**

**(a) General reserve**

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. The general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

**(b) Retained earnings**

This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no. 101248W/W-100022

**Rekha Shenoy**
Partner
Membership number : 124219
Mumbai, May 18, 2023

For and on behalf of the Board

**Ramakrishna Mohan Veeturi**
*CEO and Managing Director*
Place : United Sates of America
May 18, 2023

**Krishnaswamy M Gopikumar**
*CFO, Director and Company Secretary*
Place : United Sates of America
May 18, 2023

## Statement of Cash Flows

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Profit for the year** | **9,415** | 8,443 |
| **Adjustments for:** | | |
| Depreciation and amortisation expense | **4,431** | 3,792 |
| Tax expense | **3,331** | 2,977 |
| Net gain on investment carried at fair value through profit or loss | **(243)** | (47) |
| Interest income | **(63)** | (25) |
| (Gain)/Loss on sale of property, plant and equipment | **(6)** | 16 |
| Finance costs | **576** | 570 |
| Bad debts and advances written off, provision for advances (net) | **74** | 68 |
| Unrealised foreign exchange loss | **91** | 37 |
| Unrealised gain on investments carried at fair value through profit or loss | **(376)** | (22) |
| **Operating profit before working capital changes** | **17,230** | 15,809 |
| **Net change in:** | | |
| Trade receivables | | |
| Billed | **(3,528)** | (23,097) |
| UnBilled | **(4,578)** | (857) |
| Other financial assets | **(278)** | (84) |
| Other assets | **1,734** | 53 |
| Loans | **(76)** | (22) |
| Trade payables | **235** | 16,009 |
| Other financial liabilities | **598** | 9,684 |
| Unearned and deferred revenues | **(472)** | (2,812) |
| Employee benefit obligations | **501** | 334 |
| Other liabilities and provisions | **(499)** | (3,963) |
| **Cash generated from operations** | **10,867** | 11,054 |
| Taxes paid (net of refunds) | **(2,175)** | (1,534) |
| **Net cash generated from operating activities** | **8,692** | 9,520 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Payment for purchase of property, plant and equipment | **(1,448)** | (1,348) |
| Payment for purchase of intangibles | **(13)** | (45) |
| Proceeds from sale of property, plant and equipment | **69** | - |
| Purchase of investments | **(25,018)** | (22,826) |
| Proceeds from sale of investments | **19,092** | 14,987 |
| Proceeds from liquidation of wholly owned subsidiary | **-** | 130 |
| Interest received | **63** | 26 |
| **Net cash used in investing activities** | **(7,255)** | (9,076) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Repayment of lease liability | **(1,278)** | (1,086) |
| Interest paid | **(576)** | (570) |
| **Net cash used in financing activities** | **(1,854)** | (1,656) |
| **Net change in cash and cash equivalents** | **(417)** | (1,212) |

## Statement of Cash Flows (continued)

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Cash and cash equivalents, as at the beginning of the year | **3,835** | 5,047 |
| **Cash and cash equivalents, as at the end of the year** | **3,418** | 3,835 |
| **COMPONENTS OF CASH AND CASH EQUIVALENTS** | | |
| **Balances with banks** | | |
| -In current accounts | **3,418** | 3,835 |
| | **3,418** | 3,835 |

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Refer note 13(b) for amount spent during the years ended March 31, 2023 and 2022 relating to CSR activities.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no. 101248W/W-100022

**Rekha Shenoy**
Partner
Membership number : 124219
Mumbai, May 18, 2023

For and on behalf of the Board

**Ramakrishna Mohan Veeturi**
*CEO and Managing Director*
Place : United Sates of America
May 18, 2023

**Krishnaswamy M Gopikumar**
*CFO, Director and Company Secretary*
Place : United Sates of America
May 18, 2023

## Notes forming part of the Financial Statements

### 1. CORPORATE INFORMATION

TCS e-Serve International Limited (herein referred to as "the Company") is primarily engaged in the business of providing Business Process Outsourcing Services for its customers in banking, financial services and insurance domain. The Company's operations include delivering core business processing services, and support services for both data and voice processes.

The Company is incorporated and domiciled in India. The address of its registered Office is 9th Floor, Nirmal Building, Nariman Point, Mumbai 400021. Tata Consultancy Services Limited ("TCS Limited") and Tata Sons Private Limited are the holding company and the ultimate holding company, respectively.

The financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorised for issue on May 18, 2023..

### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

### 3. BASIS OF PREPARATIONS

These financial statements have been prepared on historical cost basis, except for certain financial instruments and defined benefit plans which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

These financial statements have been prepared in Indian Rupee (₹), rounded off to nearest lakh, which is the functional currency of the Company. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

### 4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

**a) Revenue recognition**

Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of the completion of the performance of the obligation.

**b) Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**c) Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**d) Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**e) Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**f) Employee benefits**

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

**g) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**h) Allowance for doubtful trade receivable (Refer note 6).**

## Notes forming part of the Financial Statements

### 5. RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

### 6. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

***Cash and cash equivalents***

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

***Financial assets at amortised cost***

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at fair value through other comprehensive income***

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

***Financial assets at fair value through profit or loss***

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit or loss.

***Investment in subsidiaries***

Investment in subsidiaries are measured at cost less impairment loss, if any.

***Financial liabilities***

Financial liabilities are measured at amortised cost using the effective interest method.

***Equity instruments***

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net of direct issue cost.

***Derivative accounting***

- **Instruments in hedging relationship**

The Company designates certain foreign exchange forward, currency options and futures contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors. The policies provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company.

The hedge instruments are designated and documented as hedges at the inception of the contract. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified in net foreign exchange gains in the statement of profit or loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedging reserve.

The Company separates the intrinsic value and time value of an option and designates as hedging instruments only the change in intrinsic value of the option. The change in fair value of the time value and intrinsic value of an option is recognised in the other comprehensive income and accounted as a separate component of equity. Such amounts are reclassified into the statement of profit and loss when the related hedged items affect profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in the statement of profit or loss when the forecasted transaction ultimately affects the profit or loss. Any gain and loss is recognised immediately in the statement of profit or loss when the hedge becomes ineffective.

- **Instruments not in hedging relationship**

The Company enters into contracts that are effective as hedges from an economic perspective, but they do not qualify for hedge accounting. The change in the fair value of such instrument is recognised in the statement of profit or loss.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.



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## Notes forming part of the Financial Statements

**(a) Investments**

Investments consist of the following:

**Investments- non-current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Investments carried at fair value through OCI** | | |
| Government bonds and securities (quoted) | **8** | - |
| | **8** | - |

**Investments - current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Investments carried at fair value through profit or Loss** | | |
| Mutual fund units (quoted) | **15,537** | 9,000 |
| | **15,537** | 9,000 |

**Aggregate value of quoted investments is as follows:**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Aggregate value of quoted investments | **15,545** | 9,000 |
| Aggregate market value of quoted investments | **15,545** | 9,000 |

**(b) Trade receivables - Billed**

Trade receivables - Billed (unsecured) consist of the following:

(₹ in lakhs)

| **Trade receivables - Billed - Current** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| | **54,578** | 51,050 |
| Trade receivables - Billed | **54,578** | 51,050 |

Note : Above balances of trade receivables - billed include balances with related parties (Refer note 21).

Ageing for trade receivables - billed - current outstanding as at March 31, 2023 is as follows:

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| **Trade receivables - billed** | | | | | | | |
| (i) Undisputed trade receivables - considered good | **24,878** | **-** | **29,700** | **-** | **-** | **-** | **54,578** |
| (ii) Undisputed trade receivables - which have significant increase in credit risk | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| (iii) Undisputed trade receivables - credit impaired | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| (iv) Disputed trade receivables - considered good | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| (v) Disputed trade receivables - which have significant increase in credit risk | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| (vi) Disputed trade receivables - credit impaired | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **24,878** | **-** | **29,700** | **-** | **-** | **-** | **54,578** |
| **Trade receivables - unbilled** | | | | | | | **9,396** |
| | | | | | | | **63,974** |

Ageing for trade receivables - billed - current outstanding as at March 31, 2022 is as follows:

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| **Trade receivables - billed** | | | | | | | |
| (i) Undisputed trade receivables - considered good | 28,252 | 8,131 | 6,629 | 8,038 | - | - | 51,050 |
| (ii) Undisputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| (iv) Disputed trade receivables - considered good | - | - | - | - | - | - | - |
| (v) Disputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| | 28,252 | 8,131 | 6,629 | 8,038 | - | - | 51,050 |
| **Trade receivables - unbilled** | | | | | | | 4,818 |
| | | | | | | | 55,868 |

**(c) Cash and cash equivalents**

Cash and cash equivalents consist of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balances with banks** | | |
| - In current accounts | **3,418** | 3,835 |
| | **3,418** | 3,835 |

TCS e-Serve International Limited has unsecured working capital facilities agreement with Citibank N.A. aggregating to USD 2,20,00,000 (March 31, 2022 : USD 2,20,00,000 ) for fund and non fund base facility. During the year, the company has not utilized this facility.

**(d) Loans**

Loans (unsecured) consist of the following:

**Loans - Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered good** | | |
| Loans and advances to employees | **72** | 69 |
| **Credit impaired** | | |
| Loans and advances to employees | **26** | **-** |
| Less: Allowance on loans and advances to employees | **(26)** | **-** |
| | **72** | 69 |

## Notes forming part of the Financial Statements

### (e) Other Financial Assets

Other financial assets consist of the following:

**Other financial assets - Non-current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered good - Unsecured** | | |
| Security deposits - Premises | **99** | 92 |
| Security deposits with related party | **337** | 201 |
| Security deposits with others | **607** | 607 |
| | **1,043** | 900 |

**Other financial assets - Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered good - Unsecured** | | |
| Fair value of foreign exchange derivative assets | **128** | - |
| Other current financial assets | **119** | 113 |
| | **247** | 113 |

### (f). Trade payables

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Dues of creditors other than small enterprises and micro enterprises* | **49,381** | 49,146 |
| Dues to small enterprises and micro enterprises | **-** | - |
| | **49,381** | 49,146 |

* Above balances of trade payables include balances with related parties (Refer note 21).



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**1. Dues of small enterprises and micro enterprises**

The disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) for dues to micro enterprises and small enterprises as at March 31, 2023 and March 31, 2022 is as under:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Dues remaining unpaid to any supplier | | |
| Principal | - | - |
| Interest on the above | - | - |
| Amount of interest paid in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | - | - |
| Amount of interest accrued and remaining unpaid | - | - |
| Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006 | - | - |

**2. Trade payables**

Ageing for trade payables outstanding as at March 31, 2023 is as follows:

(₹ in lakhs)

| Particulars | | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| **Trade payables** | | | | | | |
| (i) MSME* | - | - | - | - | - | - |
| (ii) Others | 466 | 24,896 | 15,433 | 537 | 100 | 41,432 |
| (iii) Disputed dues - MSME* | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| | 466 | 24,896 | 15,433 | 537 | 100 | 41,432 |
| **Accrued expenses** | | | | | | 7,949 |
| | | | | | | 49,381 |

*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006.

## Notes forming part of the Financial Statements

Ageing for trade payables outstanding as at March 31, 2022 is as follows:

| Particulars | Not Due | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|
| | Outstanding for following periods from due date of payment | | | | | |
| **Trade payables** | | | | | | |
| (i) MSME* | - | - | - | - | - | - |
| (ii) Others | 2,407 | 25,556 | 10,688 | 2,805 | 6 | 41,462 |
| (iii) Disputed dues - MSME* | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| | 2,407 | 25,556 | 10,688 | 2,805 | 6 | 41,462 |
| **Accrued expenses** | | | | | | 7,684 |
| | | | | | | 49,146 |

*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006.

### (g) Other Financial Liabilities

Other financial liabilities consist of the following:

**Other financial liabilities - Current**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Other liability with related party | **10,353** | 9,280 |
| Capital creditors | **100** | 237 |
| Liabilities towards customer contracts | **1,540** | 1,099 |
| Accrued payroll | **6,132** | 7,076 |
| Fair value of foreign exchange derivative liabilities | **33** | - |
| Others | **20** | 25 |
| | **18,178** | 17,717 |

### (h) Financial instruments by category

The carrying value of financial instruments by categories as of March 31, 2023 is as follows:

(₹ in lakhs)

| | Fair value through profit or loss | Fair value through OCI | Amortised cost | Derivative instruments not in hedging relationship | Total carrying value |
|---|---|---|---|---|---|
| **Financial assets:** | | | | | |
| Cash and cash equivalents | **-** | **-** | **3,418** | **-** | **3,418** |
| Investments (other than in subsidiary) | **15,537** | **8** | **-** | **-** | **15,545** |
| Trade receivables | | | | | |
| Billed | **-** | **-** | **54,578** | **-** | **54,578** |
| Unbilled | **-** | **-** | **9,396** | **-** | **9,396** |
| Loans | **-** | **-** | **72** | **-** | **72** |
| Other financial assets | **-** | **-** | **1,162** | **128** | **1,290** |
| **Total** | **15,537** | **8** | **68,626** | **128** | **84,299** |



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| | Fair value through profit or loss | Fair value through OCI | Amortised cost | Derivative instruments not in hedging relationship | Total carrying value |
|---|---|---|---|---|---|
| **Financial liabilities:** | | | | | |
| Trade payables | **-** | **-** | **49,381** | **-** | **49,381** |
| Lease liabilities | **-** | **-** | **10,530** | **-** | **10,530** |
| Other financial liabilities | **-** | **-** | **18,145** | **33** | **18,178** |
| **Total** | **-** | **-** | **78,056** | **33** | **78,089** |

The carrying value of financial instruments by categories as of March 31, 2022 is as follows:

(₹ in lakhs)

| | Fair value through profit or loss | Fair value through OCI | Amortised cost | Derivative instruments not in hedging relationship | Total carrying value |
|---|---|---|---|---|---|
| **Financial assets:** | | | | | |
| Cash and cash equivalents | - | - | 3,835 | - | 3,835 |
| Investments (other than in subsidiary) | 9,000 | - | - | - | 9,000 |
| Trade receivables | | | | | |
| Billed | - | - | 51,050 | - | 51,050 |
| Unbilled | - | - | 4,818 | - | 4,818 |
| Loans | - | - | 69 | - | 69 |
| Other financial assets | - | - | 1,013 | - | 1,013 |
| **Total** | 9,000 | - | 60,785 | - | 69,785 |
| **Financial liabilities:** | | | | | |
| Trade payables | - | - | 49,146 | - | 49,146 |
| Lease liabilities | - | - | 6,638 | - | 6,638 |
| Other financial liabilities | - | - | 17,717 | - | 17,717 |
| **Total** | - | - | 73,501 | - | 73,501 |

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at March 31, 2023 and 2022, approximate the fair value due to their nature. Carrying amounts of other financial assets and other financial liabilities which are subsequently measured at amortised cost also approximate the fair value due to their nature in each of the years presented. Fair value measurement of lease liabilities is not required.

## Notes forming part of the Financial Statements

**(i) Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

(₹ in lakhs)

| As of March 31, 2023: | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Mutual fund units | **15,537** | **-** | **-** | **15,537** |
| Government bonds and securities | **8** | **-** | **-** | **8** |
| Fair value of foreign exchange derivative assets | **-** | **128** | **-** | **128** |
| | **15,545** | **128** | **-** | **15,673** |
| **Financial liability:** | | | | |
| Fair value of foreign exchange derivative liabilities | **-** | **33** | **-** | **33** |
| | **-** | **33** | **-** | **33** |

(₹ in lakhs)

| As of March 31, 2022: | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Mutual fund units | 9,000 | - | - | 9,000 |
| Fair value of foreign exchange derivative assets | - | - | - | - |
| Government bonds and securities | - | - | - | - |
| | 9,000 | - | - | 9,000 |
| **Financial liability:** | | | | |
| Fair value of foreign exchange derivative liabilities | - | - | - | - |
| | - | - | - | - |



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**(j) Derivative financial instruments and hedging activity**

The Company's revenue is denominated in foreign currency predominantly US Dollar. Given the nature of the business, a large portion of the costs are denominated in Indian Rupee. This exposes the Company to currency fluctuations.

The Company has entered into derivative instruments not in hedging relationship by way of foreign exchange forward. As at March 31, 2023 and 2022, the notional amount of outstanding contracts aggregated to ₹ 1,39,795 lakhs and ₹ NIL, respectively and the respective fair value of these contracts have a net gain of ₹ 96 lakhs and ₹ NIL respectively.

Exchange loss of ₹ 291 lakhs and ₹ NIL on foreign exchange forward contracts that do not qualify for hedge accounting have been recognised in the statement of profit or loss for the years ended March 31, 2023 and 2022, respectively.

**(k) Financial risk management:**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities.

***Market Risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar and Australian Dollar, against the functional currency of the Company.

The Company uses derivative instruments primarily to hedge foreign exchange. Further, any movement in the functional currency of the various operations of the Company against major foreign currencies may impact the Company's revenue in international business.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the functional currency of the Company.

The following analysis has been worked out based on the net exposures of the Company as of the date of balance sheet which could affect the statements of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to unhedged foreign currency exposure as of March 31, 2023.

(₹ in lakhs)

| | PHP | MXN | USD | AUD |
|---|---|---|---|---|
| Net financial assets | **13** | **26** | **23,436** | **302** |
| Net financial liabilities | **(194)** | **(472)** | **(58,930)** | **(698)** |

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately ₹ 3,652 lakhs for the year ended March 31, 2023.

## Notes forming part of the Financial Statements

The following table sets forth information relating to unhedged foreign currency exposure as of March 31, 2022.

(₹ in lakhs)

| | PHP | MXN | USD | AUD |
|---|---|---|---|---|
| Net financial assets | 4 | 25 | 58,944 | 359 |
| Net financial liabilities | - | (266) | (57,946) | (393) |

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately ₹ 73 lakhs for the year ended March 31, 2022.

- **Interest rate risk**

The Company's investments are primarily in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

***Credit risk***

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans, investments, cash and cash equivalents, derivative financial instruments and other financial assets.

None of the other financial instruments of the Company result in material concentration of credit risk.

- **Exposure to credit risk**

The carrying amount of financial assets and contract assests represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 84,460 lakhs and ₹ 70,479 lakhs as of March 31,2023 and March 31,2022 respectively being the total of the carrying amount of balances with banks, trade receivables, contract assests, other financial assets and investments excluding equity.

Single customer contributing to more than 10% of outstanding trade receivable as of March 31, 2023 and March 31,2022 is as follows.

(₹ in lakhs)

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Trade receivables** | **Percentage** | Trade receivables | Percentage |
| Customer A | **25,472** | **40%** | 25,150 | 45% |
| Customer C | **26,344** | **41%** | 18,988 | 34% |

- **Geographic concentration of credit risk**

The Company also has a geographic concentration of trade receivables, net of allowances and contact assets as given below:

Geographical concentration of credit risk is allocated based on the location of the customers.

(In %)

| | Year ended March 31, 2023 | | Year ended March 31, 2022 | |
|---|---|---|---|---|
| **Geography** | Gross% | Net% | Gross% | Net% |
| Americas | **80%** | **80%** | 77% | 77% |
| India | **18%** | **18%** | 22% | 22% |
| Asia Pacific | **2%** | **2%** | 1% | 1% |

"The allowance for lifetime expected credit loss on trade receivables was Nil in both the years.

***Liquidity risk***

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(₹ in lakhs)

| March 31, 2023 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | **49,381** | **-** | **-** | **-** | **49,381** |
| Lease liabilities | **2,598** | **2,510** | **5,260** | **2,760** | **13,128** |
| Other financial liabilities | **18,145** | **-** | **-** | **-** | **18,145** |
| | **70,124** | **2,510** | **5,260** | **2,760** | **80,654** |
| **Derivative financial liabilities** | **33** | **-** | **-** | **-** | **33** |
| **Total** | **70,157** | **2,510** | **5,260** | **2,760** | **80,687** |

(₹ in lakhs)

| March 31, 2022 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | 49,146 | - | - | - | 49,146 |
| Lease liabilities | 1,577 | 1,359 | 3,333 | 2,084 | 8,353 |
| Other financial liabilities | 17,717 | - | - | - | 17,717 |
| **Total** | 68,440 | 1,359 | 3,333 | 2,084 | 75,216 |

**(l) Equity Instruments**

The authorised, issued, subscribed and fully paid-up share capital comprises of the following:

(₹ in lakhs)

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number of shares** | Amount (₹ in lakhs) | Number of shares | Amount (₹ in lakhs) |
| **Authorised :** | | | | |
| Equity share capital<br>25,00,000 equity shares of ₹ 100 each<br>(March 31, 2022 : 25,00,000 equity shares of ₹ 100 each) | **25,00,000** | **2,500** | 25,00,000 | 2,500 |
| | **25,00,000** | **2,500** | 25,00,000 | 2,500 |

## Notes forming part of the Financial Statements

(₹ in lakhs)

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number of shares** | Amount (₹ in lakhs) | Number of shares | Amount (₹ in lakhs) |
| **Issued, subscribed and paid up:** | | | | |
| Equity share capital | **10,00,000** | **1,000** | 10,00,000 | 1,000 |
| 10,00,000 equity shares of ₹100 each | | | | |
| (March 31, 2022 : 10,00,000 equity shares of ₹ 100 each) | | | | |
| | **10,00,000** | **1,000** | 10,00,000 | 1,000 |

**Note:**

- 10,00,000 (March 31, 2022 : 10,00,000) equity shares of ₹ 100/- each are held by Tata Consultancy Services Limited, the holding company and its nominees. Tata Sons Private Limited is the ultimate holding company.
- The Company does not have an employee stock option plan and no shares are reserved for issue under any such plan or for any contractual commitments.
- The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

**i. Reconciliation of number of shares**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount (₹ in lakhs)** | Number of shares | Amount (₹ in lakhs) |
| Opening balance | **10,00,000** | **1,000** | 10,00,000 | 1,000 |
| Changes during the year | **-** | **-** | - | - |
| Closing balance | **10,00,000** | **1,000** | 10,00,000 | 1,000 |

**ii. Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of ₹ 100 each. Each shareholder is eligible for one vote per share held and carry a right to dividend. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**iii. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Equity shares | | |
| Tata Consultancy Sevices Limited, the holding company | **10,00,000** | 10,00,000 |
| % of shareholding | **100%** | 100% |



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**iv. Disclosure of shareholding of promoters**

Disclosure of shareholding of promoters as at March 31, 2023 is as follows:

| Shares held by promoters at the end of the year | | | % Change during the year |
|---|---|---|---|
| **Promoter name** | **No. of shares** | **% of total shares** | |
| Tata Consultancy Services Limited | 9,99,994 | 99.9994% | No change |
| Tata Consultancy Services Limited jointly with its nominees | 6 | 0.0006% | No change |
| **Total** | **10,00,000** | **100%** | |

Disclosure of shareholding of promoters as at March 31, 2022 is as follows:

| Shares held by promoters at the end of the year | | | % Change during the year |
|---|---|---|---|
| **Promoter name** | **No. of shares** | **% of total shares** | |
| Tata Consultancy Services Limited | 9,99,994 | 99.9994% | No change |
| Tata Consultancy Services Limited jointly with its nominees | 6 | 0.0006% | No change |
| **Total** | **10,00,000** | **100%** | |

## 7. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in the statement of profit or loss.

## Notes forming part of the Financial Statements

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The details of the right-of-use asset held by the Company is as follows:

(₹ in lakhs)

| | Additions for the year ended March 31, 2023 | Net carrying amount as at March 31, 2023 | Additions for the year ended March 31, 2022 | Net carrying amount as at March 31, 2022 |
|---|---|---|---|---|
| Leasehold Buildings | **5,079** | **9,405** | 2,950 | 5,792 |
| | **5,079** | **9,405** | 2,950 | 5,792 |

Depreciation on right-of-use assets is as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Leasehold Buildings | **1,465** | 1,230 |
| | **1,465** | 1,230 |

Interest on lease liabilities is ₹ 554 lakhs and ₹ 497 lakhs for the years ended March 31, 2023 and 2022, respectively.

The Company incurred ₹ 61 lakhs and ₹ 47 lakhs for the years ended March 31, 2023 and 2022, respectively towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow for leases is ₹ 1,893 lakhs and ₹ 1,628 lakhs for the years ended March 31, 2023 and 2022, respectively including cash outflow for short term and low value leases.

The Company does not have lease term extension options that are not reflected in the measurement of lease liabilities.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

## 8. NON FINANCIAL ASSETS AND NON FINANCIAL LIABILITIES

### (a) Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight-line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| **Type of asset** | **Useful lives** |
|---|---|
| Leasehold improvements | Lease term |
| Computer equipment | 4 years |
| Furniture and fixtures | 5 years |
| Office equipment | 5 years |
| Electrical installations | 10 years |

Depreciation is not recorded on capital work-in-progress as construction and installation are not complete and the asset is not ready for its intended use.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in the statement of profit or loss.

Property, plant and equipment consist of the following:

(₹ in lakhs)

| **Description** | Leasehold Improvements | Computer equipment | Office equipment | Electrical installations | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|
| **Cost as at April 1, 2022** | **727** | **7,645** | **1,033** | **87** | **102** | **9,594** |
| Additions | **-** | **1,357** | **43** | **-** | **-** | **1,400** |
| Disposals / adjustments | **-** | **(152)** | **(170)** | **-** | **-** | **(322)** |
| **Cost as at March 31, 2023** | **727** | **8,850** | **906** | **87** | **102** | **10,672** |
| **Accumulated depreciation as at April 1, 2022** | **(223)** | **(4,179)** | **(589)** | **(28)** | **(57)** | **(5,076)** |
| Depreciation for the year | **(85)** | **(1,925)** | **(174)** | **(8)** | **(21)** | **(2,213)** |
| Eliminated on disposals of assets | **-** | **89** | **170** | **-** | **-** | **259** |
| **Accumulated depreciation as at March 31, 2023** | **(308)** | **(6,015)** | **(593)** | **(36)** | **(78)** | **(7,030)** |
| **Net carrying amount as at March 31, 2023** | **419** | **2,835** | **313** | **51** | **24** | **3,642** |
| Capital work-in-progress* | | | | | | **182** |
| | | | | | | **3,824** |

* ₹ 1,400 lakhs has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2023.

(₹ in lakhs)

| Description | Leasehold Improvements | Computer equipment | Office equipment | Electrical installations | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|
| **Cost as at April 1, 2021** | 706 | 6,623 | 1,424 | 85 | 102 | 8,940 |
| Additions | 21 | 1,127 | 64 | 2 | - | 1,214 |
| Disposals / adjustments | - | (105) | (455) | - | - | (560) |
| **Cost as at March 31, 2022** | 727 | 7,645 | 1,033 | 87 | 102 | 9,594 |
| **Accumulated depreciation as at April 1, 2021** | (140) | (2,639) | (422) | (20) | (37) | (3,258) |
| Depreciation for the year | (83) | (1,540) | (168) | (8) | (20) | (1,819) |
| Eliminated on disposals of assets | - | - | 1 | - | - | 1 |
| **Accumulated depreciation as at March 31, 2022** | (223) | (4,179) | (589) | (28) | (57) | (5,076) |
| **Net carrying amount as at March 31, 2022** | 504 | 3,466 | 444 | 59 | 45 | 4,518 |
| Capital work-in-progress* | | | | | | 271 |
| | | | | | | 4,789 |

* ₹ 1,214 lakhs has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2022.

**Capital work-in-progress**

- **Capital work-in-progress ageing**

## Notes forming part of the Financial Statements

Ageing for capital work-in-progress as at March 31, 2023 is as follows:

(₹ in lakhs)

| Capital work-in-progress | Amount in Capital work-in-progress for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Projects in progress | 182 | - | - | - | 182 |
| | 182 | - | - | - | 182 |

Ageing for capital work-in-progress as at March 31, 2022 is as follows:

(₹ in lakhs)

| Capital work-in-progress | Amount in Capital work-in-progress for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Projects in progress | 271 | - | - | - | 271 |
| | 271 | - | - | - | 271 |

**(b) Intangible assets**

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences which are amortised over license period which equates the useful life ranging between 2-5 years on a straight line basis over the period of its economic useful life.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in the statement of profit or loss.

Intangible assets consist of the following:

(₹ in lakhs)

| Description | Rights under licencing agreement and software licences | Total |
|---|---|---|
| **Cost as at April 1, 2022** | 3,002 | 3,002 |
| Additions | 13 | 13 |
| Disposals | - | - |
| **Cost as at March 31, 2023** | 3,015 | 3,015 |
| **Accumulated amortisation as at April 1, 2022** | (1,276) | (1,276) |
| Amortisation for the year | (753) | (753) |
| Eliminated on disposals of assets | - | - |
| **Accumulated amortisation as at March 31, 2023** | (2,029) | (2,029) |
| **Net carrying amount as at March 31, 2023** | 986 | 986 |

(₹ in lakhs)

| Description | Rights under licencing agreement and software licences | Total |
|---|---|---|
| **Cost as at April 1, 2021** | 2,957 | 2,957 |
| Additions | 45 | 45 |
| Disposals / adjustments | - | - |
| **Cost as at March 31, 2022** | 3,002 | 3,002 |
| **Accumulated depreciation as at April 1, 2021** | (532) | (532) |
| Amortisation for the year | (744) | (744) |
| Eliminated on disposals of assets | - | - |
| **Accumulated depreciation as at March 31, 2022** | (1,276) | (1,276) |
| **Net carrying amount as at March 31, 2022** | 1,726 | 1,726 |

The estimated amortisation for the years subsequent to Mar 31,2023 is as follows

(₹ in lakhs)

| Year ending March 31, | Amortisation expense |
|---|---|
| 2024 | **729** |
| 2025 | **247** |
| 2026 | **10** |
| | **986** |

**(c) Other Assets**

Other assets consist of the following:

**Other non-current assets**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered good - Unsecured** | | |
| Indirect tax recoverable | **3,069** | 711 |
| Prepaid expenses | **-** | 17 |
| Contract fulfillment costs | **239** | - |
| | **3,308** | 728 |

## Notes forming part of the Financial Statements

**Other current assets**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered good - Unsecured** | | |
| Prepaid expenses | **86** | 8 |
| Indirect tax recoverable | **1,446** | 3,811 |
| Advance to suppliers | **7** | 8 |
| Contract fulfillment costs | **1,646** | 3,150 |
| Contract assets | **162** | 694 |
| Others | **13** | 2 |
| | **3,360** | 7,673 |

Contract fulfillment costs of ₹ 2,939 lakhs and ₹ 1,939 lakhs for the years ended March 31, 2023 and 2022, respectively, have been amortised in the standalone statement of profit or loss. Refer note 10 for the changes in contract asset.

**(d) Other Liabilities**

Other liabilities consist of the following:

**Other current liabilities**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Indirect tax payable and other statutory liabilities | **1,293** | 1,957 |
| Advance received from customer | **167** | - |
| Others | **3** | 4 |
| | **1,463** | 1,961 |

## 9. OTHER EQUITY

Other equity consist of the following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **General reserve** | | |
| **Opening balance** | **-** | 403 |
| Transfer to retained earnings | **-** | (403) |
| | **-** | - |
| **Retained earnings** | | |
| **Opening balance** | **14,182** | 5,382 |
| Transfer from general reserve to retained earnings | **-** | 403 |
| Profit for the year | **9,415** | 8,443 |
| Remeasurement of defined employee benefit plans | **(9)** | (46) |
| | **23,588** | 14,182 |
| | **23,588** | 14,182 |

Note: Refer Statement of Changes in Equity for nature and purpose of general reserve.

## 10. REVENUE RECOGNITION

The Company earns revenue primarily from providing Business Process Outsourcing Services for its customers in banking, financial services and insurance domain.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue excludes taxes collected from customers

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue from intercompany is recognised based on transaction price which is at arm's length.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.



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## Notes forming part of the Financial Statements

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Revenue disaggregation by nature of services is as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Consultancy services | **2,02,334** | 1,86,292 |
| **Total** | **2,02,334** | 1,86,292 |

For details of disaggregation of revenues from contracts with customers by industry verticals and geography refer Note(18).

Revenue disaggregation by industry vertical is as follows.

(₹ in lakhs)

| **Industry Vertical** | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Banking, Financial Services and Insurance | **1,94,023** | 1,78,217 |
| Life Sciences and Healthcare | **2,280** | 3,440 |
| Manufacturing | **1,184** | 825 |
| Communication, Media and Technology | **1,150** | 704 |
| Retail and Consumer Business | **1,019** | 632 |
| Others | **2,678** | 2,474 |
| | **2,02,334** | 1,86,292 |

Revenue disaggregation by Geography is as follows :

(₹ in lakhs)

| **Geography** | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Americas | **1,96,091** | 1,80,994 |
| Asia Pacific | **3,191** | 3,465 |
| Europe | **1,173** | 661 |
| United Kingdom | **1,106** | 487 |
| India | **715** | 652 |
| Middle East and Africa | **58** | 33 |
| | **2,02,334** | 1,86,292 |

Geographical revenue is allocated based on the locations of the customers.



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While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹ 8,508 lakhs out of which 28.78% is expected to be recognized as revenue within the next one year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **694** | 209 |
| Invoices raised that were included in the contract assets balance at the beginning of the year | **(349)** | 551 |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | **(237)** | (87) |
| Translation exchange difference | **54** | 21 |
| **Balance at the end of the year** | **162** | 694 |

Changes in unearned and deferred revenue are as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **478** | 3,290 |
| Invoices raised that were included in the contract assets balance at the beginning of the year | **(149)** | (3,290) |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year | **(407)** | 419 |
| Translation exchange difference | **85** | 59 |
| **Balance at the end of the year** | **7** | 478 |

Reconciliation of revenue recognised with the contracted price is as follows :

(₹ in lakhs)

| **Particulars** | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Revenue as per Contract price | **2,09,798** | 1,95,069 |
| (-) Volume / Cash Discount | **7,755** | 7,721 |
| (-) Service Credit | **(291)** | 1,056 |
| **Revenue recognised** | **2,02,334** | 1,86,292 |

The reduction towards variable consideration comprises of volume discount, service level credits, etc.

## Notes forming part of the Financial Statements

### 11. OTHER INCOME

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

Other income consist of the following

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest income | **62** | 25 |
| Net gain on investment carried at fair value through profit or loss | **243** | 47 |
| Unrealised gain on investments carried at fair value through profit or loss | **376** | 22 |
| Net gain on disposal of property, plant and equipment | **6** | - |
| Net foreign exchange gain | **2,898** | 253 |
| Rent income | **2** | 12 |
| | **3,587** | 359 |
| **Interest income consist of the following:** | | |
| Interest income on bank deposits | **28** | - |
| Interest on income tax refund | **28** | 19 |
| Interest income on financial assets at amortised cost | **6** | 6 |

### 12. EMPLOYEE BENEFITS

The Company has both defined contribution and defined benefit plans. The plans are financed by the Company and in case of some defined contribution plans, by the Company along with its employees.

**(i) Defined benefit plans**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both, vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations.

**(ii) Defined contribution plans**

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

**(iii) Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### (iv) Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date using the Projected Unit Credit Method.

Employee benefit expenses consist of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Salaries, incentives and allowances | **1,25,070** | 1,06,345 |
| Contributions to provident and other funds | **11,611** | 9,903 |
| Staff welfare expenses | **12,957** | 11,397 |
| | **1,49,638** | 1,27,645 |

### Employee benefit obligations - Non-current

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Gratuity liability | **139** | 332 |
| | **139** | 332 |

### Employee benefit obligations - Current

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Compensated absences | **4,812** | 4,324 |
| Foreign retirement benefits | **50** | 16 |
| Gratuity liability | **766** | 581 |
| | **5,628** | 4,921 |

### Defined Benefit Plan

### Gratuity

In accordance with Indian law, the Company operates a scheme of gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The Company manages the plan through a trust. Trustees administer contributions made to the trust. Certain overseas branches of the Company also provide for retirement benefit pension plans in accordance with the local laws.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations.

## Notes forming part of the Financial Statements

The following table sets out the details of the defined benefit retirement plans and the amounts recognized in the financial statements:

**Defined benefit retirement plan :**

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2023 | | As at March 31, 2022 | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | **Domestic Plan Funded** | **Foreign Plan Unfunded** | **Total** | Domestic Plan Funded | Foreign Plan Unfunded | Total |
| **Change in benefit obligations:** | | | | | | |
| Benefit obligations, beginning of the year | **1,408** | **16** | **1,424** | 856 | 20 | 876 |
| Service cost | **311** | **8** | **319** | 192 | 9 | 201 |
| Interest cost | **102** | **1** | **103** | 55 | 1 | 56 |
| Liability Transferred In/ Acquisitions | **302** | **-** | **302** | 330 | - | 330 |
| (Liability Transferred Out/ Divestments) | **(39)** | **-** | **(39)** | (14) | - | (14) |
| Remeasurement of the net defined benefit liability | **(31)** | **23** | **(8)** | 76 | (14) | 62 |
| Benefits paid | **(151)** | **(4)** | **(155)** | (87) | (2) | (89) |
| Translation exchange difference | **-** | **6** | **6** | - | 2 | 2 |
| **Benefit obligations end of the year** | **1,902** | **50** | **1,952** | 1,408 | 16 | 1,424 |

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2023 | | As at March 31, 2022 | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | **Domestic Plan Funded** | **Foreign Plan Unfunded** | **Total** | Domestic Plan Funded | Foreign Plan Unfunded | Total |
| **Change in plan assets:** | | | | | | |
| Fair value of plan assets, beginning of the year | **496** | **-** | **496** | - | - | - |
| Interest Income | **36** | **-** | **36** | - | - | - |
| Employer's contribution | **374** | **-** | **374** | 267 | - | 267 |
| Assets Transferred In/ Acquisitions | **302** | **-** | **302** | 330 | - | 330 |
| (Assets Transferred Out/ Divestments) | **(39)** | **-** | **(39)** | (14) | - | (14) |
| Benefits paid | **(151)** | **-** | **(151)** | (87) | - | (87) |
| Remeasurement - Return on plan assets excluding amount included in Interest income | **(21)** | **-** | **(21)** | - | - | - |
| **Fair value of plan assets, end of the year** | **997** | **-** | **997** | 496 | - | 496 |

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2023 | | As at March 31, 2022 | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | **Domestic Plan Funded** | **Foreign Plan Unfunded** | **Total** | Domestic Plan Funded | Foreign Plan Unfunded | Total |
| **Funded status** | | | | | | |
| Deficit of plan assets over obligations | **(905)** | **(50)** | **(955)** | (912) | (16) | (929) |
| Surplus of plan assets over obligations | **-** | **-** | **-** | - | - | - |
| | **(905)** | **(50)** | **(955)** | (912) | (16) | (929) |

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2023 | | As at March 31, 2022 | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | **Domestic Plan Funded** | **Foreign Plan Unfunded** | **Total** | Domestic Plan Funded | Foreign Plan Unfunded | Total |
| **Category of assets** | | | | | | |
| Bank balances | **997** | **-** | **997** | 496 | - | 496 |
| | **997** | **-** | **997** | 496 | - | 496 |

Net periodic gratuity included in employee costs cosists of following:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2023 | | As at March 31, 2022 | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | **Domestic Plan Funded** | **Foreign Plan Unfunded** | **Total** | Domestic Plan Funded | Foreign Plan Unfunded | Total |
| Service cost | **311** | **8** | **319** | 192 | 9 | 201 |
| Net interest on net defined benefit liability | **66** | **1** | **67** | 55 | 1 | 56 |
| Net periodic gratuity | **377** | **9** | **386** | 247 | 10 | 257 |

## Notes forming part of the Financial Statements

Remeasurement of net defined benefit liability:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Actuarial (gains) and losses arising from changes in demographic assumptions | **(11)** | 12 |
| Actuarial (gains) and losses arising from changes in financial assumptions | **(40)** | (131) |
| Actuarial (gains) and losses arising from changes in experience adjustments | **39** | 181 |
| **Remeasurement of the net defined benefit liability** | **(12)** | 62 |

The assumptions used in accounting for the defined benefit plan are set out below:

| | As at March 31, 2023 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2022 |
|---|---|---|---|---|
| | **India** | **Mexico** | India | Mexico |
| Discount rate | **7.42%** | **6.65%-9.40%** | 7.23% | 8.30% |
| Rate of increase in compensation levels of covered employees | **6.00%** | **4.50%-4.64%** | 6.00% | 4.64% |
| Rate of return on plan assets | **7.42%** | **6.65%-9.40%** | 7.23% | - |
| Weighted average duration of defined benefit obligations | **12 years** | **16 -19 years** | 13 years | - |

Future mortality assumptions are taken based on the published statistics by the Insurance Regulatory and Development Authority of India.

The expected benefits are based on the same assumptions as are used to measure the Company's defined benefit plan obligations as of March 31, 2023. The Company is expected to contribute ₹ 766 lakhs to defined benefit plan obligations funds for the year ending March 31, 2024.

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| | **India** | India |
| Increase of 0.50% | **(92)** | (76) |
| Decrease of 0.50% | **101** | 84 |

If the expected salary growth increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| | **India** | India |
| Increase of 0.50% | **101** | 84 |
| Decrease of 0.50% | **(93)** | (77) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

The defined benefit obligations shall mature after year ended March 31, 2023 as follows:

(₹ in lakhs)

| Year ending March 31, | Defined Benefit Obligation |
|---|---|
| 2024 | **126** |
| 2025 | **136** |
| 2026 | **138** |
| 2027 | **139** |
| 2028 | **153** |
| 2029 to 2033 | **764** |

**Defined contribution plans**

***Provident fund***

Contribution towards provident fund is made to regulatory authorities and the Company does not have any legal or informal obligation to pay additional funds.

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

The Company contributed ₹ 1,010 lakhs and ₹765 lakhs to the provident fund for the year ended March 31, 2023 and March 31, 2022, respectively.

**Foreign defined contribution plan**

The Company contributed ₹ 1,699 lakhs and ₹ 1,697 lakhs for the years ended March 31, 2023 and 2022, respectively, towards foreign defined contribution plans.

## 13. COST RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the Company are broadly categorised in employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses majorly include fees to external consultants, cost of running its facilities, travel expenses, cost of equipment and software licenses, communication costs, allowances for delinquent receivables and advances and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment, etc.

## Notes forming part of the Financial Statements

### (a) Other Expenses

Other operating expenses consist of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Fees to external consultants | **25,249** | 31,642 |
| Project expenses | **4,519** | 3,114 |
| Facility running expenses | **2,170** | 1,875 |
| Corporate expenses | **690** | 1,968 |
| Travel expenses | **741** | 32 |
| Communication expenses | **2,277** | 2,282 |
| Bad debts and advances written off, provision for advances (net) | **74** | 68 |
| Net loss on disposal of property, plant and equipment | **-** | 16 |
| Miscellaneous expenses | **2,810** | 2,227 |
| | **38,530** | 43,224 |

### (b) Corporate Social Responsibility (CSR) expenditure

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| 1 Amount required to be spent by the company during the year | **30** | - |
| 2 Amount of expenditure incurred on: | | |
| (i) Construction/acquisition of any asset | **-** | - |
| (ii) On purposes other than (i) above | **30** | - |
| 3 Shortfall at the end of the year | **-** | - |
| 4 Total of previous years shortfall | **-** | - |
| 5 Reason for shortfall | **NA** | NA |
| 6 Nature of CSR activities | **Disaster Relief, Education, Skilling, Employment, Entrepreneurship, Health, Wellness and Water, Sanitation and Hygiene, Heritage** | |
| 7 Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard: | | |
| Contribution to TCS Foundation in relation to CSR expenditure | **30** | - |

## 14. FINANCE COSTS

Finance costs consist of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest on lease liabilites | **554** | 497 |
| Interest expenses on delayed payment of statutory dues | **22** | 73 |
| | **576** | 570 |



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## 15. INCOME-TAXES

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

***Current income taxes***

Current income tax expense comprises taxes on income from operations in India and overseas. Income tax payable in India is determined in accordance with the provisions of the Income tax Act, 1961.

Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction, provided the Company has a legally enforceable right to set off the recognised amounts and intends to settle the asset and liability on a net basis.

***Deferred income taxes***

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The Income-tax expense consist of the following:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Current tax expense** | | |
| Current tax expense for current year | **1,515** | 12 |
| Current tax (benefit)/expense pertaining to prior years | **(11)** | (56) |
| | **1,504** | (44) |
| **Deferred tax expense** | | |
| Deferred tax (benefit)/expense for current year | **1,770** | 2,931 |
| Deferred tax (benefit)/expense pertaining to prior years | **57** | 90 |
| | **1,827** | 3,021 |
| | **3,331** | 2,977 |

## Notes forming part of the Financial Statements

The reconciliation of estimated income-tax expense at Indian statutory income tax rate to the income tax expense reported in the statement of profit or loss is as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit before income taxes | **12,746** | 11,420 |
| India statutory Income tax rate | **25.17%** | 25.17% |
| Expected Income tax expense | **3,208** | 2,874 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:** | | |
| Tax pertaining to prior years | **46** | 34 |
| Permanent disallowance | **8** | - |
| Overseas Federal Tax | **4** | - |
| Others | **65** | 69 |
| | **3,331** | 2,977 |

Deferred tax assets and liabilities are as follows:

(₹ in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deferred tax assets (net) | **2,236** | 4,060 |
| | **2,236** | 4,060 |

Significant components of net deferrred tax assests and liabilities for the year ended March 31, 2023 consist of following:

(₹ in lakhs)

| **Deferred tax assets (net)** | Opening balance | Recognised/ reversed through P&L | Recognised in/ reclassified from comprehensive income | Closing balance |
|---|---|---|---|---|
| Property, plant and equipment and intangible assets | **189** | **412** | **-** | **601** |
| Provision for employee benefits | **1,286** | **160** | **3** | **1,449** |
| Lease | **213** | **70** | **-** | **283** |
| Operating loss carry forward | **2,374** | **(2,374)** | **-** | **-** |
| Unrealised gain on securities carried at fair value through profit or loss | **(6)** | **(95)** | **-** | **(101)** |
| Others | **4** | **-** | **-** | **4** |
| | **4,060** | **(1,827)** | **3** | **2,236** |

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

| As at March 31, 2023 | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment and intangible assets | **601** | **-** | **601** |
| Provision for employee benefits | **1,449** | **-** | **1,449** |
| Lease | **283** | **-** | **283** |
| Operating loss carry forward | **-** | **-** | **-** |
| Unrealised gain on securities carried at fair value through profit or loss | **-** | **101** | **(101)** |
| Others | **4** | **-** | **4** |
| **Total deferred tax assets / (liabilities)** | **2,337** | **101** | **2,236** |

Significant components of net deferrred tax assests and liabilities for the year ended March 31, 2022 consist of following:

(₹ in lakhs)

| Deferred tax assets (net) | Opening balance | Recognised/ reversed through P&L | Recognised in/ reclassified from comprehensive income | Closing balance |
|---|---|---|---|---|
| Property, plant and equipment and intangible assets | (315) | 504 | - | 189 |
| Provision for employee benefits | 1,212 | 58 | 16 | 1,286 |
| Lease | 178 | 35 | - | 213 |
| Operating loss carry forward | 5,959 | (3,585) | - | 2,374 |
| Unrealised gain on securities carried at fair value through profit or loss | 3 | (9) | - | (6) |
| Others | 28 | (24) | - | 4 |
| | 7,065 | (3,021) | 16 | 4,060 |

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

| As at March 31, 2022 | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment and intangible assets | 189 | - | 189 |
| Provision for employee benefits | 1,286 | - | 1,286 |
| Lease | 213 | - | 213 |
| Operating loss carry forward | 2,374 | - | 2,374 |
| Unrealised gain on securities carried at fair value through profit and loss | - | 6 | (6) |
| Others | 4 | - | 4 |
| **Total deferred tax assets / (liabilities)** | 4,066 | 6 | 4,060 |

Under the Income-tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate.



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## Notes forming part of the Financial Statements

***Contingent liabilities on direct tax matters***

The Company has ongoing disputes with income tax authorities in India. The disputes relate to tax treatment of certain expenses claimed as deduction, computation or eligibility of tax incentives and allowances and characterisation of fees for services received. The Company has recognised contingent liability in respect of tax demands received from direct tax authorities in India of ₹ 319 lakhs and ₹ 319 lakhs as at March 31, 2023 and 2022, respectively. These demand orders are being contested by the Company based on the management evaluation and advise of tax consultants.

## 16. EARNINGS PER SHARE

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Profit for the year (₹ lakhs) | **9,415** | 8,443 |
| Amount available for shareholder (₹ lakhs) | **9,415** | 8,443 |
| Weighted average number of shares | **10,00,000** | 10,00,000 |
| Earning per share basic and diluted (₹ ) | **941** | 844 |
| Face value per equity share (₹ ) | **100** | 100 |

## 17. AUDITOR'S REMUNERATION

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Services as statutory auditor | **10** | 9 |
| Tax Audit | **4** | 3 |
| Re-imbursement of out-of-pocket expense | **2** | 1 |
| | **16** | 13 |

## 18. SEGMENT INFORMATION

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the Chief Executive Officer and Managing Director.

The Company has identified business segments (industry practice) as reportable segments. The business segments comprise: 1) Banking, Financial Services and Insurance 2) Others such as Retail and Consumer Business, Manufacturing, Telecom, Media and entertainment , Hi-tech.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

The assets and liabilities of the Company are used interchangeably amongst segments. Allocation of such assets and liabilities is not practicable and any forced allocation would not result in any meaningful segregation. Hence assets and liabilities have not been identified to any of the reportable segments.

Summarised segment information for the year ended March 31, 2023 is as follows:

**Year ended March 31, 2023** (₹ in lakhs)

| Particulars | Business segments | | |
|---|---|---|---|
| | Banking, Financial Services and Insurance | Others | Total |
| **Revenue** | 1,94,023 | 8,311 | 2,02,334 |
| **Segment result** | 12,222 | 1,368 | 13,590 |
| Total Unallocable expenses | | | 4,431 |
| **Operating profit** | | | 9,159 |
| Other income (net) | | | 3,587 |
| Profit before taxes | | | 12,746 |
| Tax expense | | | 3,331 |
| **Profit for the year** | | | 9,415 |
| Depreciation and amortisation expense (unallocable) | | | (4,431) |

Summarised segment information for the year ended March 31, 2022 is as follows:

**Year ended March 31, 2022** (₹ in lakhs)

| Particulars | Business segments | | |
|---|---|---|---|
| | Banking, Financial Services and Insurance | Others | Total |
| **Revenue** | 1,78,217 | 8,075 | 1,86,292 |
| **Segment result** | 16,604 | (1,751) | 14,853 |
| Total Unallocable expenses | | | 3,792 |
| **Operating profit** | | | 11,061 |
| Other income (net) | | | 359 |
| Profit before taxes | | | 11,420 |
| Tax expense | | | 2,977 |
| **Profit for the year** | | | 8,443 |
| Depreciation and amortisation expense (unallocable) | | | (3,792) |

Geographical non-current assets (property, plant and equipment, Right-of-use assets, intangible assets, advance income tax and other non-current assets) are allocated based on the location of the assets.

## Notes forming part of the Financial Statements

(₹ in lakhs)

| Geography | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| India | **11,813** | 8,603 |
| Americas | **4,425** | 5,798 |
| Latin America | **995** | 596 |
| **Total** | **17,233** | 14,997 |

Geographical revenue is allocated based on the locations of the customers.
Revenue disaggregation by Geography is as follows :

(₹ in lakhs)

| Geography | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Americas | **1,96,091** | 1,80,994 |
| Others | **6,243** | 5,298 |
| **Total** | **2,02,334** | 1,86,292 |

**Information about major customers**

Customers contributing 10% or more of Company's total revenue are as follows:

(₹ in lakhs)

| | Year ended March 31, 2023 | Percentage | Year ended March 31, 2022 | Percentage |
|---|---|---|---|---|
| Customer A | **1,07,979** | **53%** | 86,359 | 46% |
| Customer B | **18,997** | **9%** | 26,816 | 14% |

### 19. COMMITMENTS AND CONTINGENCIES

***Capital commitments***

The Company has contractually committed (net of advances) ₹ 145 lakhs and ₹ 781 lakhs as at March 31, 2023 and March 31, 2022, respectively, for purchase of property, plant and equipment.

***Contingencies***

- **Direct tax matters**

Refer note 15.

**20.** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

### 21. RELATED PARTY TRANSACTIONS

**Names of related parties and nature of relationship:**

Enterprises that directly, or indirectly through one or more intermediaries, control or are under common control with the Company:

**(a) Ultimate holding company**
**Name of the Enterprise**
Tata Sons Private Limited

**(b) Holding Company**
**Name of the Enterprise**
Tata Consultancy Services Limited (TCS)

**(c) Subsidiary**
**Name of the Enterprise**
TCS e-Serve International Ltd Employee Welfare Benefit Trust

**(d) Subsidiaries and associates of ultimate holding company with whom company has transaction**
**Name of the Enterprise**
Tata Teleservices (Maharashtra) Limited

Tata Teleservices Limited

Tata Communications Limited

Tata Communications (America) Inc.

Titan Company Limited

Tata AIG General Insurance Company Limited

**(e) Fellow Subsidiaries with whom the Company has transactions**
**Name of the Enterprise**
Tata America International Corporation
Tata Consultancy Services de Mexico S.A. De C.V.
Tata Consultancy Services (Philippines) Inc.
TCS Switzerland Ltd.
TCS Foundation

**(f) Key managerial personnel -**
Mr. Krishnaswamy M Gopikumar (Chief Financial Officer, Director and Company Secretary)
Mr. Ramakrishna Mohan Veeturi (Chief Executive Officer and Managing Director)

The key management personnel of the Company are on deputation from and draw remuneration from TCS. Service charges are payable by the Company to TCS.

Transactions with related parties are as follows:

(₹ in lakhs)

| Nature of transactions | Name of Related Party | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| *Revenue from operations* | Tata Consultancy Services Limited | 44,155 | 47,217 |
| | Subsidiaries of Tata Consultancy Services Limited | 324 | 276 |
| | TCS Switzerland Ltd. | 324 | 276 |
| *Reimbursement under contract* | Tata Consultancy Services Limited | 54,176 | 43,229 |
| *Rental Income* | Tata Consultancy Services Limited | - | 20 |
| *Purchases of goods and services (including reimbursements)* | Subsidiaries and associates of Tata Sons Private Limited | 1,191 | 1,317 |

## Notes forming part of the Financial Statements

(₹ in lakhs)

| Nature of transactions | Name of Related Party | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| | Tata Teleservices (Maharashtra) Limited | 1 | 1 |
| | Tata Teleservices Limited | 3 | 2 |
| | Tata Communications Limited | 1,169 | 1,278 |
| | Tata Communications (America) Inc. | 18 | 30 |
| | Titan Company Limited | - | 2 |
| | Tata AIG General Insurance Company Limited | - | 4 |
| | **Tata Consultancy Services Limited** | **26,194** | 28,862 |
| | **Subsidiary of Tata Consultancy Services Limited** | **380** | 227 |
| | Tata America International Corporation | 560 | 555 |
| | Tata Consultancy Services (Philippines) Inc. | (180) | (328) |
| ***Brand equity contribution*** | **Tata Sons Private Limited** | **265** | 535 |
| | Tata Sons Private Limited | 265 | 535 |
| ***Facility expenses*** | **Tata Consultancy Services Limited** | **1,528** | 1,393 |
| | **Subsidiary of Tata Consultancy Services Limited** | **63** | 43 |
| | Tata Consultancy Services de Mexico S.A. De C.V. | 61 | 43 |
| | Tata Consultancy Services (Philippines) Inc. | 2 | - |
| ***Lease rental*** | **Tata Consultancy Services Limited** | **1,237** | 1,013 |
| | **Subsidiary of Tata Consultancy Services Limited** | **91** | 73 |
| | Tata America International Corporation | 82 | 73 |
| | Tata Consultancy Services (Philippines) Inc. | 9 | - |
| ***Security deposits - Premises*** | **Tata Consultancy Services Limited** | **135** | - |
| | **Subsidiary of Tata Consultancy Services Limited** | **-** | 11 |
| | Tata Consultancy Services de Mexico S.A. De C.V. | - | 11 |
| ***Loans and advances taken*** | **Subsidiary of Tata Consultancy Services Limited** | **-** | 47 |
| | Tata Consultancy Services de Mexico S.A. De C.V. | - | 47 |
| ***Loan and advances repaid*** | **Subsidiary of Tata Consultancy Services Limited** | **-** | 47 |
| | Tata Consultancy Services de Mexico S.A. De C.V. | - | 47 |



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(₹ in lakhs)

| Nature of transactions | Name of Related Party | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| *Purchase of property, plant and equipment* | **Tata Consultancy Services Limited** | **44** | 119 |
| *Sale of property, plant and equipment* | **Tata Consultancy Services Limited** | **69** | - |
| *Transfer in of employee benefit obligations* | **Tata Consultancy Services Limited** | **552** | - |
| *Transfer out of employee benefit obligations* | **Tata Consultancy Services Limited** | **56** | - |
| *CSR Contribution* | **Subsidiary of Tata Consultancy Services Limited** | **30** | - |
| | TCS Foundation | 30 | - |

(₹ in lakhs)

| Balances receivable with related parties | Name of Related Party | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| *Trade receivables and contract assets* | **Tata Consultancy Services Limited** | **30,146** | 25,762 |
| | **Subsidiaries of Tata Consultancy Services Limited** | **161** | 98 |
| | TCS Switzerland Ltd. | 26 | 26 |
| | Tata Consultancy Services (Philippines) Inc. | 135 | 72 |
| *Loans, other financial assets and other assets* | **Tata Consultancy Services Limited** | **444** | 308 |
| | **Subsidiaries of Tata Consultancy Services Limited** | **13** | 11 |
| | Tata Consultancy Services de Mexico S.A. De C.V. | 13 | 11 |
| *Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities* | **Tata Sons Private Limited, its subsidiaries and associates** | **385** | 354 |
| | Tata Sons Private Limited | 265 | 245 |
| | Tata Teleservices (Maharashtra) Limited * | - | - |
| | Tata Teleservices Limited | 1 | - |
| | Tata Communications Limited | 116 | 109 |
| | Tata Communications (America) Inc. | 3 | - |
| | **Tata Consultancy Services Limited** | **50,065** | 48,438 |
| | **Subsidiary of Tata Consultancy Services Limited** | **165** | 1,307 |
| | Tata America International Corporation | 77 | 1,307 |
| | Tata Consultancy Services de Mexico S.A. De C.V. | 77 | - |



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## Notes forming part of the Financial Statements

(₹ in lakhs)

| Balances receivable with related parties | Name of Related Party | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| *Lease liability* | Tata Consultancy Services (Philippines) Inc. | 11 | - |
| | **Tata Consultancy Services Limited** | **8,140** | 4,188 |
| | **Subsidiary of Tata Consultancy Services Limited** | **252** | 62 |
| | Tata America International Corporation | 117 | 62 |
| | Tata Consultancy Services (Philippines) Inc. | 135 | - |

* value is less than Rs 50,000.

**Compensation to key managerial personnel ***

(₹ in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Short term benefits | **48** | 40 |
| | **48** | 40 |

* The Chief Executive Officer and Managing Director and Chief Financial Officer, Director and Company Secretary of the Company are on deputation and draw remuneration from Tata Consultancy Services Limited. Service charges are payable by the Company to Tata Consultancy Services Limited.

The above amounts do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation /premium paid are not available.

22. The sitting fees and commission paid to non-executive directors is ₹ NIL and ₹ Nil lakhs as at March 31, 2023 and 2022, respectively.

## 23. ADDITIONAL REGULATORY INFORMATION

- **Ratios**

| Ratio | Numerator | Denominator | Current Year | Previous Year | % Variance | Reason For Variance |
|---|---|---|---|---|---|---|
| Current ratio (in times) | Total current assets | Total current liabilities | 1.13 | 1.01 | 11% | NA |
| Debt-Equity ratio (in times) | Debt consists of borrowings and lease libilities | Total equity | 0.43 | 0.44 | -2% | NA |
| Debt service coverage ratio (in times) | Earning for Debt Service = Net Profit after taxes + Non-cash operatonal expenses + Interest + Other non-cash adjustments | Debt service = Interest and lease payments + Principal repayments | 7.53 | 7.77 | -3% | NA |
| Return on equity ratio (in %) | Profit for the year less Preference dividend (if any) | Average total equity | 47.35% | 76.87% | -38% | There is a variation in ROE as the profit for the current year has improved as compared to average total equity. |

| Ratio | Numerator | Denominator | Current Year | Previous Year | % Variance | Reason For Variance |
|---|---|---|---|---|---|---|
| Trade receivables turnover ratio (in times) | Revenue from operations | Average trade receivables | 3.38 | 4.24 | -20% | NA |
| Trade payables turnover ratio (in times) | Cost of equipment and software licences + Other expenses | Average trade payables | 0.78 | 1.04 | -25% | Variation in trade payables turnover ratio is on account of reduction in expenses as compared to increase in average trade payables over the year. |
| Net capital turnover ratio (in times) | Revenue from operations | Average working capital (i.e. Total current assets less Total current liabilities) | 38.05 | (38.74) | -198% | Ratio has improved on account of improvement in current ratio. |
| Net profit ratio (in %) | Profit for the year | Revenue from operations | 4.65% | 4.53% | 3% | NA |
| Return on capital employed (in %) | Profit before tax and finance costs | Capital employed = Net worth + Lease liabilities + Deferred tax liabilities | 37.93% | 54.95% | -31% | There is a variation in ROCE as the profit for the current year has improved as compared to the increase in capital employed. |
| Return on investment (in %) | Income generated from invested funds | Average invested funds in treasury investments | 1.75% | 0.55% | 218% | There is an improvement in ROI as the quantum and value of invested funds has increased. |

**24.** No funds have been advanced / loaned / invested (from borrowed funds or from share premium or from any other sources / kind of funds) by the Company to any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding (whether recorded in writing or otherwise) that the Company shall (i) directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**25. SUBSEQUENT EVENTS:**

There were no subsequent events as on the date on which the financials were available for issue.

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. Subsequent to March 31, 2023, the Board of Directors of the Company have not proposed any dividend.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no. 101248W/W-100022

**Rekha Shenoy**
Partner
Membership number : 124219
Mumbai, May 18, 2023

For and on behalf of the Board

**Ramakrishna Mohan Veeturi**
*CEO and Managing Director*
Place : United Sates of America
May 18, 2023

**Krishnaswamy M Gopikumar**
*CFO, Director and Company Secretary*
Place : United Sates of America
May 18, 2023

# TCS Foundation

## FINANCIAL STATEMENTS

**For the year ended**
**March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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# INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF TCS FOUNDATION**

**Report on the Audit of the Financial Statements**

## Opinion

We have audited the financial statements of TCS Foundation (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at 31 March 2023, and the Statement of Income and Expenditure, 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 the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its deficit of income over expenditure, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

## Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, (deficit)/surplus of income over expenditure, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's 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 auditor's 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 SAs 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 SAs, we exercise professional judgement and maintain professional skepticism 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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 auditor's 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 auditor's 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

1. This report does not include a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, since the Order is not applicable to the Company, being a company licensed to operate under Section 8 of the Companies Act, 2013, as specified in paragraph 1(2)(iii) of the said Order.

2. (A) As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    (c) The balance sheet, the statement of income and expenditure, the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account;

    (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act;

    (e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    (a) The Company does not have any pending litigations which would impact its financial position;

    (b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

    (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

    (d) (i) The management has represented that, to the best of it's knowledge and belief, as disclosed in the note 31 of the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other person(s) or entity(ies) identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

    (ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in the note 31 of the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding

Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like or on behalf of the Ultimate Beneficiaries; and

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e) The Company has neither declared nor paid any dividend during the year.

f) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company is not a public company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Rajesh Shetty**
Partner
Membership No: 130778
UDIN: 23130778BGZQJF4149

Mumbai, 25 May 2023

# Annexure A to the Independent Auditor's Report on the financial statements of TCS Foundation for the year ended 31 March 2023

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

## Opinion

We have audited the internal financial controls with reference to financial statements of TCS Foundation ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

## Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Rajesh Shetty**
Partner
Membership No: 130778
UDIN: 23130778BGZQJF4149

Mumbai, 25 May 2023

# Balance Sheet

(₹ crore)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **I. ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 10 | **0.08** | 0.01 |
| (b) Right-of-use assets | 17 | **0.62** | 1.23 |
| (c) Financial assets | | | |
| (i) Loans | 11 | **110.00** | 283.86 |
| (ii) Other financial assets | 12(i) | **419.25** | 425.22 |
| (d) Income tax assets (net) | | **6.65** | 9.21 |
| **Total non-current assets** | | **536.60** | 719.53 |
| **Current assets** | | | |
| (a) Financial assets | | | |
| (i) Investments | 13 | **32.77** | 84.97 |
| (ii) Cash and cash equivalents | 14 | **1.09** | 0.83 |
| (iii) Loans | 11 | **803.06** | 644.04 |
| (iv) Other financial assets | 12(ii) | **481.19** | 24.94 |
| (b) Other assets | 15 | **0.62** | 2.16 |
| **Total current assets** | | **1,318.73** | 756.94 |
| **TOTAL ASSETS** | | **1,855.33** | 1,476.47 |
| **II. EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Share capital | 16 | **1.00** | 1.00 |
| (b) Other equity | 18 | **1,302.98** | 1,465.99 |
| **Total equity** | | **1,303.98** | 1,466.99 |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | | **-** | 0.48 |
| **Total non current liabilities** | | **-** | 0.48 |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | | **0.48** | 0.60 |
| (ii) Trade payables | | | |
| (1) Dues of micro enterprises and small enterprises | 32 | **-** | - |
| (2) Dues of creditors other than micro enterprises and small enterprises | 19 | **6.25** | 6.84 |
| (b) Other liabilities | 20 | **544.62** | 1.56 |
| **Total current liabilities** | | **551.35** | 9.00 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,855.33** | 1,476.47 |

**III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-34**

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Rajesh Shetty**
*Partner*
*Membership No: 130778*
*Mumbai, May 25, 2023*

For and on behalf of the Board

**N. Chandrasekaran**
*Chairman*

**NG Subramaniam**
*Director*

**Roopa Purushothaman**
*Director*

*Mumbai, May 25, 2023*

# Statement of Income and Expenditure

(₹ crore)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **I.** Income | 21 | **0.73** | 679.87 |
| **II.** Other income (net) | 22 | **81.90** | 50.44 |
| **III. TOTAL INCOME** | | **82.63** | 730.31 |
| **IV. Expenditure:** | | | |
| (a) Grants | 23 | **71.47** | 264.87 |
| (b) Project expenses | 23 | **109.91** | 85.29 |
| (c) Depreciation expense | | **0.63** | 0.63 |
| (d) Other operating expenses | 24 | **0.27** | 0.20 |
| (e) Finance costs | 25 | **2.23** | 0.11 |
| **TOTAL EXPENDITURE** | | **184.51** | 351.10 |
| **V. (DEFICIT)/SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAX FOR THE YEAR (III-IV)** | | **(101.88)** | 379.21 |
| **VI. Tax expense** | | | |
| Current tax | 26 | **61.13** | - |
| **VII. (DEFICIT)/SURPLUS OF INCOME OVER EXPENDITURE AFTER TAX FOR THE YEAR (V-VI)** | | **(163.01)** | 379.21 |

**VIII. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-34**

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Rajesh Shetty**
*Partner*
*Membership No: 130778*
*Mumbai, May 25, 2023*

For and on behalf of the Board

**N. Chandrasekaran**
*Chairman*

**NG Subramaniam**
*Director*

**Roopa Purushothaman**
*Director*

*Mumbai, May 25, 2023*

# Statement of Changes in Equity

## A. EQUITY SHARE CAPITAL

(₹ crore)

| Balance as at April 1, 2021 | Changes in equity share capital during the year | Balance as at March 31, 2022 |
|---:|---:|---:|
| 1.00 | - | 1.00 |

(₹ crore)

| Balance as at April 1, 2022 | Changes in equity share capital during the year | Balance as at March 31, 2023 |
|---:|---:|---:|
| **1.00** | **-** | **1.00** |

## B. OTHER EQUITY

(₹ crore)

| | Reserve and Surplus | Total Other Equity |
|---|---:|---:|
| | Retained earnings | |
| **Balance as at April 1, 2021** | 1,086.78 | 1,086.78 |
| Surplus of income over expenditure | 379.21 | 379.21 |
| Other comprehensive income | - | - |
| **Total comprehensive income** | 379.21 | 379.21 |
| **Balance as at March 31, 2022** | 1,465.99 | 1,465.99 |
| **Balance as at April 1, 2022** | **1,465.99** | **1,465.99** |
| Deficit of income over expenditure | **(163.01)** | **(163.01)** |
| Other comprehensive income | **-** | **-** |
| **Total comprehensive income** | **(163.01)** | **(163.01)** |
| **Balance as at March 31, 2023** | **1,302.98** | **1,302.98** |

**Nature and purpose of reserves:**

**Retained earnings**

This reserve represents accumulated surplus of income over expenditure of the Company as on the balance sheet date.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1- 34**

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Rajesh Shetty**
*Partner*
*Membership No: 130778*
*Mumbai, May 25, 2023*

For and on behalf of the Board

**N. Chandrasekaran**
*Chairman*

**NG Subramaniam**
*Director*

**Roopa Purushothaman**
*Director*

*Mumbai, May 25, 2023*

# Statement of Cash Flows

(₹ crore)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **I. CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| (Deficit)/Surplus of income over expenditure after tax for the year | | **(163.01)** | 379.21 |
| **Adjustments for:** | | | |
| Net gain on Investments | | **(3.72)** | (4.17) |
| Depreciation expense | | **0.63** | 0.63 |
| Interest Income | | **(78.17)** | (46.26) |
| Tax expense | | **61.13** | - |
| Finance costs | | **2.23** | 0.11 |
| **(Deficit)/Surplus of Operating income over expenditure before working capital changes** | | **(180.91)** | 329.52 |
| **Net change in** | | | |
| Other assets | | **1.54** | (2.16) |
| Other financial assets | | **(0.01)** | (0.01) |
| Trade payables | | **(0.59)** | 5.16 |
| Other liabilities | | **543.06** | 0.33 |
| Other financial liabilities | | **-** | (0.03) |
| **Cash generated from operations** | | **363.09** | 332.81 |
| Taxes paid (net of refunds) | | **(60.73)** | 0.47 |
| **Net cash provided by operating activities** | | **302.36** | 333.28 |
| **II. CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Bank deposits placed | | **(417.00)** | (425.00) |
| Purchase of investments carried at fair value through profit and loss | | **(51.00)** | (6.87) |
| Proceeds from disposal / redemption of investments carried at fair value through profit and loss | | **106.92** | 87.22 |
| Payment for purchase of property, plant and equipment | | **(0.08)** | - |
| Inter-corporate deposits placed | | **(629.20)** | (927.90) |
| Proceeds from inter-corporate deposits | | **644.04** | 887.11 |
| Interest received | | **44.89** | 52.70 |
| **Net cash used in investing activities** | | **(301.43)** | (332.74) |
| **III. CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of lease liabilities | | **(0.60)** | (0.55) |
| Interest paid | | **(0.07)** | (0.11) |
| **Net cash used in financing activities** | | **(0.67)** | (0.66) |
| **Net change in cash and cash equivalents** | | **0.26** | (0.12) |
| Cash and cash equivalents at the beginning of the year | | **0.83** | 0.95 |
| **Cash and cash equivalents at the end of the year** | 14 | **1.09** | 0.83 |

**IV. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-34**

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Rajesh Shetty**
*Partner*
*Membership No: 130778*
*Mumbai, May 25, 2023*

For and on behalf of the Board

**N. Chandrasekaran**
*Chairman*

**NG Subramaniam**
*Director*

**Roopa Purushothaman**
*Director*

*Mumbai, May 25, 2023*



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## Notes forming part of the Financial Statements

### 1) CORPORATE INFORMATION

TCS Foundation (referred to as "the Company") was incorporated on March 13, 2015 as a company registered under Section 8 of the Companies Act, 2013. The Company is engaged in promoting and funding projects and / or programs, relating to Corporate Social Responsibility (CSR) as required by Section 135 read with Schedule VII to the Companies Act, 2013 such as eradication of hunger, poverty and malnutrition; promotion of health care especially for the poor; promotion of education; development of skills; promotion of gender equality; empowerment of women; environmental sustainability; protection of national heritage; promotion of sports; promotion of scientific research especially in the area of technology; helping differently-able persons; providing vocational training; providing sanitation facilities; support to rural development projects. The Company is a 100% subsidiary of Tata Consultancy Services Limited ("TCS"), the ultimate holding company is Tata Sons Private Limited.

The Company incurs expenditure by way of grants given towards objects which furthers the cause of the Company and project expenses which represent initiatives / activities undertaken by the Company. The Company is incorporated and domiciled in India. The address of its registered office is 9th Floor, Nirmal Building, Nariman Point, Mumbai 400021.

The financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorised for issue on May 25, 2023.

### 2) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

### 3) BASIS OF PREPARATION

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows has been prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

These financial statements have been prepared in Indian rupee (₹) which is the functional currency of the Company.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

### 4) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

***Useful lives of property, plant and equipment***

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

***Provision for income tax and deferred tax assets (Refer note 26)***

## Notes forming part of the Financial Statements

***Provisions and contingent liabilities***

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

***Leases***

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### 5) RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2022, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1st, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

### 6) INCOME

From FY 2022-23 onwards, the Company credits CSR contributions (other than earmarked funds) received, initially to a liability account in the Balance Sheet and recognizes them as income as and when they are utilized, to the extent of the amount spent on multi-year projects.  The expenses incurred in the current year are from the CSR contributions of prior financial years, which have already been recognised as income in those years.

Earmarked funds are initially credited to a liability account in the balance sheet and are transferred to Statement of Income and Expenditure in the year in which and to the extent to which the Company complies with the conditions attached to them.

Interest income is recognised using the effective interest method.

## 7) COST RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the Company are broadly categorised as grants, project expenses and other operating expenses. Other operating expenses majorly include sub-contracting costs, travel expenses and other expenses. Other expenses is an aggregation of costs which are individually not material such as rates and taxes, bank charges etc.

## 8) FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

***Cash and cash equivalents***

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

***Financial assets at amortised cost***

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at fair value through profit and loss***

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

***Financial liabilities***

Financial liabilities are measured at amortised cost using the effective interest method.

## 9) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful life is as mentioned below:

| **Type of asset** | **Method** | **Useful life** |
|---|---|---|
| Office equipment | Straight line | 5 years |
| Computer equipment | Straight line | 4 years |

## Notes forming part of the Financial Statements

### 10) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(₹ crore)

| | Computer equipment | Office equipment | Total |
|---|---|---|---|
| **Cost as at April 1, 2022** | **0.01** | **0.05** | **0.06** |
| Additions | **0.08** | **-** | **0.08** |
| **Cost as at March 31, 2023** | **0.09** | **0.05** | **0.14** |
| **Accumulated depreciation as at April 1, 2022** | **0.01** | **0.04** | **0.05** |
| Depreciation for the year | **0.01** | **-** | **0.01** |
| **Accumulated depreciation as at March 31, 2023** | **0.02** | **0.04** | **0.06** |
| **Net carrying amount as at March 31, 2023** | **0.07** | **0.01** | **0.08** |

(₹ crore)

| | Computer equipment | Office equipment | Total |
|---|---|---|---|
| **Cost as at April 1, 2021** | 0.01 | 0.05 | 0.06 |
| Additions | - | - | - |
| **Cost as at March 31, 2022** | 0.01 | 0.05 | 0.06 |
| **Accumulated depreciation as at April 1, 2021** | 0.01 | 0.03 | 0.04 |
| Depreciation for the year | - | 0.01 | 0.01 |
| **Accumulated depreciation as at March 31, 2022** | 0.01 | 0.04 | 0.05 |
| **Net carrying amount as at March 31, 2022** | - | 0.01 | 0.01 |

### 11) LOANS

Loans (unsecured) consist of the following:

**Loans - Non Current**

(₹ crore)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered good** | | |
| Inter-corporate deposits | **110.00** | 283.86 |
| | **110.00** | 283.86 |

**Loans - Current**

(₹ crore)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered good** | | |
| Inter-corporate deposits | **803.06** | 644.04 |
| | **803.06** | 644.04 |

Inter-corporate deposits yield fixed interest rate and are placed with financial institutions, who are authorized to accept and use such inter-corporate deposits as per regulations applicable to them.

## 12) OTHER FINANCIAL ASSETS

Other financial assets consist of the following:

### (i) Non-current financial assets

(₹ crore)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Interest receivable | **2.10** | 0.08 |
| Long-term bank deposits | **417.00** | 425.00 |
| Security deposits | **0.15** | 0.14 |
| | **419.25** | 425.22 |

### (ii) Current financial assets

(₹ crore)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Interest receivable | **56.19** | 24.94 |
| Short-term bank deposits | **425.00** | - |
| | **481.19** | 24.94 |

## 13) INVESTMENTS

Investments consist of the following:

(₹ crore)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Investment carried at fair value through profit and loss** | | |
| Mutual funds (quoted) | **32.77** | 84.97 |
| | **32.77** | 84.97 |

Aggregate value of quoted investments is as follows:

(₹ crore)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Aggregate value of quoted investments | **32.77** | 84.97 |
| Aggregate market value of quoted investments | **32.77** | 84.97 |

## Notes forming part of the Financial Statements

### 14) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

(₹ crore)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balances with banks** | | |
| (a) In savings accounts | **1.02** | 0.77 |
| (b) In current accounts | **0.07** | 0.06 |
| | **1.09** | 0.83 |

### 15) OTHER ASSETS

Other assets consist of the following:

(₹ crore)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered good** | | |
| Advance to suppliers | **0.62** | 2.16 |
| | **0.62** | 2.16 |

### 16) SHARE CAPITAL

The authorised, issued, subscribed and fully paid-up share capital comprises of equity shares having a par value of ₹ 10 each as follows:

(₹ crore)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorised** | | |
| 40,00,000 equity shares of ₹ 10 each (March 31, 2022: 40,00,000 equity shares of ₹ 10 each) | **4.00** | 4.00 |
| | **4.00** | 4.00 |
| **Issued, Subscribed and Fully paid-up** | | |
| 10,00,000 equity shares of ₹ 10 each (March 31, 2022: 10,00,000 equity shares of ₹ 10 each) | **1.00** | 1.00 |
| | **1.00** | 1.00 |

**a) Reconciliation of number of shares**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Number of shares | Amount (₹ crore) | Number of shares | Amount (₹ crore) |
| **Equity shares** | | | | |
| Opening balance | **10,00,000** | **1.00** | 10,00,000 | 1.00 |
| Issued during the year | **-** | **-** | - | - |
| Closing balance | **10,00,000** | **1.00** | 10,00,000 | 1.00 |

**b) Rights and restrictions attached to shares**

**Equity shares**

The Company has one class of equity shares having a par value of ₹10 each. The shareholders of the Company do not have any right to dividend. As per clause 10 of Memorandum of Association (MoA) of the Company, in the event of winding up or dissolution of the Company, the holder of equity shares will not be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The amount remaining, if any, shall be given or transferred to such other company having similar objects, subject to such conditions as the Tribunal may impose, or may be sold and proceeds thereof credited to Rehabilitation and Insolvency Fund formed under Section 269 of the Companies Act, 2013.

**c) Details of shares held by holding company and shareholders holding more than 5% of the aggregate shares in the Company**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Equity shares** | | |
| Tata Consultancy Services Limited* | **10,00,000** | 10,00,000 |
| | **100.00%** | 100.00% |

*includes 6 equity shares held by individuals of which beneficial ownership is held with TCS.

**d) Disclosure of Shareholding of Promoters**

Disclosure of shareholding of promoters as at March 31, 2023 is as follows:

| Shares held by promoter at the end of the year | | | % change during the year |
|---|---|---|---|
| Promoter name | No. of Shares | % of total shares | |
| Tata Consultancy Services Limited* | **10,00,000** | **100.00** | **-** |
| **Total** | **10,00,000** | **100.00** | **-** |

*includes 6 equity shares held by individuals of which beneficial ownership is held with TCS.

Disclosure of shareholding of promoters as at March 31, 2022 is as follows:

| Shares held by promoter at the end of the year | | | % change during the year |
|---|---|---|---|
| Promoter name | No. of Shares | % of total shares | |
| Tata Consultancy Services Limited* | 10,00,000 | 100.00 | - |
| **Total** | 10,00,000 | 100.00 | - |

*includes 6 equity shares held by individuals of which beneficial ownership is held with TCS.

## 17) LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

## Notes forming part of the Financial Statements

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The details of the right-of-use asset held by the Company is as follows:

(₹ crore)

| | Additions for the Year ended March 31, 2023 | Net carrying amount as at March 31, 2023 |
|---|---|---|
| Leasehold buildings | - | 0.62 |
| **Total** | **-** | 0.62 |

Depreciation on right-of-use assets is as follows

(₹ crore)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Depreciation** | | |
| Leasehold buildings | **0.62** | 0.62 |
| | **0.62** | 0.62 |

Interest on lease liabilities is ₹ 0.07 crore and ₹ 0.11 crore for the Year ended March 31, 2023 and 2022, respectively.

The total cash outflow for leases is ₹0.66 crores and ₹0.66 crores for the year ended March 31, 2023 and 2022, respectively, including cash outflow for short term and low value leases.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

## 18) OTHER EQUITY

Other equity consists of the following:

(₹ crore)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Retained earnings** | | |
| (i) Opening balance | **1,465.99** | 1,086.78 |
| (ii) (Deficit)/Surplus of income over expenditure | **(163.01)** | 379.21 |
| | **1,302.98** | 1,465.99 |

## 19) TRADE PAYABLES

Ageing for trade payables outstanding as at March 31, 2023 is as follows:

(₹ crore)

| | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| **Trade payables** | | | | | | |
| MSME* | **-** | **-** | **-** | **-** | **-** | **-** |
| Others | **2.65** | **2.67** | **0.57** | **0.21** | **0.03** | **6.13** |
| Disputed dues - MSME* | **-** | **-** | **-** | **-** | **-** | **-** |
| Disputed dues - Others | **-** | **-** | **-** | **-** | **-** | **-** |
| | **2.65** | **2.67** | **0.57** | **0.21** | **0.03** | **6.13** |
| Accrued expenses | | | | | | **0.12** |
| | | | | | | **6.25** |

* MSME as per the Micro, Small and Medium Enterprises Development Act, 2006

Ageing for trade payables outstanding as at March 31, 2022 is as follows:

(₹ crore)

| | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| **Trade payables** | | | | | | |
| MSME* | - | - | - | - | - | - |
| Others | 2.37 | 3.91 | 0.30 | 0.08 | - | 6.66 |
| Disputed dues - MSME* | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |
| | 2.37 | 3.91 | 0.30 | 0.08 | - | 6.66 |
| Accrued expenses | | | | | | 0.18 |
| | | | | | | 6.84 |

* MSME as per the Micro, Small and Medium Enterprises Development Act, 2006

## Notes forming part of the Financial Statements

### 20) OTHER LIABILITIES

Other liabilities consist of the following:

(₹ crore)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Statutory liabilities | **0.50** | 0.16 |
| (b) Unutilised amounts from earmarked funds received (Refer note below) | | |
| Opening balance | **1.40** | 1.02 |
| Add: Received during the year | **543.45** | 0.38 |
| Less: Transferred from Earmarked fund | **(0.73)** | - |
| | **544.12** | 1.40 |
| | **544.62** | 1.56 |

**Note:**

The amount unutilised from Earmarked funds represent amounts received from donors for specific projects undertaken by the Company which have remained unutilised as at the Balance Sheet date.

### 21) INCOME

(₹ crore)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| (a) Donations | **-** | 679.87 |
| (b) Transfer from earmarked fund | **0.73** | - |
| | **0.73** | 679.87 |

### 22) OTHER INCOME (NET)

Other income (net) consist of the following:

(₹ crore)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| (a) Interest income | **78.17** | 46.26 |
| (b) Net gain on investments carried at fair value through profit and loss | **3.72** | 4.17 |
| (c) Other income | **0.01** | 0.01 |
| | **81.90** | 50.44 |
| **Interest income comprises :** | | |
| Interest on savings bank / bank deposits | **22.29** | 0.04 |
| Interest on inter-corporate deposits | **55.19** | 45.81 |
| Interest on tax refunds | **0.69** | 0.41 |
| | **78.17** | 46.26 |

**23)** Grants represent expenses towards Corporate Social Responsibility projects which are executed in collaboration with other charitable organisations.

Project expenses represent expenses towards Corporate Social Responsibility projects which are executed by the Company.

## 24) OTHER OPERATING EXPENSES

Other operating expense consist of the following:

(₹ crore)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| (a) Sub-contracting costs (Refer note 1 below) | **0.16** | 0.15 |
| (b) Payment to auditors (Refer note 2 below) | **0.05** | 0.04 |
| (c) Travel expenses | **-** | - |
| (d) Other expenses | **0.06** | 0.01 |
| | **0.27** | 0.20 |
| **Note 1:** Cost of personnel on deputation from TCS. | | |
| **Note 2:** | | |
| As auditors - statutory audit (inclusive of GST) | | |
| Audit fees | **0.04** | 0.04 |
| Out-of-pocket expenses | **-*** | -* |

* represents amount below ₹ 1 lakh

## 25) FINANCE COSTS

Finance costs consist of the following:

(₹ crore)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest on lease liabilities | **0.07** | 0.11 |
| Interest on tax matters | **2.16** | - |
| | **2.23** | 0.11 |

## 26) INCOME TAXES

The Company is registered under section 12AA of the Income tax Act, 1961 which entitles it to claim an exemption from income tax, provided certain conditions laid down in Income tax Act, 1961 are complied with. Provision for income tax would be made only in the year in which the Company is unable to establish reasonable certainty of its ability to fulfil these conditions. The Company has also obtained a certificate under Section 80 G of the Income tax Act, 1961.

The Income Tax Expense consists of the following:

(₹ crore)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Current tax** | | |
| Current tax expense for current year | **61.13** | - |
| Current tax benefit pertaining to prior year | **-** | - |
| | **61.13** | - |

## 27) FINANCIAL INSTRUMENTS

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 8 to the financial statements.

## Notes forming part of the Financial Statements

### (a) Financial assets and liabilities

The carrying value of financial instruments by categories as of March 31, 2023 is as follows:

(₹ crore)

| | Fair value through profit and loss | Amortised cost | Total carrying value |
|---|---|---|---|
| **Financial Assets:** | | | |
| Cash and cash equivalents | **-** | **1.09** | **1.09** |
| Investments | **32.77** | **-** | **32.77** |
| Loans* | **-** | **913.06** | **913.06** |
| Other financial assets | **-** | **900.44** | **900.44** |
| **Total** | **32.77** | **1,814.59** | **1,847.36** |
| **Financial Liabilities:** | | | |
| Trade payables | **-** | **6.25** | **6.25** |
| Lease liabilities | **-** | **0.48** | **0.48** |
| **Total** | **-** | **6.73** | **6.73** |

*Loans include inter-corporate deposits.

The carrying value of financial instruments by categories as of March 31, 2022 is as follows:

(₹ crore)

| | Fair value through profit and loss | Amortised cost | Total carrying value |
|---|---|---|---|
| **Financial Assets:** | | | |
| Cash and cash equivalents | - | 0.83 | 0.83 |
| Investments | 84.97 | - | 84.97 |
| Loans* | - | 927.90 | 927.90 |
| Other financial assets | - | 24.94 | 24.94 |
| **Total** | 84.97 | 953.67 | 1,038.64 |
| **Financial Liabilities:** | | | |
| Trade payables | - | 6.84 | 6.84 |
| Lease liabilities | - | 0.60 | 0.60 |
| **Total** | - | 7.44 | 7.44 |

*Loans include inter-corporate deposits.

Carrying amounts of cash and cash equivalents, loans receivables and trade payables as at March 31, 2023 and March 31, 2022 approximate the fair value. Fair value measurement of lease liabilities is not required.

**Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets measured at fair value on a recurring basis:

(₹ crore)

| As of March 31, 2023: | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Mutual funds | **32.77** | **-** | **-** | **32.77** |
| **Total** | **32.77** | **-** | **-** | **32.77** |

(₹ crore)

| As of March 31, 2022: | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Mutual funds | 84.97 | - | - | 84.97 |
| **Total** | 84.97 | - | - | 84.97 |

There are no financial liabilities measured at fair value at the end of each reporting period.

**(b) Financial risk management:**

The Company is exposed primarily to market risk, interest rate risk, credit risk and liquidity risks which may adversely impact the fair value of its financial instruments. The Company's Parent Company has a risk management policy which covers risks associated with the financial assets and liabilities of the Company. The risk management policy is approved by the Parent Company's Board of Directors. The focus of the risk management committee of the Parent Company is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company. Investments are made as per the provisions enumerated in the Income Tax Act, 1961 and Risk management practices are followed similar to those followed in Parent Company.

**i. Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the interest rates, liquidity and other market changes.

**ii. Interest rate risk**

The Company's investments are primarily in fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

**iii. Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.

Financial instruments that are subject to concentrations of credit risk principally consist of loans receivables, investments, cash and cash equivalents and other financial assets. Inter-corporate deposits of ₹ 913.06 crore are with a financial institution having a high credit-rating assigned by credit-rating agencies. None of the other financial instruments of the Company result in material concentration of credit risk.

## Notes forming part of the Financial Statements

### iv. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(₹ crore)

| March 31, 2023 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| **Financial liabilities:** | | | | | |
| Trade payables | **6.25** | **-** | **-** | **-** | **6.25** |
| Lease liabilities | **0.50** | **-** | **-** | **-** | **0.50** |
| **Total** | **6.75** | **-** | **-** | **-** | **6.75** |

(₹ crore)

| March 31, 2022 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| **Financial liabilities:** | | | | | |
| Trade payables | 6.84 | - | - | - | 6.84 |
| Lease liabilities | 0.66 | 0.50 | - | - | 1.16 |
| **Total** | 7.50 | 0.50 | - | - | 8.00 |

### v. Currency risk

The Company is not exposed to significant currency risk as the revenue and expenditure are primarily denominated in Indian Rupees.

## 28) SEGMENT REPORTING

The Company is engaged in promoting and funding projects and / or programs, relating to Corporate Social Responsibility (CSR) in India, which in the context of Ind AS 108 Operating Segments is considered as the only reportable segment. The Company does not have any geographical segments.

## 29) COMMITMENTS AND CONTINGENCIES

***Capital commitments***

There are no contracts remaining to be executed on capital account and not provided for (net of advances) as at March 31, 2023 (Nil as at March 31, 2022).

***Contingencies***

There are no contingent liabilities as at March 31, 2023 (Nil as at March 31, 2022).

## 30) RELATED PARTY TRANSACTIONS

TCS Foundation's principal related parties consist of its holding company Tata Consultancy Services Limited and its subsidiaries. The Company routinely enters into transactions with its related parties in the ordinary course of business.



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**Related parties and their relationship**

**I) Ultimate Holding Company**

Tata Sons Private Limited

**II) Holding Company**

Tata Consultancy Services Limited

**III) Fellow subsidiaries with whom the Company has transactions**

TCS e-Serve International Limited

APTOnline Limited (Formerly APOnline Limited)

Maha Online Limited

**IV)Associates / Joint ventures of Tata Sons Private Limited and their subsidiaries**

TATA Class Edge (A Division of TATA Industries Ltd)

Voltas Limited

The Indian Hotels Company Limited

Transactions with related parties are as follows:

(₹ crore)

| | Year ended March 31, 2023 | | | |
|---|---|---|---|---|
| | Holding Company | Fellow subsidiaries | Associates / Joint ventures of Tata Sons Private Limited and their subsidiaries | Total |
| Donations | **-** | **-** | **-** | **-** |
| Other than earmarked funds received | **543.15** | **0.30** | **-** | **543.45** |
| Earmarked funds received | **-** | **-** | **-** | **-** |
| Purchase of services and facilities (including sub-contracting cost) | **1.26** | **-** | **0.03** | **1.29** |

(₹ crore)

| | Year ended March 31, 2022 | | | |
|---|---|---|---|---|
| | Holding Company | Fellow subsidiaries | Associates /Joint ventures of Tata Sons Private Limited and their subsidiaries | Total |
| Donations | 679.87 | - | - | 679.87 |
| Other than earmarked funds received | - | - | - | - |
| Earmarked funds received | - | 0.38 | - | 0.38 |
| Purchase of services and facilities (including sub-contracting cost) | 1.24 | - | 0.40 | 1.64 |



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## Notes forming part of the Financial Statements

Balances payable to related parties are as follows:

(₹ crore)

| | As at March 31, 2023 | | | |
|---|---|---|---|---|
| | Holding Company | Fellow subsidiaries | Associates / Joint ventures of Tata Sons Private Limited and their subsidiaries | Total |
| Trade payables | **0.13** | **-** | **-** | **0.13** |

(₹ crore)

| | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Holding Company | Fellow subsidiaries | Associates / Joint ventures of Tata Sons Private Limited and their subsidiaries | Total |
| Trade payables | 0.48 | - | - | 0.48 |

**31)** No funds have been advanced/loaned/invested (from borrowed funds or from share premium or from any other sources / kind of funds) by the Company to any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding (whether recorded in writing or otherwise) that the Company shall (i) directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

### 32) MICRO AND SMALL ENTERPRISES

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. The Company has not received any memorandum (as required to be filed by the suppliers with notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) from vendor claiming the status as micro or small enterprises, hence no disclosures have been made.

### 33) ADDITIONAL REGULATORY INFORMATION

**Ratios**

| Ratio | Numerator | Denominator | Current year | Previous year | % variance | Reason for variance |
|---|---|---|---|---|---|---|
| Current ratio (in times ) | Total current assets | Total current liabilities | 2.39 | 84.10 | (97.16) | Inter-corporate deposits have been reclassified from non-current to current assets based on its tenure. Also there is an increase in current liabilities on account of an accounting change from FY23 as mentioned in note 6. |

| | | | | | | |
|---|---|---|---|---|---|---|
| Return on investment (in %) | Income generated from invested funds | Average invested funds | 3.65% | 4.02% | (9.20) | The increase in investment was invested on 31-Mar-23 hence yet to yield a return. |

Other ratios related to revenue, profit and equity are not applicable to TCS Foundation as it is a section 8 company.

**34)** Earnings per share (EPS) is not applicable to TCS Foundation as it is a section 8 company and hence not disclosed.

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Rajesh Shetty**
*Partner*
*Membership No: 130778*
*Mumbai, May 25, 2023*

For and on behalf of the Board

**N. Chandrasekaran**
*Chairman*

**NG Subramaniam**
*Director*

**Roopa Purushothaman**
*Director*

*Mumbai, May 25, 2023*

# TATA CONSULTANCY SERVICES (AFRICA) PROPRIETARY LIMITED

**(Registration Number: 2007/030546/07)**

## ANNUAL FINANCIAL STATEMENTS

**For the year ended December 31, 2022**

**Audited in compliance with section 30 of the Companies Act of South Africa**

**Prepared under the supervision of Satyen Deo**

## For the year ended December 31, 2022

| CONTENT | PAGE |
| --- | --- |

# Directors' Statement of Responsibility

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the company's assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems have occurred during the year under review.

The financial statements have been prepared on the going concern basis since the directors believe that the company has adequate resources in place to continue in operation for the foreseeable future.

**Directors' approval of the annual financial statements**

The annual financial statements and directors report were approved by the Directors on March 16, 2023 and are signed on their behalf by:

**Lakshminarayanan Gomatam Seshadri**

Authorised Director

**Henry Langa Dube**

Authorised Director

**Ujjwal Mathur**

Authorised Director

**Adil Tantra**

Authorised Director

# Directors' Report

The directors have pleasure in presenting their report on the activities of the Company for the year ended December 31, 2022. This financial report covers the period 1st January 2022 to 31st December 2022. Comparative figures are for the 9 months to 31st December 2021.

**Nature of business**

The Company acts as an investment holding company. Its subsidiary provides IT consulting services.

**General review of operations**

The financial position of the Company and the results of its operations for the year under review are set out in the attached financial statements and in the opinion of the directors require no further comment. Profit after tax for the Company amounted to ZAR 56,081,415 for December 2022 (December 2021: ZAR 72,810,102).

**Dividends**

A dividend of ZAR 56,140,000 was paid during the year ended December 31, 2022 (December 2021: ZAR 72,800,000)

**Shareholder**

The current shareholder of Tata Consultancy Services (Africa) Proprietary Limited is:

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Tata Consultancy Services Limited | **100%** | 100% |

**Directors and secretary**

The directors of the company during the year under review and up to the date of this report are:

Henry Langa Dube (Appointed on July 22, 2019)

Lakshminarayanan Gomatam Seshadri* (Appointed on July 22, 2019)

Ujjwal Mathur* (Appointed on July 22, 2019)

Adil Noshir Tantra* (Appointed on July 22, 2019)

*Indian

**Registered office and postal address**

The registered office and postal address of the company are:

Registered Address: 39, Ferguson Road, Illovo, 2196

Postal address: P.O. Box 706, Melrose Arch, 2076

# Independent Auditor's Report

**KPMG Inc**
**KPMG Crescent**
**85 Empire Road, Parktown, 2193,**
**Private Bag 9, Parkview, 2122, South Africa**

| | |
|---|---|
| **Telephone** | **+27 (0)11 647 7111** |
| **Fax** | **+27 (0)11 647 8000** |
| **Docex** | **472 Johannesburg** |
| **Web** | **http://www.kpmg.co.za** |


**To the shareholder of Tata Consultancy Services (Africa) Proprietary Limited**

## Opinion

We have audited the financial statements of Tata Consultancy Services (Africa) Proprietary Limited (the Company) set out on pages 1 to 13, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 financial statements present fairly, in all material respects, the financial position of Tata Consultancy Services (Africa) Proprietary Limited as at 31 December 2022, and its financial performance and cash flows for the year then ended then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Tata Consultancy Services (Africa) Proprietary Limited Annual Financial Statements for the year ended 31 December 2022", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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 the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's 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 auditor's 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 ISAs 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 ISAs, 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 the directors.
- Conclude on the appropriateness of the directors' 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 auditor's 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 auditor's 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.

**KPMG Inc.**

Per DW Matthews
Chartered Accountant (SA)
Registered Auditor
Associate Director
17 March 2023

## Statement of Financial Position as at December 31, 2022 and December 31, 2021

(Amount in : ZAR)

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7(a) | **6,009,413** | 7,702,342 |
| Other financial assets | 7(d) | **11,371** | 966 |
| Income taxes assets (net) | | **7 ,907** | 12,588 |
| **Total current assets** | | **6,028,691** | 7,715,896 |
| **Non-current assets** | | | |
| Investments | 7(b) | **106,700,000** | 106,700,000 |
| **Total non-current assets** | | **106,700,000** | 106,700,000 |
| **TOTAL ASSETS** | | **112,728,691** | 114,415,896 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade payables | 7(c) | **120,572** | 83,192 |
| Other current liabilities | 9(a) | **5,614,000** | 7,280,000 |
| **TOTAL LIABILITIES** | | **5,734,572** | 7,363,192 |
| **Equity** | | | |
| Share capital | 7(h) | **14,000,000** | 14,000,000 |
| Retained earnings | | **92,994,119** | 93,052,704 |
| **TOTAL EQUITY** | | **106,994,119** | 107,052,704 |
| **TOTAL LIABILITIES AND EQUITY** | | **112,728,691** | 114,415,896 |

**SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

## Statement of Profit or Loss and Other Comprehensive Income
## For the year ended December 31, 2022 and 9 months ended December 31, 2021

(Amount in : ZAR)

| | Note | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|---|
| **Dividend received** | | **56,160,003** | 72,868,833 |
| **Operating expenses** | | | |
| Other operating expenses | 10 | **110,820** | 64,774 |
| **Total operating expenses** | | **110,820** | 64,774 |
| **Operating profit** | | **56,049,183** | 72,804,059 |
| **Other income** | | | |
| Interest income | 11 | **44,733** | 8,390 |
| **Profit before taxes** | | **56,093,916** | 72,812,449 |
| Income tax expense | 12 | **12,501** | 2,347 |
| **Profit for the year** | | **56,081,415** | 72,810,102 |
| Other comprehensive Income (OCI) | | **-** | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | **56,081,415** | 72,810,102 |

**SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

## Statement of Changes in Equity
## For the year ended December 31, 2022 and 9 months ended December 31, 2021

(Amount in : ZAR)

| | Share capital | Retained earnings | Total equity |
|---|---|---|---|
| **Balance as at April 1, 2021** | 14,000,000 | 93,042,602 | 107,042,602 |
| Total comprehensive income for the year | - | 72,810,102 | 72,810,102 |
| Dividend paid (Per share : 5.2) | - | (72,800,000) | (72,800,000) |
| **Balance as at December 31, 2021** | **14,000,000** | **93,052,704** | **107,052,704** |
| Total comprehensive income for the year | **-** | **56,081,415** | **56,081,415** |
| Dividend paid (Per share : 4 ) | **-** | **(56,140,000)** | **(56,140,000)** |
| **Balance as at December 31, 2022** | **14,000,000** | **92,994,119** | **106,994,119** |

**SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

## Statement of Cash Flows For the year ended December 31, 2022 and 9 months ended December 31, 2021

(Amount in : ZAR)

| | Note | For the year ended December 31, 2022 | For the 9 months ended December 31, 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit for the year | | **56,081,415** | 72,810,102 |
| **Adjustment for** | | | |
| Income tax expense | 12 | **12,501** | 2,347 |
| **Operating profit before working capital changes** | | **56,093,916** | 72,812,449 |
| Other financial assets | | **(10,405)** | 53 |
| Other current liabilities | | **(1,666,000)** | 7,280,000 |
| Trade and other payables | | **37,380** | (19,769) |
| **Cash generated from operations** | | **54,454,891** | 80,072,733 |
| Taxes paid | | **(7,820)** | (9,627) |
| **Net cash generated from operating activities** | | **54,447,071** | 80,063,106 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividend paid | | **(56,140,000)** | (72,800,000) |
| **Net cash used in financing activities** | | **(56,140,000)** | (72,800,000) |
| Cash and cash equivalents, at the beginning of the year | 7(a) | **7,702,342** | 439,236 |
| **Cash and cash equivalents, at the end of the year** | | **6,009,413** | 7,702,342 |

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Notes forming part of the Financial Statements for the year ended December 31, 2022

### 1. CORPORATE INFORMATION

Tata Consultancy Services (Africa) Proprietary Limited (the "Company") is registered under Companies Act of South Africa having registration number 2007/030546/07

The Company acts as an investment holding Company. Its subsidiary provides IT consulting services.

The address of the Company's registered office is 39 Ferguson road, Illovo, 2196

The financial statement were approved and authorised for issue on March 16, 2023.

### 2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and Companies Act of South Africa. The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented.

### 3. BASIS OF PREPARATION

The financial statements have been prepared on historical cost basis except otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The company changed its accounting period last year. Accordingly this comparative financial report covers the nine month period 1st April 2021 to 31st December 2021.

The functional and reporting currency of Tata Consultancy Services (Africa) Proprietary Limited is Rands ("ZAR"). Foreign currency transactions are translated into functional currency at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are included in profit or loss. Non monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

### 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of these financial statements is in conformity with the recognition and measurement principles of International Financial Reporting Standards (IFRS) which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and future periods are affected.

The company uses the following critical accounting estimates in preparation of its consolidated financial statements:

**a. Revenue recognition**

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using effective interest method.

**b. Provisions and contingent liabilities**

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

These are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

## 5. NATURE AND PURPOSE OF RESERVES

This reserve represents undistributed accumulated earnings of the Company as on the date of statement of financial position.

## 6. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendments to IAS 1 and | Onerous Contracts - Costs of Fulfilling a Contract[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and liabilities arising from a single transaction[1] |

[1] Effective for annual periods beginning on or after January 1, 2023.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

## 7. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**Cash and cash equivalents**

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net of direct issue cost.

**Trade and other payable**

Liabilities are recognised for the amounts to be paid in the future for goods or services received, whether billed by supplier or not.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a Company of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**Derecognition of financial assets**

***(i) Financial asset***

The Company derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flow in a transaction in which substantially all of the risks and rewards of the ownership of financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all the risks and rewards of the transferred assets. In these cases the transferred assets are not derecognised.

***(ii) Financial liability***

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognises financial liability when its terms are modified and cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of financial liability the difference between the carrying amount extinguished and the consideration paid (including any non cash asset transferred or liabilities assumed) is recognised in profit or loss.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has legally enforceable right to setoff the amount and it intends either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

**a. Cash and cash equivalents**

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Balances with bank** | | |
| In current account | **45,413** | 7,352,342 |
| In deposit account | **5,964,000** | 350,000 |
| **Total** | **6,009,413** | 7,702,342 |

**b. Investment**

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Investment consist of the following | | |
| **Investment Non-Current** | | |
| Investment in subsidiary* | **106,700,000** | 106,700,000 |
| **Total** | **106,700,000** | 106,700,000 |

*Investment in subsidiary is stated at cost less accumulated impairment losses in the Company's financial statements.

Considering the fact that Tata Consultancy Services (South Africa) Proprietary Limited is a profitable company despite the pandemic situation, management believes there is no trigger for impairment.

**c. Trade payables**

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Accrued expenses | **120,572** | 83,192 |
| **Total** | **120,572** | 83,192 |

## Notes forming part of the Financial Statements for the year ended December 31, 2022

### d. Other financial assets

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Accrued interest | **11,371** | 966 |
| **Total** | **11,371** | 966 |

### e. Financial instruments by category

The carrying value of financial instruments by categories as at December 31, 2022 is as follows:

(Amount in : ZAR)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets:** | | |
| Cash and cash equivalents | **6,009,413** | **6,009,413** |
| Other financial assets | **11,371** | **11,371** |
| **Total** | **6,020,784** | **6,020,784** |
| **Financial liabilities:** | | |
| Trade payables | **120,572** | **120,572** |
| **Total** | **120,572** | **120,572** |

The carrying value of financial instruments by categories as at December, 2021 is as follows:

(Amount in : ZAR)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets:** | | |
| Cash and cash equivalents | 7,702,342 | 7,702,342 |
| Other financial assets | 966 | 966 |
| **Total** | 7,703,308 | 7,703,308 |
| **Financial liabilities:** | | |
| Trade payables | 83,192 | 83,192 |
| **Total** | 83,192 | 83,192 |

Carrying amounts of cash and cash equivalents, other financial assets and trade payables as at December 31, 2022 and December 31, 2021 approximate the fair value.

### f. Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

g. **Financial risk management**

The Company is exposed primarily to fluctuations in credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

- **Foreign currency**

  The Company is not exposed to foreign currency exchange rate risk.

- **Interest rate risk**

  The Company is not significantly exposed to interest rate risk.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentration of credit risk principally consist of cash and cash equivalents, and other financial assets.

- **Exposure to credit risk**

  The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was ZAR 6,020,784 and ZAR 7,703,308 as of December 31, 2022 and December 31, 2021, respectively being the total of the carrying amount of balances with bank, bank deposit and other financial assets. Balance with bank are held with banks with high credit ratings.

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(Amount in : ZAR)

| | Due in 1st year | Due in 2nd to 5th year | Total |
|---|---|---|---|
| **December 31, 2022** | | | |
| **Financial liabilities** | | | |
| Trade payables | **120,572** | **-** | **120,572** |
| **Total** | **120,572** | **-** | **120,572** |

## Notes forming part of the Financial Statements for the year ended December 31, 2022

(Amount in : ZAR)

| | Due in 1st year | Due in 2nd to 5th year | Total |
|---|---|---|---|
| **December 31, 2021** | | | |
| **Financial liabilities** | | | |
| Trade payables | 83,192 | - | 83,192 |
| **Total** | 83,192 | - | 83,192 |

**h. Equity instruments**

(Amount in : ZAR)

| **Authorised, issued, subscribed and paid up share capital** | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Authorised: | | |
| 20,000,000 ordinary shares of ZAR 1 each | **20,000,000** | 20,000,000 |
| Issued, Subscribed & Fully paid up : | | |
| 14,000,000 ordinary shares of ZAR 1 each | **14,000,000** | 14,000,000 |
| **Share holding** | **Percentage** | Percentage |
| Tata Consultancy Services Limited | **100%** | 100% |

**Capital management**

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. the company is not subject to any externally imposed capital requirements.

## 8. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

## 9. NON-FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### a. Other liabilities

Other liabilities consist of the following:

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Other liabilities - current** | | |
| Indirect Tax Payable | **5,614,000** | 7,280,000 |
| **Total** | **5,614,000** | 7,280,000 |

## 10. COST RECOGNITION

The costs of the company are broadly categorised into other operating expenses which mainly include fees to external consultants and other expenses. Other expenses comprise of bank charges and payment to auditors.

The Company decided to present an analysis of expenses recognized in the Profit or Loss using a classification based on their nature instead of by their function as classification of expenses by nature is considered to provide more reliable and relevant information to users than their classification by function. Information on the nature of expenses is useful in predicting future cash flows. Classification by nature is simple and does not require allocations and involves lesser management judgement. The Company intends to follow this approach on a consistent basis.

(Amount in : ZAR)

| | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| **Other operating expenses** | | |
| Fees to external consultants | **86,684** | 43,564 |
| Other expenses | **24,136** | 21,210 |
| **Total** | **110,820** | 64,774 |

## Notes forming part of the Financial Statements

### 11. OTHER INCOME

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

(Amount in : ZAR)

| | 9 months ended December 31, 2021 | Year ended March 31, 2021 |
|---|---|---|
| **Interest Income** | | |
| Interest income - Bank | **44,733** | 8,390 |
| **Total** | **44,733** | 8,390 |

### 12. INCOME TAXES

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period. Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

The Company accounts for the deferred income taxes using the balance sheet approach. Deferred income taxes are provided for the differences between the tax base of assets and liabilities and their reported amounts in the financial statements.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

The income tax expense consists of the following:

(Amount in : ZAR)

| | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| **Current tax** | | |
| Current tax expense | **12,501** | 2,347 |
| **Total** | **12,501** | 2,347 |

The reconciliation of estimated income tax expense at the Statutory income tax rate to income tax expense reported in statement of profit or loss and other comprehensive income is as follows:

(Amount in : ZAR)

| | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| **Current tax expenses** | | |
| Income before taxes | **56,093,916** | 72,812,449 |
| Statutory tax rate | **28.00%** | 28.00% |
| Expected income tax expense | **15,706,296** | 20,387,486 |
| Less: Income exempt from tax | **(15,724,801)** | (20,403,273) |
| Operating losses carry forwards | **-** | - |
| Tax pertaining to prior years: | **-** | - |
| Current tax | **-** | - |
| **Disallowable expenses** | | |
| Expense on exempted dividend | **31,006** | 18,134 |
| **Total tax expense** | **12,501** | 2,347 |

**IFRIC 23 Interpretation Uncertainty over Income Tax Treatment**

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

**Application of IFRIC 23**

The Company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no instances of any uncertain tax treatment in the past and on that basis it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

## 13. RELATED PARTY TRANSACTIONS

Tata Consultancy Services (Africa) Proprietary Limited. principal related parties consist of its holding company Tata Consultancy Services Limited and it's subsidiary Tata Consultancy Services (South Africa) Proprietary Limited. The company routinely enters into transactions with its related parties in the ordinary course of business.

**Transactions with related parties**

(Amount in : ZAR)

| **Particulars** | With Tata Consultancy Services Limited, Holding Company | Tata Consultancy Services (South Africa) Proprietary Limited, Subsidiary Company | Total |
|---|---|---|---|
| **For the year ended December 31, 2022** | | | |
| Dividend paid | **56,140,000** | **-** | **56,140,000** |
| Dividend received | **-** | **56,160,003** | **56,160,003** |
| **For 9 months ended December 31, 2021** | | | |
| Dividend paid | 72,800,000 | - | 72,800,000 |
| Dividend received | - | 72,868,833 | 72,868,833 |

## Notes forming part of the Financial Statements for the year ended December 31, 2022

### 14. COMPENSATION TO KEY MANAGERIAL PERSONNEL

**Mr. Adil Noshir Tantra (Director)**

(Amount in : ZAR)

| Particulars | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| Basic | **-** | 1 ,222,069 |
| Bonus | **-** | - |
| Other contribution | **-** | 224,498 |
| **Total** | **-** | 1,446,567 |

**Mr. Henry Langa Dube (Director)**

(Amount in : ZAR)

| Particulars | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| Basic | **1,926,393** | 1,268,037 |
| Bonus | **239,414** | 395,899 |
| Other contribution | **470,863** | 282,875 |
| **Total** | **2,636,670** | 1,946,811 |

Note: The remuneration earned by Mr. Henry Langa Dube is across entities of South African geography wherein he act as director and does not only pertain to Tata Consultancy Services (Africa) Proprietary Limited

### 15. GOING CONCERN

Management has taken into account the impact of COVID-19 on the business for the foreseeable future and have concluded that the company has sufficient resources to continue as a going concern.

### 16. SUBSEQUENT EVENTS

There have been no circumstances of a material nature that have occurred between the financial year end and the date of approval of these financial statements that require adjustment or disclosure in the financial statements except for on 23 February 2022 the minister announced the corporate income tax rate will be lowered to 27% for years of assessment commencing on or after 1 April 2022.

### 17. CONSOLIDATION

The following set of financial statements represents the financial statements of the entity. The exemption under IAS27.16(1) has been applied and consolidated financial statements were not prepared. The consolidated financial statements of the parent company are available on demand.

# Tata Consultancy Services Asia Pacific Pte Ltd
# Registration Number: 200308003M

**Annual Financial Statements**
**for the year ended on 31 March 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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# DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2023.

In our opinion:

(a) the financial statements set out on pages 8.6 to 8.42 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 year ended on that date in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## Directors

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

Girish Ramachandran

Natarajan Ganapathy Subramaniam

Krishnan Ramanujam

Lakshminarayanan G S

## Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 ('the Act'), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

| **Name of director and corporation in which interests are held** | Holdings at beginning of the year | Holdings at end of the year |
|---|---|---|
| **Tata Consultancy Services Limited** | | |
| *- Immediate holding company* | | |
| ***Ordinary shares*** | | |
| Girish Ramachandran | 11,000 | 11,000 |
| Natarajan Ganapathy Subramaniam | 197,760 | 197,760 |
| Krishnan Ramanujam | 5,000 | 5,000 |
| Lakshminarayanan G S | 1,000 | 1,000 |

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Except as disclosed under the 'Share options' section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, 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.



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## Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued ordinary shares of the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

## Auditors

The auditors, KPMG LLP, have indicated their willingness to accept appointment.

On behalf of the Board of Directors

| | |
|---|---|
| **Girish Ramachandran** | **Lakshminarayanan G S** |
| *Director* | *Director* |

19 May 2023

# INDEPENDENT AUDITORS' REPORT

**MEMBER OF THE COMPANY**

**TATA CONSULTANCY SERVICES ASIA PACIFIC PTE LTD**

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Tata Consultancy Services Asia Pacific Pte Ltd ('the Company'), which comprise the statement of financial position as at 31 March 2023, 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, as set out on pages 8.6 to 8.42.

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 *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 contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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.

**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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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 controls 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.

**KPMG LLP**

*Public Accountants and*

*Chartered Accountants*

**Singapore**

19 May 2023

## Statement of financial position
## As at 31 March 2023

(Amount in : US$)

| | Note | 2023 | 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| Investments in subsidiaries | 4 | **109,932,755** | 106,704,464 |
| Other investments | 5 | **3,300,000** | 3,300,000 |
| Equipment | 6 (A) | **1,495,902** | 1,848,858 |
| Intangible asset | 6 (B) | **147,480** | 244,070 |
| Right-of-use assets | 21 | **2,481,239** | 4,222,267 |
| Others assets | 9 | **18,815** | – |
| **Non-current assets** | | **117,376,191** | 116,319,659 |
| Cash and cash equivalents | 7 | **46,787,860** | 14,295,354 |
| Trade and other receivables | 8 | **85,690,921** | 68,457,416 |
| Other assets | 9 | **6,862,235** | 8,851,667 |
| **Current assets** | | **139,341,016** | 91,604,437 |
| **TOTAL ASSETS** | | **256,717,207** | 207,924,096 |
| **EQUITY** | | | |
| Share capital | 10 | **4,400,000** | 4,400,000 |
| Fair value reserves | | **2,400,000** | 2,400,000 |
| Retained earnings | | **118,058,936** | 113,668,231 |
| **Total equity** | | **124,858,936** | 120,468,231 |
| **LIABILITIES** | | | |
| Accruals | 12 | **515,120** | 490,635 |
| Lease liabilities | 13 | **800,429** | 2,535,886 |
| **Non-current liabilities** | | **1,315,549** | 3,026,521 |
| Trade and other payables | 11 | **73,367,061** | 60,274,579 |
| Accruals | 12 | **51,783,069** | 20,175,609 |
| Lease liabilities | 13 | **1,730,311** | 1,645,849 |
| Income tax payable | | **3,662,281** | 2,333,307 |
| **Current liabilities** | | **130,542,722** | 84,429,344 |
| **Total liabilities** | | **131,858,271** | 87,455,865 |
| **TOTAL EQUITY AND LIABILITIES** | | **256,717,207** | 207,924,096 |

The accompanying notes form an integral part of these financial statements.

## Statement of comprehensive income
## for the year ended 31 March 2023

(Amount in : US$)

| | Note | 2023 | 2022 |
|---|---|---|---|
| Revenue | 14 | **340,266,987** | 320,473,813 |
| Cost of sales | | **(292,143,248)** | (285,641,692) |
| **GROSS PROFIT** | | **48,123,739** | 34,832,121 |
| Other income | 15 | **25,781,441** | 22,720,673 |
| Administrative expense | 17 | **(35,075,747)** | (31,824,203) |
| **RESULTS FROM OPERATING ACTIVITIES** | | **38,829,433** | 25,728,591 |
| Finance income | | **341,995** | 2,312 |
| Finance costs | | **(131,465)** | (169,593) |
| **NET FINANCE INCOME/(COSTS)** | | **210,530** | (167,281) |
| **PROFIT BEFORE TAX** | | **39,039,963** | 25,561,310 |
| Tax expense | 16 | **(4,649,258)** | (2,210,844) |
| **PROFIT FOR THE YEAR** | 17 | **34,390,705** | 23,350,466 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Items that will not be reclassified to profit or loss:** | | | |
| Net change in fair value of equity investments at FVOCI | | - | - |
| **OTHER COMPREHENSIVE INCOME, NET OF TAX** | | **-** | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **34,390,705** | 23,350,466 |

The accompanying notes form an integral part of these financial statements.

## Statement of changes in equity
## for the year ended 31 March 2023

(Amount in : US$)

| | Share capital | Retained earnings | Fair value reserve | Total |
|---|---|---|---|---|
| **At 1 April 2021** | 4,400,000 | 117,317,765 | 2,400,000 | 124,117,765 |
| **Total comprehensive income for the year** | | | | |
| Profit for the year | - | 23,350,466 | - | 23,350,466 |
| Other comprehensive income for the year | – | - | - | - |
| **Total comprehensive income for the year** | - | 23,350,466 | - | 23,350,466 |
| **Transactions with owners, recorded directly in equity** | | | | |
| **Contributions by and distributions to owners** | | | | |
| Dividend Paid | - | (27,000,000) | - | (27,000,000) |
| **Total transactions with owners** | - | (27,000,000) | - | (27,000,000) |
| **At 31 March 2022** | 4,400,000 | 113,668,231 | 2,400,000 | 120,468,231 |
| **At 1 April 2022** | **4,400,000** | **113,668,231** | **2,400,000** | **120,468,231** |
| **Total comprehensive income for the year** | | | | |
| Profit for the year | **-** | **34,390,705** | **-** | **34,390,705** |
| Other comprehensive income for the year | **-** | **-** | **-** | **-** |
| **Total comprehensive income for the year** | **-** | **34,390,705** | **-** | **34,390,705** |
| **Transactions with owners, recorded directly in equity** | | | | |
| **Contributions by and distributions to owners** | | | | |
| Dividend Paid | **-** | **(30,000,000)** | **-** | **(30,000,000)** |
| **Total transactions with owners** | **-** | **(30,000,000)** | **-** | **(30,000,000)** |
| **At 31 March 2023** | **4,400,000** | **118,058,936** | **2,400,000** | **124,858,936** |

The accompanying notes form an integral part of these financial statements.

## Statement of cash flows
## for the year ended 31 March 2023

(Amount in : US$)

| | Note | 2023 | 2022 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Profit before tax** | | **39,039,963** | 25,561,310 |
| **Adjustments for:** | | | |
| Depreciation of plant and equipment and intangible asset | 6 | **971,243** | 922,542 |
| Depreciation of right-of-use assets | 21 | **1,695,945** | 1,702,253 |
| Decrease in allowance for doubtful debts | | **(40,145)** | (22,670) |
| Unrealised exchange loss on lease liabilities | | **(8,623)** | (49,570) |
| Gain on sale of equipment | | **–** | (683) |
| Finance cost | | **131,465** | 169,593 |
| Dividend income | 15 | **(24,972,592)** | (21,236,435) |
| Interest income | 15 | **(341,995)** | (2,312) |
| | | **16,475,261** | 7,044,028 |
| **Changes in working capital:** | | | |
| Trade and other receivables | | **(17,170,694)** | 6,133,605 |
| Other assets | | **(1,257,674)** | (2,947,119) |
| Trade and other payables | | **13,092,482** | 2,896,065 |
| Accruals | | **1,609,473** | 2,406,577 |
| Cash generated from/(used in)operations | | **12,748,848** | 15,533,156 |
| Tax paid | | **(3,320,285)** | (2,870,967) |
| **Net cash flows from operating activities** | | **9,428,563** | 12,662,189 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Advance for investment in a subsidiary | | **–** | (3,228,291) |
| Dividend received | 15 | **24,972,592** | 21,236,435 |
| Interest received | 15 | **319,329** | 2,312 |
| Purchase of equipment and intangible asset | 6 | **(521,697)** | (740,380) |
| **Net cash flows from investing activities** | | **24,770,224** | 17,270,076 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividends paid | 18 | **–** | (27,000,000) |
| Repayment of principal payment for lease liabilities | 13 | **(1,597,289)** | (1,580,937) |
| Payment of interest charges | 13 | **(108,992)** | (154,728) |
| **Net cash flows used in financing activities** | | **(1,706,281)** | (28,735,665) |
| **Net increase in cash and cash equivalents** | | **32,492,506** | 1,196,600 |
| Cash and cash equivalents at 1 April | | **14,295,354** | 13,098,754 |
| **Cash and cash equivalents at 31 March** | 7 | **46,787,860** | 14,295,354 |

The accompanying notes form an integral part of these financial statements.

# Notes forming part of the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 19th May 2023.

## 1. DOMICILE AND ACTIVITIES

Tata Consultancy Services Asia Pacific Pte Ltd ('the Company') is incorporated in the Singapore. The address of the Company's registered office is 60 Anson Road, #18-01/02 Mapletree Anson, Singapore 079914.

The principal activities of the Company are to provide IT consulting, software solutions and services and products in the Asia Pacific region.

The results of the Company include its South Korean branch results. The principal activities of the branch are to provide IT consulting, software solutions and products.

The Company's immediate holding corporation is Tata Consultancy Services Limited, incorporated in India. The ultimate holding corporation is Tata Sons Limited, also incorporated in India.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standards ('FRS').

### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed.

### 2.3 Functional and presentation currency

These financial statements are presented in United States dollars ('US$'), which is the Company's functional currency.

### 2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 3.9 – Revenue recognition.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed below:

- ***Impairment of investments in subsidiaries***

  Investments in subsidiaries are stated at cost less impairment loss. The Company follows the guidance of FRS 36 *Impairment of Assets* to determine whether its investments in subsidiaries is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the market and economic environment in which the subsidiaries operate, economic performance of the subsidiaries, the duration and extent to which the cost of investment exceeds their net assets value. The carrying amounts of the Company's investments in subsidiaries are disclosed in note 4.

- ***Provision for income taxes***

  Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company (including Korean branch) recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

**Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The management has overall responsibility for all significant fair value measurements, including Level 3 fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are recognized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is recognized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in note 22 of the financial statements.

**2.5 Changes in accounting policies**

**New standards and amendments**

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2022:

- Amendment to FRS 116: *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendment to FRS 16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendment to FRS 37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to FRSs 2018 – 2020

Other than the amendment relating to FRS 37: *Onerous Contracts – Cost of Fulfilling a Contract*, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Company has adopted Amendments to FRS 37: *Onerous Contracts – Cost of Fulfilling a Contract* from 1 January 2023. This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the Company included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Company has analysed all contracts existing at 1 January 2023 and determined that none of them would be identified as onerous applying the revised accounting policy – i.e. there is no impact on the opening equity balances as at 1 January 2023 as a result of the change.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**3.1 Subsidiaries**

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries are stated at cost less impairment losses.

These financial statements are the separate financial statements of the Company. In accordance with FRS 110 *Consolidated Financial Statements,* the Company is exempted from the preparation of consolidated financial statements as the Company is itself a wholly-owned subsidiary of Tata Consultancy Services Limited. Publicly available consolidated financial statements are prepared by Tata Consultancy Services Limited, whose registered office is at 9th Floor, Nirmal Building, Nariman Point, Mumbai 400021, India.

## Notes forming part of the Financial Statements

### 3.2 Foreign currency

***Foreign currency transactions***

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

### 3.3 Financial instruments

***(i) Recognition and initial measurement***

**Non-derivative financial assets and financial liabilities**

Trade receivables and debt investments issued are initially recognised when they are originated.  All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

***(ii) Classification and subsequent measurement***

**Non-derivative financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Equity investments at FVOCI**

On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI.  This election is made on an investment-by-investment basis.

**Financial assets at FVTPL**

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.  On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets: Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- show managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Non-derivative financial assets: Subsequent measurement and gains and losses**

***Financial assets at FVTPL***

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

## Notes forming part of the Financial Statements

***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

***Equity investments at FVOCI***

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs.They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised trade and other payables.

***(iii) Derecognition***

**Financial assets**

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**Interest rate benchmark reform**

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Company updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applies the policies on accounting for modifications to the additional changes.

***(iv) Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

***(v) Share capital***

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**3.4 a) Equipment**

***(i) Recognition and measurement***

Items of equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of assets includes costs directly attributable to bringing the assets to a working condition for their intended use.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

The gain or loss on disposal of an item of equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

***(ii) Subsequent costs***

The cost of replacing a component of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

***(iii) Depreciation***

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.



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## Notes forming part of the Financial Statements

The estimated useful lives for the current and comparative years are as follows:

| | |
|---|---|
| • Computers | 25% |
| • Office equipment | 10 to 20% |
| • Furniture and fittings | 20% |
| • Leasehold improvements | Lease term |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

**b) Intangible assets**

Intangible assets purchased are measured at cost as at the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of software licences which are amortised over licence period which equates the economic useful life ranging between 2-5 years on a straight line basis over the period of its economic useful life.

### 3.5 Leases

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

***As a lessee***

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 21.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Company uses the lessee's incremental borrowing rate as the discount rate.

The Company determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

***Short-term leases and leases of low-value assets***

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**3.6 Impairment**

***(i) Non-derivative financial assets and contract assets***

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- contract assets (as defined in FRS 115).

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

***Simplified approach***

The Company applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

***General approach***

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

## Notes forming part of the Financial Statements

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

***Measurement of ECLs***

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

***Credit-impaired financial assets***

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

***Presentation of allowance for ECLs in the statement of financial position***

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

***(ii) Non-financial assets***

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ('CGU') exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

**3.7 Employee benefits**

***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

***Short-term employee benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

***Employee leave entitlement***

Employee entitlement to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

**3.8 Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**3.9 Revenue**

***Goods and services sold***

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system/software is delivered to the customer. In cases where implementation and/or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.

## Notes forming part of the Financial Statements

- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing to customers follow different schedules based upon the nature and type of goods and services being transferred. The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with FRS 115, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The Company has applied the practical expedient provided by FRS 115, whereby the Company does not adjust the transaction price for the effects of the time value of money where the period between when the control on goods and services transferred to the customer and when payment thereof is due, is one year or less. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all

the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

**3.10 Other income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised in profit or loss when the Company's right to receive payment has been established.

**3.11 Tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

## Notes forming part of the Financial Statements

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

**3.12 Government grants**

Grants for expenses are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit or loss as "Other income" on a systematic basis in the same periods in which the expenses are recognised.

**3.13 New standards and interpretations not adopted**

A number of new standards, interpretations and amendments to standards are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided below.

**New standards and interpretations not adopted**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

**(i) Amendments to FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

**(ii) Amendments to FRS 1: *Classification of Liabilities as Current or Non-Current***

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024. Due to these ongoing developments, the Company is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Company is closely monitoring the developments.

**(iii) Others**

The following amendments to FRSs are not expected to have a significant impact on the Company's financial statements.

- FRS 117 *Insurance Contracts* and Amendments to FRS 117 *Insurance Contracts*
- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 8: *Definition of Accounting Estimates*
- Amendments to FRS 1, Classification of Liabilities as Current or Non-current
- Amendments to FRS 16, Lease Liability in a Sale and Leaseback

## 4. INVESTMENTS IN SUBSIDIARIES

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| Unquoted equity shares, at cost | **109,932,755** | 106,704,464 |

The subsidiaries of the Company are as set out below:

| Name of subsidiary | Country of incorporation and operations | Proportion of ownership interest and voting power held | | Principal activities |
|---|---|---|---|---|
| | | **2023** | 2022 | |
| | | **%** | % | |
| Tata Consultancy Services Malaysia Sdn Bhd | Malaysia | **100** | 100 | Provide IT consulting software solutions, services and products |
| Tata Consultancy Services (China) Co., Ltd [D] | People's Republic of China | **100** | 93.20 | Provide IT consulting software solutions, services and products |
| PT Tata Consultancy Services Indonesia | Indonesia | **100** | 100 | Provide IT consulting software solutions, services and products |
| Tata Consultancy Services (Thailand) Limited [A] | Thailand | **99.99** | 99.99 | Provide IT consulting software solutions, services and products |
| Tata Consultancy Services (Philippines) Inc. [B] | Philippines | **100** | 100 | Provide IT consulting software solutions, services and products |
| Tata Consultancy Services Japan Limited [C] | Japan | **66** | 66 | Provide IT consulting software solutions, services and products |

(A) In financial year 2010, the Company transferred 1 share each of Thai Baht 10 per share in this subsidiary to each of its wholly-owned subsidiaries Tata Consultancy Services Malaysia Sdn Bhd and Tata Consultancy Services (Philippines) Inc. The Company retains the voting power in the subsidiary.

(B) In financial year 2018, pursuant to a proposal from the subsidiary to buy back its own shares, the Company sold 380,000 shares to the subsidiary at a value of Philippines Piso 1,454 per share.

(C) In financial year 2020, the Company recognised an additional cost of US$38,296,031 on investment in Tata Consultancy Services Japan, Limited ("TCS Japan"). The cost represented cash consideration paid of US$32,690,000 and option value on the date of exercise US$5,606,031, upon exercise of the option to buy 15% of equity interest on TCS Japan from MC. The carrying amount of the investment in TCS Japan as at 31 March 2023 is US$ 83,543,947 (2022: US$83,543,947).

(D) In financial year 2022, the Company has paid US$3,228,291 for acquisition for Minority shares and since the registration of the SPA is under process in FY 22 , the same had been disclosed in Note 9 "Other Asset" as Advance for Investments.

In the financial year 2023, registration of SPA is completed and same has been recogisned as investment from advance for investments.

## Notes forming part of the Financial Statements

### 5. OTHER INVESTMENTS

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| **Non-current assets** | | |
| Unquoted equity shares, at fair value –designated at FVOCI | **3,300,000** | **3,300,000** |

The Company designated the investment in Philippines Dealing System Holding Corporation as equity investments as at FVOCI because this equity investment represents investment that the Company intends to hold for the long term for strategic purposes. As at 31 March 2023, the fair value of the equity investment is US$ 3,300,000 (2022: US$3,300,000). During the financial year, the Company recognised dividend income of US$ 507,388 (2022: US$547,792) in profit or loss (note 15).

**Credit and market risks, and fair value measurement**

Information about the Company's exposures to credit and market risks, and fair value measurement, is included in note 22.

### 6. A) EQUIPMENT

(Amount in : US$)

| | Computers | Office equipment | Furniture and fittings | Leasehold improvements | Capital work in progress | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **At 1 April 2021** | 4,299,035 | 1,267,688 | 1,129,272 | 2,162,963 | 335 | 8,859,293 |
| Additions | 528,542 | 6,267 | 17,354 | – | 62,594 | 614,757 |
| Transfers | (1,282) | – | – | – | – | (1,282) |
| **At 31 March 2022** | **4,826,295** | **1,273,955** | **1,146,626** | **2,162,963** | **62,929** | **9,472,768** |
| Additions | **513,209** | **8,066** | **–** | **–** | **–** | **521,275** |
| Transfers | **62,896** | **–** | **–** | **–** | **(62,896)** | **–** |
| **At 31 March 2023** | **5,402,400** | **1,282,021** | **1,146,626** | **2,162,963** | **33** | **9,994,043** |
| **Accumulated depreciation** | | | | | | |
| **At 1 April 2021** | 2,481,992 | 1,119,646 | 1,067,794 | 2,123,418 | – | 6,792,850 |
| Depreciation | 729,822 | 65,478 | 33,928 | 2,515 | – | 831,743 |
| Disposals | (683) | – | – | – | - | (683) |
| **At 31 March 2022** | **3,211,131** | **1,185,124** | **1,101,722** | **2,125,933** | **–** | **7,623,910** |
| Depreciation | **789,842** | **49,563** | **32,312** | **2,514** | **–** | **874,231** |
| Disposals | **–** | **–** | **–** | **–** | **-** | **–** |
| **At 31 March 2023** | **4,000,973** | **1,234,687** | **1,134,034** | **2,128,447** | **–** | **8,498,141** |
| **Carrying amount** | | | | | | |
| **At 1 April 2021** | 1,817,043 | 148,042 | 61,478 | 39,545 | 335 | 2,066,443 |
| **At 31 March 2022** | 1,615,164 | 88,831 | 44,904 | 37,030 | 62,929 | 1,848,858 |
| **At 31 March 2023** | **1,401,427** | **47,334** | **12,592** | **34,516** | **33** | **1,495,902** |

## B) INTANGIBLE ASSET

(Amount in : US$)

| | Software licenses | Total |
|---|---|---|
| **Cost** | | |
| **At 1 April 2021** | 262,424 | 262,424 |
| Additions | 125,623 | 125,623 |
| **At 31 March 2022** | **388,047** | **388,047** |
| Additions | **422** | **422** |
| **At 31 March 2023** | **388,469** | **388,469** |
| **Accumulated depreciation** | | |
| **At 1 April 2021** | 53,178 | 53,178 |
| Depreciation | 90,799 | 90,799 |
| **At 31 March 2022** | **143,977** | **143,977** |
| Depreciation | **97,012** | **97,012** |
| **At 31 March 2023** | **240,989** | **240,989** |
| **Carrying amount** | | |
| **At 1 April 2021** | 209,246 | 209,246 |
| **At 31 March 2022** | 244,070 | 244,070 |
| **At 31 March 2023** | **147,480** | **147,480** |

## 7. CASH AND CASH EQUIVALENTS

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| Cash at banks | **5,571,206** | 14,278,700 |
| Bank deposits (Original Maturity within three months) | **41,200,000** | – |
| Cash on hand | **16,654** | 16,654 |
| Cash and cash equivalents in the statement of cash flows | **46,787,860** | 14,295,354 |

## Notes forming part of the Financial Statements

### 8. TRADE AND OTHER RECEIVABLES

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| Trade receivables (third parties) | **44,043,275** | 38,714,728 |
| Allowance for doubtful debts | **(134,583)** | (169,626) |
| | **43,908,692** | 38,545,102 |
| **Amounts due from (trade):** | | |
| - immediate holding company | **16,992,628** | 7,848,339 |
| - subsidiaries | **3,133,859** | 1,411,758 |
| - related corporations | **419,377** | 216,757 |
| **Unbilled revenue and advance billings from:** | | |
| - immediate holding company | **538,760** | 382,959 |
| - subsidiaries | **–** | 34,494 |
| - related corporations | **145,244** | 82,285 |
| Unbilled revenues (third parties) | **11,740,743** | 8,092,187 |
| **Other receivables** | | |
| - immediate holding company (trade) | **8,403,275** | 10,912,714 |
| - subsidiaries | **30,877** | 44,663 |
| - related corporations | **31,323** | 189,092 |
| Other receivables(third parties) | **346,143** | 697,066 |
| | **85,690,921** | 68,457,416 |

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

Amounts due from the immediate holding company, subsidiaries and related corporations are unsecured, interest-free and are to be settled in cash. There is no allowance of doubtful debts arising from these outstanding balances.

**Credit and market risks, and impairment losses**

The Company's exposure to credit and currency risks, and impairment losses for trade and other receivables are disclosed in note 22.

### 9. OTHER ASSETS

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| Advance for Investments* | **–** | 3,228,291 |
| Prepayments | **45,237** | 301,335 |
| Deposits | **107,427** | 93,316 |

(Amount in : US$)

| | **2023** | 2022 |
|---|---|---|
| Contract assets | | |
| - immediate holding company | **874,639** | 134,546 |
| - subsidiaries | **98,708** | (9,802) |
| - related corporations | **59,145** | – |
| - third Parties | **5,245,588** | 4,723,932 |
| Contract fulfilment cost | **450,306** | 380,049 |
| | **6,881,050** | 8,851,667 |

* Refer Note 4 (d) Investments for details

| | | |
|---|---|---|
| Represented by: | | |
| Current | **6,862,235** | 8,851,667 |
| Non-current | **18,815** | – |
| | **6,881,050** | 8,851,667 |

## 10. SHARE CAPITAL

(Amount in : US$)

| | No. of shares | No. of shares | Amount | Amount |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| **Fully paid ordinary shares, with no par value:** | | | | |
| At 1 April and 31 March | **7,582,820** | 7,582,820 | **4,400,000** | 4,400,000 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

***Capital management***

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of share capital and retained earnings.

Management reviews the capital structure on a semi-annual basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the company will balance its overall capital structure through the payment of dividends and new share issues. The Company does not have any externally imposed capital restrictions.

The Company's overall strategy remains unchanged from the prior year.

## Notes forming part of the Financial Statements

### 11. TRADE AND OTHER PAYABLES

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| **Amounts due to:** | | |
| - immediate holding company (trade) | **58,960,577** | 45,565,662 |
| - subsidiaries (trade) | **1,327,922** | 367,880 |
| - related corporations (trade) | **670,329** | 891,083 |
| - third parties | **2,001,946** | 1,988,231 |
| **Unearned and deferred revenue** | | |
| - immediate holding company | **879,921** | 230,296 |
| - subsidiaries | **95,255** | 94,091 |
| - related corporations | **14,657** | 32,780 |
| - third parties | **9,416,454** | 11,104,556 |
| | **73,367,061** | 60,274,579 |

The average credit period on purchases of services is 30 days (2022: 30 days). Interest is not charged on the overdue balances.

Amounts due to the ultimate holding company, immediate holding company, subsidiaries and related corporations are unsecured, interest-free, repayable on demand and are to be settled in cash.

**Market and liquidity risk**

The Company's exposure to liquidity and currency risks for trade payables are disclosed in note 22.

### 12. ACCRUALS

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| Employee benefits | **9,327,096** | 8,610,063 |
| Volume discount payable | | |
| - immediate holding company (trade) | **157,243** | 385,747 |
| - subsidiaries (trade) | **17,273** | 9,529 |
| - related corporations (trade) | **107,833** | 11,131 |
| - third parties | **1,046,900** | 1,173,791 |
| Dividend payable to immediate holding company (refer note 18) | **30,000,000** | - |
| **Other accruals** | | |
| - ultimate holding Company | **794,677** | 769,104 |
| - immediate holding company | **(203,923)** | – |
| - related corporations (trade) | **19,890** | – |
| - third parties | **11,031,200** | 9,706,879 |
| | **52,298,189** | 20,666,244 |
| **Represented by:** | | |
| Current | **51,783,069** | 20,175,609 |
| Non-current | **515,120** | 490,635 |
| | **52,298,189** | 20,666,244 |

### Market and liquidity risk

The Company's exposure to liquidity and currency risks for accruals are disclosed in note 22..

## 13. LEASE LIABILITIES

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| **Non-current liabilities** | | |
| Lease liabilities | **800,429** | 2,535,886 |
| **Current liabilities** | | |
| Lease liabilities | **1,730,311** | 1,645,849 |
| **Total lease liabilities** | **2,530,740** | 4,181,735 |

### Terms and debt repayment schedule

Terms and conditions of outstanding lease liabilities are as follows:

(Amount in : US$)

| | | | | 2023 | | 2022 | |
|---|---|---|---|---|---|---|---|
| | **Currency** | **Nominal interest rate** | **Year of maturity** | **Face value** | **Carrying amount** | **Face value** | **Carrying amount** |
| Lease liabilities | SGD | 3.52% | 2024 | **2,437,543** | **2,376,064** | 4,137,237 | 3,985,066 |
| Lease liabilities | KRW | 3.45% | 2024 | **158,543** | **154,597** | 204,842 | 196,669 |

### Reconciliation of movements of liabilities to cash flows arising from financing activities:

(Amount in : US$)

| | Lease liabilities |
|---|---|
| **Balance at 1 April 2021** | 5,812,242 |
| **Changes in financing cash flows** | |
| Repayment of lease liabilities | (1,580,937) |
| Interest paid | (154,728) |
| **Total changes from financing cash flows** | (1,735,665) |
| **Other changes** | |
| **Liability-related** | |
| Interest expense | 154,728 |
| Exchange differences | (49,570) |
| **Total liability-related other changes** | 105,158 |
| **Balance at 31 March 2022** | 4,181,735 |

## Notes forming part of the Financial Statements

(Amount in : US$)

| | Lease liabilities |
|---|---|
| **Balance at 1 April 2022** | **4,181,735** |
| **Changes in financing cash flows** | |
| Repayment of lease liabilities | **(1,597,289)** |
| Interest paid | **(108,992)** |
| **Total changes from financing cash flows** | **(1,706,281)** |
| **Other changes** | |
| **Liability-related** | |
| Addition | **52,484** |
| Lease modification | **(97,567)** |
| Lease concession | **-** |
| Interest expense | **108,992** |
| Exchange differences | **(8,623)** |
| **Total liability-related other changes** | **55,286** |
| **Balance at 31 March 2023** | **2,530,740** |

## 14. REVENUE

### (a) Disaggregation of revenue from contracts with customers

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| Rendering of services | **339,096,279** | 319,258,291 |
| - Banking, financial services and insurance | **241,198,004** | 230,288,498 |
| - Manufacturing process | **12,277,569** | 13,698,797 |
| - Retail distribution | **3,719,569** | 3,515,695 |
| - Telemedia and entertainment | **2,533,759** | 3,102,469 |
| - Energy utilities | **6,700,490** | 3,683,911 |
| - High technology | **10,613,205** | 8,132,753 |
| - Lifesciences | **10,016,797** | 6,419,885 |
| - Travel, transport and hospitality | **48,531,062** | 47,107,562 |
| - Others | **3,505,824** | 3,308,721 |
| Sales of goods | **1,170,708** | 1,215,522 |
| | **340,266,987** | 320,473,813 |

| | 2023 | 2022 |
|---|---|---|
| **Primary geographical markets** | | |
| - Asia Pacific | **322,121,930** | 307,118,146 |
| - Americas | **12,407,459** | 10,213,126 |
| - UK | **1,957,803** | 1,641,561 |
| - Europe | **3,217,386** | 1,285,874 |
| - India | **554,399** | 206,268 |
| - Middle East | **8,010** | 8,838 |
| | **340,266,987** | 320,473,813 |
| **Timing of revenue recognition** | | |
| - Products and services transferred over time | **339,096,279** | 319,258,291 |
| - Products transferred at a point in time | **1,170,708** | 1,215,522 |
| | **340,266,987** | 320,473,813 |

**(b) Contract balances**

The following table provides information about contract assets and contract liabilities from contracts with customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts and where not only act of invoicing is pending. The contract assets are transferred to trade receivables when the rights become unconditional.This usually occurs when the Company invoices the customer.

Contract liabilities primarily relate to unearned and deferred revenue, which are recognised when there are billings in excess of revenues.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows.

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| **Contract assets:** | | |
| **Balance at the beginning of the year** | **4,848,676** | 1,760,628 |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | **6,083,534** | 4,586,470 |
| Invoices raised that were included in the contract assets balance at the beginning of the year | **(4,670,124)** | (1,467,686) |
| Translation exchange difference | **15,994** | (30,736) |
| **Balance at the end of the year** | **6,278,080** | 4,848,676 |

## Notes forming part of the Financial Statements

| | | |
|---|---|---|
| **Contract liabilities:** | | |
| **Balance at the beginning of the year** | **(11,461,723)** | (14,311,328) |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | **11,366,309** | 14,227,409 |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year | **(10,198,890)** | (11,343,347) |
| Translation exchange difference | **(111,983)** | (34,457) |
| **Balance at the end of the year** | **(10,406,287)** | (11,461,723) |

**(c) Transaction price allocated to the remaining performance obligations**

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in FRS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is US$175 million (2022: US$124 million), of which, 76% (2022: 86%) is expected to be recognised as revenue within the next 1 year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

## 15. OTHER INCOME

(Amount in : US$)

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Dividend income from:** | | | |
| - subsidiaries | 20 | **24,465,204** | 20,688,643 |
| - financial asset at FVOCI | 5 | **507,388** | 547,792 |
| Foreign exchange losses (net) | | **121,651** | (196,001) |
| Government grant | | **686,995** | 1,668,732 |
| Other income | | **203** | 11,507 |
| | | **25,781,441** | 22,720,673 |

Government grant income relates mainly to Jobs Growth Incentive and Wage Credit Scheme (2022: Job Support Scheme ("JSS") and wage credit scheme ("WCS"))

## 16. TAX EXPENSE

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| **Current tax expense** | | |
| Current year | **2,426,842** | 1,586,564 |
| Witholding tax expenses | **2,222,416** | 1,659,674 |
| Adjustment for prior years | **–** | (1,035,394) |
| | **4,649,258** | 2,210,844 |
| ***Reconciliation of effective tax rate*** | | |
| Profit before tax | **39,039,963** | 25,561,310 |
| Tax calculated using Singapore tax rate of 17% (2022: 17%) | **6,636,794** | 4,345,423 |
| Non-deductible items | **35,389** | 851,335 |
| Tax exempt income | **(4,245,341)** | (3,610,194) |
| Witholding tax expenses | **2,222,416** | 1,659,674 |
| Adjustment for prior years | **–** | (1,035,394) |
| | **4,649,258** | 2,210,844 |

## 17. PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| Employee benefits expense (including directors' remuneration) | **105,652,962** | 101,135,186 |
| Contributions to defined contribution plans (excluded from employee benefits expenses) | **5,126,956** | 4,949,597 |
| Allowance for impairment of trade receivables | **(40,145)** | (22,670) |
| Cost of inventories charged to cost of sales | **154,475** | 16,895 |
| Depreciation and amortisation on equipment, ROU asset and intangible asset | **2,667,188** | 2,624,795 |
| Foreign exchange (gain)/ loss, net | **(121,651)** | 196,001 |

## Notes forming part of the Financial Statements

Administrative expense includes the following significant expenses:

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| Directors' remuneration | **660,124** | 639,461 |
| Employee benefits expense (including directors' remuneration) | **24,696,924** | 21,741,386 |
| Contributions to defined contribution plans (excluded from employee benefits expenses) | **1,355,525** | 1,193,327 |
| Depreciation and amortisation on equipment, ROU asset and intangible asset | **1,819,570** | 1,869,843 |

### 18. DIVIDENDS

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| Tax exempt interim dividends declared of US$ 3.96 (2022: US$3.56) per share | **30,000,000** | 27,000,000 |

Reconciliation of movements of liabilities to cash flows arising from financing activities:

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| **Accurals - Immediate holding company** | | |
| Dividends payable at 1 April | **–** | – |
| Dividends declared | **30,000,000** | 27,000,000 |
| Dividends paid | **–** | (27,000,000) |
| Total changes from financing cash flows | **–** | – |
| Dividends payable at 31 March * | **30,000,000** | – |

*Dividend is paid on 3rd April 2023.

### 19. GUARANTEES AND COMMITMENTS

**(a) Guarantees**

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| Guarantees to customers in respect to services performed | **2,806,570** | 3,628,700 |
| Guarantees to vendors in respect of services performed for the Company | **562,211** | 552,162 |

**(b) Capital commitments**

The Company has contractually committed US$ 84,831 as at 31 March 2023 (2022: US$16,913) for purchase of plant and equipment.

## 20. RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa. Related parties may be individuals or other entities.

***Key management personnel compensation***

The remuneration of directors during the year were as follows:

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| Short-term benefits | **660,124** | 639,461 |

The key management personnel are identified as the directors of the Company.

***Other related party transactions***

Significant intercompany transactions, other than those disclosed elsewhere in the notes to financial statements are as follows:

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| **Ultimate holding company** | | |
| Royalty expense | **(794,677)** | (769,124) |
| **Associate of ultimate holding company** | | |
| Rendering of services | **72,000** | 72,000 |
| Communication expenses | **(54,523)** | (130,591) |
| **Immediate holding company** | | |
| Rendering of services | **16,836,993** | 13,904,055 |
| Purchases of services | **(199,293,304)** | (201,760,950) |
| Dividend paid | **(30,000,000)** | (27,000,000) |
| **Subsidiaries** | | |
| Rendering of services | **2,897,545** | 2,204,138 |
| Purchases of services | **(2,382,004)** | (1,487,655) |
| Dividend received | **24,465,204** | 20,688,643 |
| **Related companies** | | |
| Rendering of services | **2,989,548** | 1,282,235 |
| Purchases of services | **(3,749,578)** | (2,017,876) |

## 21. LEASES

**Leases as lessee (FRS 116)**

The Company leases 3 offices in commercial building. The lease typically runs for a period of 4 years, with an option to renew the lease after that date. Lease payments are renegotiated every 4 years to reflect market rentals. The Company is restricted from entering into any sub-lease arrangements.



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## Notes forming part of the Financial Statements

The Company leases employee's accommodation with contract term of one year, which is short-term in nature except for one lease which is more than a year. The Company has elected not to recognise right-of-use asset and lease liability for this lease except for the lease which is for more than a year.

The Company has elected not to apply the requirements of FRS 116 for all the leases for which the underlying asset is of low value.Information about leases for which the Company is a lessee is presented below.

**Right-of-use assets**

Right-of-use assets related to leased properties that do not meet the definition of investment property are :

(Amount in : US$)

| | Leasehold building | |
|---|---|---|
| | **2023** | **2022** |
| **Balance at 1 April** | **4,222,267** | 5,924,520 |
| Addition to right-of-use assets | **52,484** | – |
| Deletions to right-of-use assets | **(97,567)** | – |
| Depreciation charge for the year | **(1,695,945)** | (1,702,253) |
| **Balance at 31 March** | **2,481,239** | 4,222,267 |

**Amounts recognised in profit or loss**

(Amount in : US$)

| | **2023** | **2022** |
|---|---|---|
| **Leases under FRS 116** | | |
| Interest on lease liabilities | **108,992** | 154,728 |
| Expenses relating to short-term leases | **1,875** | 1,019 |

**Amounts recognised in statement of cash flows**

(Amount in : US$)

| | **2023** | **2022** |
|---|---|---|
| **Total cash outflow for leases(including cash outflow for short term leases and leases for low value assets)** | **1,708,156** | 1,736,684 |

## 22. FINANCIAL INSTRUMENTS

**Financial risk management**

**Overview**

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

**Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

Impairment losses on financial assets trade receivables recognised in profit or loss were as follows:

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| Reversal for impairment loss on trade receivables and arising from contracts with customers | **(40,145)** | (22,670) |

**Trade receivables**

***Exposure to credit risk***

The exposure to credit risk for trade receivables, unbilled revenue and contract assets at the reporting date by geographic region was as follows:

(Amount in : US$)

| | Carrying amount | |
|---|---|---|
| | 2023 | 2022 |
| Asia Pacific | **61,173,204** | 53,793,822 |
| Europe | **590,529** | 289,268 |
| India | **11,874,003** | 4,840,922 |
| Americas | **2,854,968** | 2,282,291 |
| Middle East | **2,941** | 3,909 |
| UK | **383,658** | 252,345 |
| | **76,879,303** | 61,462,557 |

At the end of the reporting period, significant concentration of credit risk of the Company's trade receivables balance of US$ 16,992,628 and US$ 3,133,859 (2022: US$7,848,339 and US$1,411,758) were due from the immediate holding company and subsidiaries, respectively.

***Expected credit loss assessment***

Loss rates are calculated based on actual credit loss experience over the past three years and adjusted for using Company's review on the current conditions and economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

## Notes forming part of the Financial Statements

The following table provides information about the exposure to credit risk and ECLs for the trade receivables (third parties and related parties) and unbilled revenue as at 31 March:

(Amount in : US$)

| | Weighted average loss rate % | Gross carrying amount | Expected credit loss allowance | Credit impaired | Credit impaired amounts |
|---|---|---|---|---|---|
| **31 March 2023** | | | | | |
| Current (not past due) | **–** | **48,297,204** | **–** | **No** | **–** |
| Past due 1 – 30 days | **–** | **24,482,935** | **–** | **No** | **–** |
| Past due 31 – 60 days | **–** | **1,393,631** | **–** | **No** | **–** |
| Past due 61 – 90 days | **–** | **1,263,520** | **–** | **No** | **–** |
| Past due 91 – 180 days | **–** | **1,124,453** | **–** | **No** | **–** |
| Past due 181 – 365 days | **-** | **365,721** | **-** | **No** | **-** |
| Past due more than 365 days | **156%** | **86,422** | **(134,583)** | **Yes** | **134,583** |
| | | **77,013,886** | **(134,583)** | | **134,583** |
| **31 March 2022** | | | | | |
| Current (not past due) | – | 40,748,850 | – | No | – |
| Past due 1 – 30 days | – | 8,164,291 | – | No | – |
| Past due 31 – 60 days | – | 2,236,179 | – | No | – |
| Past due 61 – 90 days | – | 731,802 | – | No | – |
| Past due 91 – 180 days | – | 2,017,712 | – | No | – |
| Past due 181 – 365 days | - | 1,692,384 | - | No | - |
| Past due more than 365 days | 14.22% | 1,192,289 | (169,626) | Yes | 169,626 |
| | | 56,783,507 | (169,626) | | 169,626 |

- **Measurement of expected credit loss allowance for trade and other receivables (including contract assets and deposits)**

  Management regularly reviews the recoverability and aging of the trade and other receivables (including contract assets and deposits) in arriving at estimates of expected credit loss ('ECL') for trade and other receivables (including contract assets and deposits). Management considers the credit history and financial position of the customer before assessing the need for any allowance to be made. The carrying amount and credit risk (including ECL assessment and key assumptions in determining the weighted-average loss rate) of trade and other receivables (including contract assets and deposits) is disclosed in note 8, note 9 and note 22 to the financial statements respectively.

**Movements in allowance for impairment in respect of trade receivables**

The movement in the allowance for impairment in respect of trade receivables as follows:

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| **At 1 April** | **(169,626)** | (193,608) |
| Impairment loss recognised | **40,013** | (132) |
| Impairment loss written-back | **132** | 22,802 |
| Exchange difference | **(5,102)** | 1,312 |
| **At 31 March** | **(134,583)** | (169,626) |

**Cash and cash equivalents**

The Company held cash and cash equivalents of US$ 46,787,860 at 31 March 2023 (2022: US$14,295,354). The cash and cash equivalents are held with reputable bank and financial institution counterparties of high credit standings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the low credit risk of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

***Contract assets and other receivables***

The Company uses a similar approach for assessment of ECLs for these receivables to those used for trade receivables. Impairment on these balances applied depends on whether there has been a significant increase in credit risk. No aging analysis of these balances are presented as the majority of outstanding balance as at 31 March 2023 and 31 March 2022 are current. The amount of the allowance on these balances is insignificant.

***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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.

The following table summarises the Company's remaining contractual maturity for its non-derivative financial liabilities at the end of the reporting period based on undiscounted cash flows of financial instruments premised on the earlier of the contractual date or when the Company is expected to pay.

(Amount in : US$)

| | Cash flows | | | |
|---|---|---|---|---|
| | **Carrying amount** | **Contractual cash flows** | **Within one year** | **Between one and five years** |
| **31 March 2023** | | | | |
| **Non-derivatives financial liabilities** | | | | |
| Trade and other payables* | **63,105,835** | **63,105,835** | **63,105,835** | **–** |
| Accruals* | **41,237,000** | **41,237,000** | **40,721,880** | **515,120** |
| Leases liabilities | **2,350,740** | **2,596,086** | **1,786,512** | **809,574** |
| | **106,693,575** | **106,938,921** | **105,614,227** | **1,324,694** |

## Notes forming part of the Financial Statements

| | | | | |
|---|---|---|---|---|
| **31 March 2022** | | | | |
| **Non-derivatives financial liabilities** | | | | |
| Trade and other payables* | 48,881,006 | 48,881,006 | 48,881,006 | – |
| Accruals* | 10,016,330 | 10,016,330 | 9,525,695 | 490,635 |
| Leases liabilities | 4,181,735 | 4,342,080 | 1,748,806 | 2,593,274 |
| | 63,079,071 | 63,239,416 | 60,155,507 | 3,083,909 |

* Excludes unearned revenue, deferred revenue, indirect taxes & accumulated privilage leave salary provision.

***Market risk***

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Interest rate risk*

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the Company in the current reporting period or in future years. The Company does not have any significant interest-bearing liabilities or interest earning assets.

*Currency risk*

The Company operates regionally and therefore, transacts in various foreign currencies and therefore is exposed to foreign exchange risks. Exposure to currency risk is monitored on an on-going basis and the Company endeavours to keep the net exposure at an acceptable level.

*Exposure to currency risk*

The Company's exposures to foreign currencies are as follows:

(Amount in : US$)

| | Liabilities | | Assets | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| Singapore dollar | **24,173,828** | 29,160,160 | **29,145,697** | 25,657,536 |
| Euro | **3,611,313** | 3,325,070 | **4,538,416** | 4,963,643 |
| Japanese yen | **–** | – | **17,949** | 18,687 |
| Korean won | **3,401,740** | 3,854,931 | **4,854,556** | 4,118,245 |
| Chinese renminbi | **8,009** | (9,731) | **185,155** | (20,562) |
| Great Britain pound | **60,858** | 89,502 | **216,509** | 161,899 |
| Hong Kong dollar | **(83,131)** | (83,357) | **(5,856)** | 18,571 |
| Indian rupee | **78,686** | 61,488 | **(464,152)** | (377,490) |
| New Taiwan dollar | **–** | – | **(633,935)** | (674,358) |
| Thai Baht | **135,122** | 99,481 | **–** | 1,399 |
| Malaysian Ringgit | **1,209** | 2,272 | **8,762** | 44,573 |
| Indonesia Rupiah | **–** | – | **27,854** | 39,308 |
| Swiss Franc | **(9,159)** | 55,748 | **127,699** | 62,155 |
| New Zealand Dollar | **(105)** | (114) | **27,869** | 80,194 |
| Australian Dollar | **91,493** | 94,185 | **592,228** | 43,444 |

*Sensitivity analysis for foreign currency risk*

A 10% strengthening/weakening of US$ against the following currencies at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(Amount in : US$)

| | Strengthen | | Weaken | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Singapore dollar | **497,187** | (350,262) | **(497,187)** | 350,262 |
| Euro | **92,710** | 163,857 | **(92,710)** | (163,857) |
| Japanese yen | **1,795** | 1,868 | **(1,795)** | (1,868) |
| Korean won | **145,282** | 26,331 | **(145,282)** | (26,331) |
| Chinese renminbi | **17,715** | (1,085) | **(17,715)** | 1,085 |
| Great Britain pound | **15,565** | 7,240 | **(15,565)** | (7,240) |
| Hong Kong dollar | **7,728** | 10,193 | **(7,728)** | (10,193) |
| Indian rupee | **(54,284)** | (43,898) | **54,284** | 43,898 |
| New Taiwan dollar | **(63,393)** | (67,436) | **63,393** | 67,436 |
| Thai Baht | **(13,512)** | (9,808) | **13,512** | 9,808 |
| Malaysian Ringgit | **755** | 4,230 | **(755)** | (4,230) |
| Indonesia Rupiah | **2,785** | 3,931 | **(2,785)** | (3,931) |
| Swiss Franc | **13,686** | 641 | **(13,686)** | (641) |
| New Zealand Dollar | **2,797** | 8,031 | **(2,797)** | (8,031) |
| Australian Dollar | **50,073** | (5,074) | **(50,073)** | 5,074 |

***Determination of fair values***

The carrying amounts of financial assets and financial liabilities approximate their fair values because of the relative short-term maturity of these financial instruments.

**(i) Valuation techniques and significant unobservable inputs**

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

| **Financial assets** | **Assets** | | **Fair value hierarchy** | **Valuation technique(s) and key input(s)** | **Significant unobservable input(s)** | **Relationship of unobservable inputs to fair value** |
|---|---|---|---|---|---|---|
| | US$ | | | | | |
| | **2023** | 2022 | | | | |
| Unquoted equity shares, at fair value - designated at FVOCI | **3,300,000** | 3,300,000 | Level 3 | Market Comparison Technique: The valuation model is based on market multiples derived from quoted prices of companies comparable to the Company, adjusted for the effect of the non marketability of the equity investments and the expected EBITDA of the Company | Adjusted market multiple | The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower) |

## Notes forming part of the Financial Statements

### (ii) Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

(Amount in : US$)

| | 2023 | 2022 |
|---|---|---|
| **Unquoted equity shares designated at FVOCI** | | |
| Balance at the beginning of the year | **3,300,000** | 3,300,000 |
| Net change in fair value of unquoted equity shares designated at FVOCI | **-** | - |
| Balance at the end of the year | **3,300,000** | 3,300,000 |

***Sensitivity analysis***

For the fair values of unquoted equity shares designated at FVOCI reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

(Amount in : US$)

| | Other comprehensive income | |
|---|---|---|
| | Increase | Decrease |
| **31 March 2023** | | |
| EBITDA Multiple (0.5x movement) | **113,000** | **(113,000)** |
| Normalised EBITDA (10% movement) | **215,000** | **(215,000)** |
| **31 March 2022** | | |
| EBITDA Multiple (0.5x movement) | 199,000 | (100,000) |
| Normalised EBITDA (10% movement) | 249,000 | (150,000) |

# TCS FNS PTY LIMITED AND CONTROLLED ENTITIES

**ABN 45 116 714 482**

## General Purpose Financial Report
## Simplified Disclosure Requirements

# Financial Statements And Independent Auditor's Report

**For the year ended March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

# DIRECTORS' REPORT

The directors present their report together with the consolidated financial statements of the Group comprising of TCS FNS Pty Limited and its subsidiaries for the financial year ended March 31, 2023 and the auditor's report theron.

**1. Directors**

The names of the directors in office at any time during or since the end of the year are:

| | |
|---|---|
| Neville Joseph Roach | Appointed October 20, 2005 |
| Natarajan Ganapathy Subramaniam | Appointed April 11, 2008 |
| Girish Ramachandran Payangatiri | Appointed November 09, 2015 |
| Venkateshwaran Srinivasan | Appointed June 12, 2017 |
| Madhav Anchan | Appointed August 09, 2019 |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**2. Principal activities**

The principal activities of the Group during the financial year is holding investments in wholly owned subsidiaries and the development and sale of specialist banking software and the provision of implementation and project management services. No significant change in the nature of these activities occurred during the year.

**3. Review of operations**

The profit of the Group for the financial year after providing for income tax amounted to AUD 6,697,442 (2022 profit of AUD 6,917,418).

The Group has continued its focus on its core competency of product development with further growth of its core banking product to capture greater market share of the Banking sector.

**4. Significant changes in state of affairs**

On 16 March 2023 the Group's investment in TCS Financial Solutions Beijing Co., Ltd. was sold to Tata Consultancy Servises (China) Company Limited for AUD 7,407,029 (CNY 34,090,100). Other than noted above, there were no significant changes under review in the state of the affairs of the Company that occurred during the financial year.

**5. Environmental issues**

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

**6. Dividends**

AUD 8,000,000 dividend was paid to Tata Consultancy Services Limited (Parent Company) during the financial year. (2022: AUD 7,500,000).

**7. Events subsequent to reporting date**

There have been no matters which have arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**8. Likely developments**

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

**9. Shares under options**

No options over issued shares or interests in the Group were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

**10. Indemnity and insurance of officers and auditors**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Group.

**11. Proceedings on behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

**12. Lead auditor's independence declaration**

The Lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the financial year ended March 31, 2023.

**Neville J Roach**

Director

**Date: 5th june, 2023**

# LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATION ACT 2001

**To the Directors of**

**TCS FNS Pty Limited and controlled entities**

I declare that, to the best of my knowledge and belief, in relation to the audit of TCS FNS Pty Limited and controlled entities for the financial year ended 31 March 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

**KPMG**

**Richard Drinnan**
Partner
Wollongong
06 June 2023



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## Statement of Profit or Loss and Other Comprehensive Income

(Amount in AUD)

| Continuing operations | Note | Group | | Parent | |
|---|---|---|---|---|---|
| | | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| **Revenue** | 5 | **10,893,510** | 12,021,746 | **-** | - |
| Other income | 5 | **11,129** | 13,233 | **8,000,000** | 7,500,000 |
| **Expenses** | | | | | |
| Selling, general and administrative expenses | | **(1,986,216)** | (2,362,207) | **-** | - |
| Foreign exchange gain/(loss) | 6 | **(205,636)** | 8,048 | **-** | - |
| Finance costs | 7 | **(1,949)** | (2,704) | **(50)** | (50) |
| **Profit before tax** | | **8,710,838** | 9,678,114 | **7,999,950** | 7,499,950 |
| Income tax expense | 8 | **(3,022,228)** | (2,982,333) | **-** | (46) |
| **Profit from continuing operations** | | **5,688,610** | 6,695,781 | **7,999,950** | 7,499,904 |
| **Discontinued Operation (Disposal of a foreign subsidiary)** | | | | | |
| Profit (loss) from discontinued operation, net of tax | 4 | **(850,068)** | 221,637 | **-** | - |
| Profit on sale of investment in Discontinued Operation | | **1,858,900** | - | **-** | - |
| Profit for the period | | **6,697,442** | 6,917,418 | **7,999,950** | 7,499,904 |
| Other comprehensive income | | | | | |
| Foreign currency translation | | **-** | 356,535 | **-** | - |
| Other comprehensive income/( loss) for the year, net of tax | | **-** | 356,535 | **-** | - |
| **Total comprehensive income for the year** | | **6,697,442** | 7,273,953 | **7,999,950** | 7,499,904 |

SEE ACCOMPANYING NOTES (1 TO 22) FORMING PART OF THE FINANCIAL STATEMENTS.

## Statements of Financial Position

(Amount in AUD)

| | Note | Group | | Parent | |
|---|---|---|---|---|---|
| | | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| **Current assets** | | | | | |
| Cash and cash equivalents | 10 | **9,290,762** | 4,107,884 | **2,850** | 2,900 |
| Trade and other receivables | 11 | **11,167,718** | 15,181,328 | **923,059** | 1,234,424 |
| Other current financial assets-Loans to related parties | | **-** | - | **6,027,421** | 6,027,421 |
| Current tax asset | | **115,212** | - | **-** | - |
| Other current assets | 12 | **251,026** | 5,968,300 | **-** | - |
| Total current assets | | **20,824,718** | 25,257,512 | **6,953,330** | 7,264,745 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 13 | **-** | 41,120 | **-** | - |
| Deferred tax assets (net) | 15 | **2,550,154** | 2,799,874 | **-** | - |
| Investment in subsidiary | 19 | **-** | - | **300,000** | 300,000 |
| Other assets | 12 | **-** | 392,083 | **-** | - |
| **Total non-current assets** | | **2,550,154** | 3,233,077 | **300,000** | 300,000 |
| **Total Assets** | | **23,374,872** | 28,490,588 | **7,253,330** | 7,564,745 |
| **Current liabilities** | | | | | |
| Trade and other payables | 14 | **976,857** | 2,645,077 | **-** | - |
| Income tax payable (net) | | **-** | 1,222,508 | **923,059** | 1,234,424 |
| Total current liabilities | | **976,857** | 3,867,585 | **923,059** | 1,234,424 |
| **Non-current liabilities** | | | | | |
| Trade and other payables | 14 | **-** | 737,971 | **-** | - |
| **Total non-current liabilities** | | **-** | 7 37,971 | **-** | - |
| **Total liabilities** | | **976,857** | 4,605,556 | **923,059** | 1,234,424 |
| **Net Assets** | | **22,398,015** | 23,885,033 | **6,330,271** | 6,330,321 |
| **Equity** | | | | | |
| Share capital | 16 | **37,258,815** | 37,258,815 | **37,258,815** | 37,258,815 |
| Accumulated losses | | **(14,860,800)** | (13,558,243) | **(7,212,819)** | (7,212,819) |
| Reserves | | **-** | - | **(146)** | (96) |
| Foreign currency translation reserve | 17 | **-** | 184,461 | **-** | - |
| Common control reserve | | **-** | - | **(23,715,579)** | (23,715,579) |
| **Total Equity** | | **22,398,015** | 23,885,033 | **6,330,271** | 6,330,321 |

SEE ACCOMPANYING NOTES (1 TO 22) FORMING PART OF THE FINANCIAL STATEMENTS.

## Statements of Changes in Equity

(Amount in AUD)

| Consolidated Group | Share capital | Accumulated losses | Foreign currency translation reserve | Total |
|---|---|---|---|---|
| **Balance as at March 31, 2021** | 37,258,815 | (12,975,661) | (172,074) | 24,111,080 |
| Profit for the year | - | 6,917,418 | - | 6,917,418 |
| Dividend paid | - | (7,500,000) | - | (7,500,000) |
| Total comprehensive loss for the year | - | - | 356,535 | 356,535 |
| **Balance as at March 31, 2022** | 37,258,815 | (13,558,243) | 184,461 | 23,885,033 |
| Profit for the year | - | 6 ,697,442 | - | 6,697,442 |
| Dividend paid | - | (8,000,000) | - | (8,000,000) |
| Total comprehensive loss for the year | - | - | (184,461) | (184,461) |
| **Balance as at March 31, 2023** | 37,258,815 | (14,860,801) | - | 22,398,014 |

**Parent Entity**

(Amount in AUD)

| Consolidated Group | Share capital | Profits reserve | Accumulated losses | Common control reserve | Total |
|---|---|---|---|---|---|
| **Balance as at March 31, 2021** | 37,258,815 | - | (7,212,819) | (23,715,579) | 6,330,417 |
| Profit for the year | - | 7,499,904 | - | - | 7,499,904 |
| Dividend paid | - | (7,500,000) | - | - | (7,500,000) |
| **Balance as at March 31, 2022** | 37,258,815 | (96) | (7,212,819) | (23,715,579) | 6,330,321 |
| Profit for the year | - | 7,999,950 | - | - | 7,999,950 |
| Dividend paid | - | (8,000,000) | (7,212,819) | - | (8,000,000) |
| **Balance as at March 31, 2023** | 37,258,815 | (146) | (7,212,965) | (23,715,579) | 6,330,271 |

SEE ACCOMPANYING NOTES (1 TO 22) FORMING PART OF THE FINANCIAL STATEMENTS.

## Statement of Cash Flows

(Amount in AUD)

| | Note | Group | | Parent | |
|---|---|---|---|---|---|
| | | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| **Cash flows from operating activities** | | | | | |
| Cash received from customers | | **11,450,304** | 11,449,544 | - | - |
| Cash paid to suppliers, employees and others | | **(2,917,716)** | (2,849,703) | - | - |
| Income tax paid | | **(2,566,955)** | (2,670,951) | - | - |
| Net cashflow from discontinued business | | **(259,766)** | (2,645,982) | - | - |
| **Net cash generated from operating activities** | | **5,705,867** | 3,282,908 | - | - |
| **Cash flows from investing activities** | | | | | |
| Proceeds from Disposal of discontinued operation | | **7,387,066** | - | - | - |
| Net Cashflow from discontinued business | | **157,613** | - | - | - |
| Net cash generated from investing activities | | **7,544,679** | - | - | - |
| Cash flows from financing activities | | | | | |
| Interest received | | **11,079** | 13,183 | (50) | (50) |
| Dividends paid | | **(8,000,000)** | (7,500,000) | - | - |
| **Net cashflow from discontinued business** | | **(106,007)** | 720,540 | - | - |
| **Net cash used in financing activities** | | **(8,094,928)** | (6,766,277) | (50) | (50) |
| | | - | - | - | - |
| Foreign Currency Translation reserve | | **27,260** | - | | |
| Net increase/(decrease) in cash & cash equivalents | | **5,155,518** | (3,483,369) | (50) | (50) |
| Cash & cash equivalents at the beginning of the year | | **4,107,884** | 7,591,253 | 2,900 | 2,950 |
| **Cash and cash equivalents at the end of year** | | **9,290,762** | 4,107,884 | 2,850 | 2,900 |

SEE ACCOMPANYING NOTES (1 TO 22) FORMING PART OF THE FINANCIAL STATEMENTS.

## Notes forming part of the Financial Statements

### 1. REPORTING ENTITY

TCS FNS Pty Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia. Tata Sons Private Limited is the ultimate parent of the company. The registered office and principal place of business of the Company is TCS FNS Pty Ltd, Level 6, 76 Berry Street, North Sydney NSW 2060. As at March 31, 2023, Tata Consultancy Services Limited, the immediate parent entity owned 100% of the Company's equity share capital.

### 2. BASIS OF PREPARATION

These consolidated financial statements are general purpose financial statements for distribution to the shareholder and for the purpose of fulfilling the requirements of the Corporations Act 2001. They have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the Corporations Act 2001.

These consolidated financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year the consolidated financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There is no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the Group as a result of the change in the basis of preparation.

The statement of cash flows have been prepared under direct method, disclosing major classes of gross cash receipts and payments related to operating activities.The Accounting Standards require cash flows from interest ,Proceeds from sale of Investment and dividends received and paid to be disclosed separately.

The Group has presented its cash flows that analyses all cash flows in total - i.e. including both continuing and discontinued operations.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of consolidation**

The Group consolidates all entities which are controlled by it. The Group establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity. Entities controlled by the Group are consolidated from the date control commences until the date control ceases.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

**(a) Income tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

**Current tax**

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

## Notes forming part of the Financial Statements

**Deferred tax**

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**Tax consolidation**

The Company, as the head entity in the tax consolidated group and its wholly-owned Australian controlled entities continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilites (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilites arising under the tax funding agreement with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the Group.

The entities in the Tax Consolidated Group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities within the Tax Consolidated Group in the case of a default by the Company.

The entities in the Tax Consolidated Group have also entered into a Tax Funding Agreement under which the wholly-owned entities of that group fully compensate the Company for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Company under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly- owned entities' financial statements.

**(b) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost, less any accumulated depreciation and impairment losses.

**Plant and equipment**

Items of plant and equipment are measured at cost less depreciation and impairment losses.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

**Depreciation**

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leased assets are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

The useful life for each class of depreciable assets is:

| Class of fixed asset | Useful life |
|---|---|
| Furniture and fittings | 5-7 years |
| Plant and equipment | 2.5 to 7 years |
| Motor vehicles | 5 years |
| Leasehold improvements | 10 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

**(c) Intangible assets**

Intangible assets purchased are measured at cost as at the date of acquisition, less accumulated amortisation and accumulated impairment, if any. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight line basis.

**(d) Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of the financial asset or financial liability.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



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## Notes forming part of the Financial Statements

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Group has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of any direct issue costs.

**(e) Impairment**

**Financial assets (other than at fair value)**

The Group assesses at each reporting date whether a financial asset or a group of financial assets is impaired. AASB 9 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**Non-financial assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(f) Foreign currency transactions and balances**

**Functional and presentation currency**

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian Dollars (AUD) which is the Company's functional and presentation currency.

**Transaction and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

**(g) Employee benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

**(h) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

**(i) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**(j) Revenue**

The Group earns revenue primarily from sale of computer software for banking and to market and license the software worldwide and to provide maintenance services.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on an output basis measured by units delivered, efforts expended, number of transactions processed, etc.

- Revenue related to fixed price maintenance and support services contracts where the Group is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

- In respect of other fixed-price contracts, revenue is recognised using the percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues includes the cost of fulfilling warranty obligations.

- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .

- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

## Notes forming part of the Financial Statements

- The solutions offered by the Group may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Group is acting as the principal or as an agent of the customer. The Group recognises revenue at the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how a customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of an enforceable right to payment for performance to date and any alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue for fixed-price contracts is recognised using the percentage-of-completion method. The Group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is an unconditional right to receive cash, and only the passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing to customers follow different schedules based upon the nature and type of goods and services being transferred. The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within a contractually agreed credit period.

In accordance with AASB 137, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Group any reviews modifications to a contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event that the transaction price is revised for an existing obligation, a cumulative adjustment is accounted for.

The Group disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.



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**(k) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(l) Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue from fixed-price contracts is recognized using the percentage of completion method. The Company applies judgment to estimate the future cost until completion of the contracts and it uses judgment to determine the progress towards complete satisfaction of the performance obligation.

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions and events specific to the Company that may be indicative of impairment triggers.

**(m) Adoption of new and revised accounting standards**

Other than detailed in Note 2, in the current year, no new accounting standard has been adopted.

**Discontinued Operation (Disposal of a foreign subsidiary)**

TCS Financial Solutions Australia Pty Ltd has sold 100% of the share capital in TCS Financial Solutions (Beijing) Co., Ltd., to Tata Consultancy Services (China) Co., Ltd. The profits of TCS Financial Solutions (Beijing) Co., Ltd., till the date of transfer of ownership ( i.e 16 March 2023) is considered in the consolidated profit and loss account of TCS FNS Pty Limited and Controlled Entities under the heading Profits From Discontinued Operation (Disposal of a foreign subsidiary).

## Notes forming part of the Financial Statements

### 5 REVENUE

(Amount in AUD)

| | Note | Group | | Parent | |
|---|---|---|---|---|---|
| | | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| **Operating activities** | | | | | |
| Consultancy revenue | | **1,680,422** | 2,350,512 | **-** | - |
| License fees | | **9,213,088** | 9,671,234 | **-** | - |
| **Total revenue** | | **10,893,510** | 12,021,746 | **-** | - |
| **Non operating activities** | | | | | |
| Interest received | | **11,129** | 13,233 | **-** | - |
| Dividend | | **-** | - | **8,000,000** | 7,500,000 |
| **Total other income** | | **11,129** | 13,233 | **8,000,000** | 7,500,000 |

Revenue disaggregation by industry vertical is as follows:

(Amount in AUD)

| | Note | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|---|
| **Industry vertical** | | | | | |
| Banking , financial services and insurance | | **10,893,510** | 12,021,746 | - | - |
| **Total** | | **10,893,510** | 12,021,746 | - | - |

Revenue disaggregation by geography is as follows:

(Amount in AUD)

| | Note | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|---|
| **Geography** | | | | | |
| Asia Pacific | | **1,722,298** | 2,390,013 | - | - |
| India | | **9,171,212** | 9,631,733 | - | - |
| **Total** | | **10,893,510** | 12,021,746 | - | - |

Geographical revenue is allocated based on the location of the customers.

(Amount in AUD)

| | Note | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|---|
| **Timing of revenue recognition:** | | | | | |
| Revenue recongnised at a point in time | | **9,213,088** | 9,671,234 | - | - |
| Revenue recongnised over time | | **1,680,422** | 2,350,512 | - | - |
| | | **10,893,510** | 12,021,746 | - | - |

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Group has applied the practical expedient in AASB 15. Accordingly, the Group has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to the customer typically involving time and materials, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is AUD 1,835,578 out of which AUD 1,515,702 (82.57%) is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

## 6 RESULT FOR THE YEAR

(Amount in AUD)

| **The result for the year is after charging / (crediting) the following items:** | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| Net foreign currency loss / (gain) | **(205,636)** | 8 ,048 | **-** | - |

## 7 FINANCE COSTS

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| Bank charges | **1,949** | 2,704 | **-** | - |
| Interest paid | **-** | - | **50** | 50 |
| **Total finance cost** | **1,949** | 2,704 | **50** | 50 |

## Notes forming part of the Financial Statements

### 8 INCOME TAX (EXPENSE) / INCOME

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| Current tax expense | **(2,772,508)** | (2,670,958) | **-** | (46) |
| Deferred tax expense | **(249,720)** | (311,376) | **-** | - |
| **Total** | **(3,022,228)** | (2,982,333) | **-** | (46) |
| **Reconciliation of effective tax rate** | | | | |
| Profit before tax | **8,710,838** | 9,678,114 | **7,999,950** | 7,499,950 |
| Current tax provision | **(2,613,251)** | (2,903,434) | **2,399,985** | 2,249,985 |
| Current tax of prior period | **(328,270)** | (28,335) | **-** | - |
| Tax on income at different rates | **-** | (300,439) | **-** | - |
| Permanent differences | **(80,707)** | 249,874 | **(2,399,985)** | (2,249,985) |
| **Total** | **(3,022,228)** | (2,982,333) | **-** | - |

### 9 AUDITOR'S REMUNERATION

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| Remuneration of the auditor of TCS FNS Pty Limited | | | | |
| - For audit of the financial statements | **35,438** | 34,931 | **-** | - |
| **Total** | **35,438** | 34,931 | **-** | - |

### 10 CASH AND CASH EQUIVALENTS

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| Balances with banks | **1,990,762** | 2,107,884 | **2,850** | 2,900 |
| Deposit with banks | **7,300,000** | 2,000,000 | **-** | - |
| **Total** | **9,290,762** | 4,107,884 | **2,850** | 2,900 |

## 11 TRADE AND OTHER RECEIVABLES

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| Trade receivables* | **7,014,001** | 5,255,552 | **923,059** | 1,234,424 |
| Allowance for impairment of receivables | **(18,568)** | (26,297) | **-** | - |
| Other receivables | **3 00** | 208 | **-** | - |
| | **6,995,733** | 5,229,463 | **923,059** | 1,234,424 |
| Unbilled receivables* | **4,171,985** | 9,951,865 | **-** | - |
| **Total** | **11,167,718** | 15,181,328 | **923,059** | 1,234,424 |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

* Trade receivables and unbilled receivables include balance with related party of AUD 10,521,266 as at March 31, 2023 (AUD 10,702,002 as at March 31, 2022)(Refer note 21)

**Allowance for impairment of receivables**

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

## 12 OTHER ASSETS

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| **Current assets** | | | | |
| Advance to employees | **-** | 7,862 | **-** | - |
| Prepayments | **188,979** | 129,727 | **-** | - |
| Contract assets | **62,044** | 5,799,600 | **-** | - |
| Other current assets | **3** | 31,111 | **-** | - |
| **Total** | **251,026** | 5 ,968,300 | **-** | - |
| **Non - current assets** | | | | |
| Contract assets | **-** | 391,303 | **-** | - |
| Security deposit | **-** | 780 | **-** | - |
| **Total** | **-** | 392,083 | **-** | - |

## Notes forming part of the Financial Statements

Movement in contract assets is given below ( Group) :

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Balance at beginning of the year** | **6,190,903** | 5,041,739 |
| + Revenue recognised during the year | **50,866** | - |
| - Invoices raised during the year for discontiued operation | **(6,109,921)** | - |
| - Invoices raised during the year | **(89,990)** | (36,831) |
| +/- Translation | **20,186** | 1,185,995 |
| **Balance at end of the year** | **62,044** | 6,190,903 |

## 13 PROPERTY, PLANT AND EQUIPMENT

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **Plant and equipment** | | | | |
| At cost | **347,334** | 1,393,894 | **-** | - |
| Accumulated depreciation | **(347,334)** | (1,352,774) | **-** | - |
| **Total** | **-** | 41,120 | **-** | - |
| **Reconciliation of the carrying amount** | | | | |
| **Net carrying amount on 01 April** | **41,120** | 50,594 | **-** | - |
| Additions | **-** | 13,145 | **-** | - |
| Depreciation Expense | **-** | (22,619) | **-** | - |
| Net transferred on sale of Subsidiary | **(41,120)** | - | **-** | - |
| **Closing balance** | **-** | 41,120 | **-** | - |

## 14 TRADE AND OTHER PAYABLES

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **Current** | | | | |
| Trade creditors* | **400,702** | 417,027 | **-** | - |
| Accrued expenses* | **155,666** | 1,905,635 | **-** | - |
| Unearned and deferred revenue | **420,489** | 322,415 | **-** | - |
| | **976,857** | 2,645,077 | **-** | - |
| **Non-Current** | | | | |
| Loans from Related Party | **-** | 737,971 | **-** | - |
| **Total** | **976,857** | 3,383,048 | **-** | - |

Movement in unearned and deferred revenue is given below ( Group):

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balance at beginning of the year** | **322,415** | 165,045 |
| - Revenue recognised during the year | **(167,475)** | (92,118) |
| - Revenue recognised during the year for discontiued operation | **(154,940)** | - |
| + Invoices raised during the year | **421,326** | 109,938 |
| +/- Translation | **(837)** | 139,550 |
| **Balance at end of the year** | **420,489** | 322,415 |

All amounts are short term and carrying value is considered to be a reasonable approximate of fair value.

* Trade creditors and accrued expenses include balance with related party of AUD 460,847 as at March 31, 2023 (AUD 472,085 as at March 31, 2022) (Refer note .21).

## 15 DEFERRED TAX ASSETS

(Amount in AUD)

| | Note | Group | | Parent | |
|---|---|---|---|---|---|
| | | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| **Deferred tax assets** | | | | | |
| **Non-current** | | | | | |
| Deferred tax asset (net) | | **2,550,154** | 2,799,874 | **-** | - |
| **Total** | | **2,550,154** | 2,799,874 | **-** | - |

## Notes forming part of the Financial Statements

**Movement in deferred tax balance, net ( Group)**

(Amount in AUD)

| **March 31, 2023** | Opening | Recognised in profit & loss | Closing |
|---|---|---|---|
| Intangible | 2,701,514 | (315,840) | 2,385,675 |
| Doubtful debts | 7,889 | (2,319) | 5,570 |
| Unearned and deferred revenue | 50,241 | 75,905 | 126,146 |
| Other temporary differences | 40,230 | (7,466) | 32,763 |
| **Total** | 2,799,874 | (249,720) | 2,550,154 |

(Amount in AUD)

| **March 31, 2022** | Opening | Recognised in profit & loss | Closing |
|---|---|---|---|
| Intangible | 3,017,354 | (315,840) | 2,701,514 |
| Doubtful debts | 7,995 | (106) | 7,889 |
| Unearned and deferred revenue | 44,436 | 5,805 | 50,241 |
| Other temporary differences | 41,464 | (1,234) | 40,230 |
| **Total** | 3,111,249 | (311,376) | 2,799,874 |

## 16 SHARE CAPITAL

(Amount in AUD)

| **Gross Block** | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| 37,258,815 of face value of 1 AUD per share (2022: 37,258,815) fully paid ordinary shares | **37,258,815** | 37,258,815 | 37,258,815 | 37,258,815 |
| **Total** | **37,258,815** | 37,258,815 | 37,258,815 | 37,258,815 |

**a. Ordinary shares**

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| At the beginning of reporting period | **37,258,815** | 37,258,815 | 37,258,815 | 37,258,815 |
| **Total** | **37,258,815** | 37,258,815 | 37,258,815 | 37,258,815 |

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**b. Capital management**

The Group's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Group determines the capital requirement based on annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Group is not subject to any externally imposed capital requirements.

The Company as at March 31, 2023, as with March 31, 2022 has no external commercial short or long term borrowings and accordingly does not have any externally imposed capital requirements and as such no circumstances of non- compliance have occurred.

## 17 RESERVES

**a. Foreign currency translation reserve**

The foreign currency translation reserve records the exchange difference on translation of foreign controlled entities. Credit balance in foreign currency translation reserve as on March 31, 2023 is Nil and in March 31, 2022 AUD 184,461.

**b. Profit reserve**

The profits reserve represents profits of entities within the Group transferred to a separate reserve to preserve their profit character. Such profits are available to enable payment of franked dividends in future years. Dividends amounting to Aud 8,000,000 (2022:7,500,000) were distributed from the profits reserve during the year.

**c. Dividend**

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Final dividend | **8,000,000** | 7,500,000 |

## 18 CONTINGENT LIABILITIES

The Company had no contingent liabilities or assets as at March 31, 2023 (Nil; March 31, 2022).

## 19 INVESTMENT IN SUBSIDIARY

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non - current** | **300,000** | 300,000 |
| Investments in controlled entities at cost | **300,000** | 300,000 |

**Subsidiary**

The subsidiary included in the financial statements of TCS FNS Pty Limited are listed in the following table.

| Name | Country of incorporation | % Equity Interest | |
|---|---|---|---|
| | | As at March 31, 2023 | As at March 31, 2022 |
| TCS Financial Solutions Australia Pty Ltd | Australia | 100 | 100 |
| TCS Financial Solutions Beijing Co., Ltd. | China | NIL | 100 |

## Notes forming part of the Financial Statements

On 16 March 2023 the Group's investment in TCS Financial Solutions Beijing Co., Ltd. was sold to Tata Consultancy Servises (China) Company Limited for AUD 7,407,029 (CNY 34,090,100).

### 20. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of March, 2023 which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### 21. RELATED PARTY TRANSACTIONS

#### GROUP

No matters or circumstances have arisen since the end of March, 2023 which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Consolidated group principal related parties consist of its ultimate holding company Tata Sons Private Limited, holding company Tata Consultancy Services Limited and its subsidiaries, and its key management personnel. The Company routinely enters into transactions with its related parties in the ordinary course of business.

**Transactions with related parties**

**For the year ended March 31, 2023**

(Amounts in AUD)

| Particulars | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Limited, Holding Company | With Tata Consultancy Services Philippines) Inc, Fellow Susidiary | With Tata Consultancy Services (China) Co. Ltd., Fellow Subsidiary | Total |
|---|---|---|---|---|---|
| Revenue from sale of services and licenses | - | 9,171,213 | - | - | 9,171,213 |
| Purchases of goods and services (including reimbursement) | - | 1,373,175 | 243,822 | 3,710 | 1,620,708 |
| Brand equity contribution | 4,306 | | | - | 4,306 |
| Rent paid | - | 11,303 | | - | 11,303 |
| Communication expense | - | 3,600 | | - | 3,600 |
| Sale of Investment | - | | | 7,407,029 | 7,407,029 |
| Dividend paid | - | 8,000,000 | | - | 8,000,000 |
| Total | 4,306 | 18,559,291 | 243,822 | 7,410,739 | 26,218,159 |

**For the year ended March 31, 2022**

(Amounts in AUD)

| Particulars | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Limited, Holding Company | With Tata Consultancy Services Philippines) Inc, Fellow Susidiary | With Tata Consultancy Services (China) Co. Ltd., Fellow Subsidiary | Total |
|---|---|---|---|---|---|
| Revenue from sale of services and licenses | - | 9,631,733 | - | - | 9,631,733 |
| Purchases of goods and services (including reimbursement) | - | 1,368,693 | 620,624 | - | 1,989,317 |
| Brand equity contribution | 5,975 | - | - | - | 5,975 |
| Rent paid | - | 13,717 | - | - | 13,717 |
| Dividend paid | - | 7,500,000 | - | - | 7,500,000 |
| Total | 5,975 | 18,514,143 | 620,624 | - | 19,140,742 |

**Balances with related parties**

**As at March 31, 2023**

(Amounts in AUD)

| Particulars | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Limited, Holding Company | With Tata Consultancy Services Philippines) Inc, Fellow Susidiary | With Tata Consultancy Services (China) Co. Ltd., Fellow Subsidiary | Total |
|---|---|---|---|---|---|
| Trade receivables | - | 6,349,282 | - | - | 6,349,282 |
| Trade payables, accrued expenses | - | - | - | - | - |
| Other financial liabilities and Other | 4,306 | 387,127 | 65,701 | 3,714 | 460,847 |
| liabilities | - | - | - | - | - |
| Unbilled receivables | - | 4,171,984 | - | - | 4,171,984 |
| Prepaid expenses | - | 181,978 | - | - | 181,978 |
| **Total** | 4,306 | 11,090,371 | 65,701 | 3,714 | 11,164,091 |



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## Notes forming part of the Financial Statements

**For the year ended March 31, 2022**

(Amounts in AUD))

| Particulars | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Limited, Holding Company | With Tata Consultancy Services Philippines) Inc, Fellow Susidiary | With Tata Consultancy Services (China) Co. Ltd., Fellow Subsidiary | Total |
|---|---|---|---|---|---|
| Trade receivables | - | 1,242,267 | - | - | 1,242,267 |
| Trade payables, accrued expenses | | | | | |
| Other financial liabilities and Other | 39,305 | 183,544 | 208,118 | 41,118 | 472,085 |
| liabilities | - | - | - | - | - |
| Loan taken | - | - | - | 7 37,971 | 7 37,971 |
| Unbilled receivables | - | 9,459,736 | - | - | 9,459,736 |
| Prepaid expenses | - | 113,991 | - | - | 1 13,991 |
| **Total** | 39,305 | 10,999,538 | - | 779,089 | 12,026,050 |

**Parent Entity**

TCS FNS Pty Ltd principal related parties consist of its holding company Tata Consultancy Services Ltd and its subsidiaries, its subsidiary TCS Financial Solutions Australia Pty Limited and its key management personnel. The Company routinely enters into transactions with its related parties in the ordinary course of business. Below tables include transactions entered during the year and balances as of March 31, 2023 and 2022.

**As at March 31, 2023**

(Amounts in AUD)

| Particulars | With Tata Consultancy Services Limited, Holding Company | With TCS Financial Solutions Australia Pty Limited | With TC Financial Solutions Australia Pty Limited, Subsidiary Company | Total |
|---|---|---|---|---|
| Dividend income | **-** | **8,000,000** | **-** | **8,000,000** |
| Dividend paid | **8,000,000** | **-** | **-** | **8,000,000** |
| Trade and other receivables | **-** | **-** | **923,059** | **923,059** |
| Loans to related parties | **-** | **-** | **6,027,421** | **-** |
| Total | **8,000,000** | **8,000,000** | **6,950,480** | **16,923,059** |



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**As at March 31, 2022**

(Amounts in AUD)

| Particulars | With Tata Consultancy Services Limited, Holding Company | With TCS Financial Solutions Australia Pty Limited | With TC Financial Solutions Australia Pty Limited, Subsidiary Company | Total |
|---|---|---|---|---|
| Dividend income | - | 7,500,000 | - | 7,500,000 |
| Dividend paid | 7,500,000 | - | - | 7,500,000 |
| Trade and other receivables | - | - | 1,234,424 | 1,234,424 |
| Loans to related parties | - | - | 6,027,421 | - |
| Total | 7,500,000 | 7,500,000 | 7,261,845 | 16,234,424 |

## Notes forming part of the Financial Statements

### 22. DEED OF CROSS GUARANTEE

The Company has entered a deed of cross-guarantee with its wholly owned subsidiary, TCS Financial Solutions Australia Pty Limited.

Pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* , the Company guarantees to each creditor payment in full of any debt in the event of winding up of the subsidiary under provisions of the Corporations Act, 2001. If a winding up occurs under the provisions of the Act, the Company will only be liable if after six months any creditor has not been paid in full.

The subsidiary has also given similar guarantees if the Company is wound up.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 31 March 2023 is set out as follows:

### Statement of Profit or Loss and Other Comprehensive Income

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Revenue** | **10,893,510** | 12,021,746 |
| Other income, net | **14,253** | 24,195 |
| **Expenses** | | |
| Project expenses | **(1,859,913)** | (2,241,405) |
| Cost of equipment and software licenses | **-** | - |
| Legal and professional fees | **(45,903)** | (59,952) |
| Facility expenses | **(12,521)** | (13,717) |
| Other expenses, net | **(69,828)** | (52,752) |
| **Profit before income tax expense** | **8,919,598** | 9,678,116 |
| Income tax expense | **(2,500,836)** | (2,666,532) |
| **Net profit for the year** | **6,418,762** | 7,011,583 |
| **Other comprehensive income** | | |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Foreign currency translation | **27,260** | (17,959) |
| Other comprehensive (loss)/income for the year, net of tax | **27,260** | (17,959) |
| **Total comprehensive income for the year** | **6,446,022** | 6,993,624 |

## Notes forming part of the Financial Statements

## Statement of Financial Position

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | **9,290,762** | 3,879,759 |
| Trade and other receivables | **11,229,759** | 11,805,493 |
| Other current assets | **217,494** | 152,403 |
| **Total current assets** | **20,738,015** | 15,837,655 |
| **Non-current assets** | | |
| Investment in subsidiary | **-** | 7,227,539 |
| Deferred tax assets (net) | **164,479** | 98,360 |
| Income tax assets (net) | **722,415** | - |
| **Total non-current assets** | **886,894** | 7,325,899 |
| **Total assets** | **21,624,909** | 23,163,554 |
| **Current liabilities** | | |
| Trade and other payables | **1,005,368** | 690,585 |
| Income tax payable (net) | **923,059** | 1,222,508 |
| **Total current liabilities** | **1,928,427** | 1,913,094 |
| **Total liabilities** | **1,928,427** | 1,913,094 |
| **Net assets** | **19,696,482** | 21,250,460 |
| **Net assets** | | |
| Share capital | **37,258,815** | 37,258,815 |
| Accumulated profits | **(17,562,333)** | (15,981,095) |
| Reserve | **-** | (27,260) |
| **Total equity** | **19,696,482** | 21,250,460 |

## Notes forming part of the Financial Statements

## Directors' Declaration

1. In the opinion of the directors of TCS FNS Pty Limited ( "the Company")
   (a) the Company is not publicly accountable.
   (b) the financial statements and notes, set out on pages (6 to 25), are in accordance with the Corporations Act 2001, including:
      (i) giving a true and fair view of the Group's financial position as at March 31, 2023 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards - Simplified Disclosure Requirements and the Corporations Regulations 2001; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the Group entities identified in the Note will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

Signed in accordance with a resolution of the directors

_____________________________________________

Neville J Roach Director

Date: 5th june, 2023



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## Independent Auditor's Report

**To The Shareholder of**

**TCS FNS Pty Limited**

### Opinion

We have audited Consolidated ***Financial Report*** of TCS FNS Pty Ltd Limited (the Group Financial Report).We have also audited the Financial Report of TCS FNS Pty Limited ( the Company Financial Report).

In our opinion, the accompanying Group Financial Report and Company Financial Report of TCS FNS Pty Limited are in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's and Company's financial position as at 31 March 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Simplified Disclosures* and the *Corporations Regulations 2001*.

  The respective Financial Reports of the Group and the Company Comprises:

- statement of financial position as at 31 March 2023
- statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies.
- Directors' Declaration.

  The ***Group*** consists of TCS FNS Pty Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

### Restriction on use and distribution

The Financial Reports have been prepared to assist the shareholder of TCS FNS Pty Limited in meeting the financial reporting responsibilities under the Corporations Act 2001 and section 3CA of the Taxation Administration Act 1953. The Audit Report has been prepared to assist the Directors in relation to their Corporations Act 2001 obligations to the shareholder only. As a result, the Financial Reports and this Auditor's Report may not be suitable for another purpose. Our opinions are not modified in respect of this matter.

Our report is intended solely for the shareholder of TCS FNS Pty Limited and should not be used by parties other than the shareholder.

We disclaim any assumption of responsibility for any reliance on these reports, or on the Financial Reports to which it relates, to any person other than the shareholder of TCS FNS Pty Limited or for any other purpose than that for which it was prepared.

### Other Information

Other Information is financial and non-financial information in TCS FNS Pty Limited annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

**Responsibilities of the Directors for the Financial Report**

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Simplified Disclosures Requirements and the Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the Financial Report**

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

  Misstatements can arise from fraud or error. They 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 the Financial Report.

  A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf.This description forms part of our Auditor's Report.

**KPMG**

**Richard Drinnan**
Partner
Wollongong
06 June 2023

# TATA CONSULTANCY SERVICES BELGIUM

## ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the year ended**
**March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

# LIST OF DIRECTORS, BUSINESS MANAGERS AND AUDITORS AND DECLARATION REGARDING A COMPLIMENTARY REVIEW OR CORRECTION ASSIGNMENT

## LIST OF DIRECTORS, BUSINESS MANAGERS AND AUDITORS

COMPLETE LIST with surname, first names, profession, place of residence (address, number, postal code and town) and position within the company

**CHAPALAPALLI Sapthagiri**
Am Römerhof 51, 60486 Frankfurt Am Main, Germany
Mandate: Delegated director, start: 29/07/2021, end: 04/08/2026

**GAITONDE Pradeep**
C19 Happyhome 21st Martin Road . Bandra West, Mumbai, India
Mandate: Director, start: 14/06/2022, end: 13/06/2025

**MATHEW VARGHESE Jipson**
Avenue Princesse Paola 37, 1410 Waterloo, Belgium
Mandate: Delegated director, start: 29/07/2021, end: 04/08/2026

**KPMG Bedrijfsrevisoren BV 0419.122.548**
Luchthaven Brussel Nationaal 1, box K, 1930 Zaventem, Belgium
Membership number: B00001
Mandate: Auditor, start: 03/08/2022, end: 06/08/2025

Represented by:

1. **Carton Melissa**
   Luchthaven Brussel Nationaal 1 , box K 1930 Zaventem Belgium
   Membership number : A02426

# DECLARATION REGARDING A COMPLIMENTARY REVIEW OR CORRECTION ASSIGNMENT

The managing board declares that not a single audit or correction assignment has been given to a person not authorized to do so by law, pursuant to article 5 of the law of 17 March 2019 concerning the professions of accountant and tax advisor.

The annual accounts ~~were~~ / were not . audited or corrected by a certified accountant or by a company auditor who is not the statutory auditor.

If affirmative, should be mentioned hereafter: surname, first names, profession and address of each certified accountant or company auditor and their membership number at their Institute, as well as the nature of their assignment:

A. Bookkeeping of the company ..,

B. Preparing the annual accounts ..,

C. Auditing the annual accounts and/or

D. Correcting the annual accounts.

If the tasks mentioned under A or B are executed by accountants or fiscal accountant, the following information can be mentioned hereafter: surname, first names, profession and address of each certified accountant or certified bookkeeper-tax expert and their membership number at the Institute of Accounting professionals and Tax advisors, as well as the nature of their assignment.

| Surname, first names, profession and address | Membership number | Nature of the assignment (A, B, C and/or D) |
|---|---|---|

# ANNUAL REPORT OF THE BOARD OF DIRECTORS TO THE GENERAL MEETING OF SHAREHOLDERS

Dear Sirs,

We have the honour to report to you on the activities of the Company during the closed financial year and to submit the annual accounts closed on 31 March 2023 for approval in accordance with the legal and statutory stipulations.

## 1. REMARKS ON THE ANNUAL ACCOUNTS

### *1.1. Balance after appropriation*

The fixed assets have decreased from EUR 2,039,437.60 to EUR 962,488.79 for the closed financial year.

The current assets have increased from EUR 94,157,131.06 to EUR 117,801,734.02.

The net assets (equity) have increased from EUR 50,370,265.63 to EUR 50,776,474.66 for the closed financial year.

The payables have increased from EUR 45,462,329.78 to EUR 67,628,800.14.

### *1.2. Income statement*

| | | |
|---|---|---|
| Operating income | EUR | 296,381,770.99 |
| Operating charges (-) | EUR | 282,536,062.82 |

The turnover of this year has increased from EUR 274,060,537.38 to EUR 292,157,365.16 i.e. with 6.60% as compared to the previous financial year.

The operating charges have increased from EUR 253,198,946.09 to EUR 282,536,062.82, i.e. 11.59% as compared to the previous financial year.

The financial income has increased from EUR 718,060.32 to EUR 1,196,199.46.

The financial charges have increased from EUR 510,026.63 to EUR 787,151.97.

This has resulted in a profit before taxes amounting to EUR 14,254,755.66, as opposed to a profit before taxes amounting to EUR 15,906,420.00 for the previous financial year.

The taxes amount to EUR 3,848,546.63.

The Company has booked a profit of the financial year after taxes of EUR 10,406,209.03 as compared to EUR 12,006,716.94 for the previous financial year.

### *1.3. Appropriation of the result*

We propose the following appropriation to you:

| | | |
|---|---|---|
| Profit of the financial year to be appropriated | EUR | 10,406,209.03 |
| Profit carried forward from the previous financial year | EUR | 50,149,107.07 |
| Profit to appropriate | EUR | 60,555,316.10 |
| Interim dividends 2022-2023 | EUR | -10,000,000.00 |
| Profit to carry forward | EUR | 50,555,316.10 |

## 2. MAIN RISKS AND UNCERTAINTIES

With the exception of ordinary enterprise risks, we are of the opinion that there are no specific risks or uncertainties.

Further, the company does not have any impact due to the war in Ukraine or due to sanctions on Russia and Belarus as the company neither has any customers nor any dependencies on Russia, Ukraine and Belarus.

## 3. INFORMATION ON THE IMPORTANT EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR

There were no significant subsequent events that have occurred after the end of the financial year under review.

## 4. CIRCUMSTANCES WHICH CAN SIGNIFICANTLY INFLUENCE THE DEVELOPMENT OF THE COMPANY

We do not foresee any circumstances that can influence the development of the Company significantly.

## 5. RESEARCH AND DEVELOPMENT

During the closed financial year there were no activities carried out in the field of research and development.

## 6. CONFLICT OF INTEREST IN THE BOARD OF DIRECTORS (ARTICLE 7:96 OF THE CODE OF COMPANIES AND ASSOCIATIONS)

We mention that during the financial year there were no conflicts of interests that fall within the scope of article 7:96 of the Code of companies and associations.

## 7. ANNOUNCEMENT REGARDING THE USE OF FINANCIAL INSTRUMENTS BY THE COMPANY INSOFAR THAT THESE ARE OF IMPORTANCE FOR THE REVIEW OF ITS ASSETS, LIABILITIES, ITS FINANCIAL SITUATION AND ITS RESULTS

The Company does not use such instruments.

## 8. BRANCH OFFICES

The Company does not own any branches.

## 9. CAPITAL MUTATIONS AND ISSUE OF CONVERTABLE BONDS AND WARRANTS AS DECIDED BY THE BOARD OF DIRECTORS IN THE COURSE OF THE FINANCIAL YEAR

The board of directors notifies that there were no capital mutations during the financial year to be reported in conformity with article 7:203 of the Code of companies and associations, nor were there convertible bonds or warrants issued after a decision of the board of directors.

## 10. ACQUISITION OF OWN SHARES

The board of directors notifies that neither the Company nor a direct subsidiary nor a person acting in own name but for the account of the Company or a direct subsidiary has acquired shares, profit certificates or certificates of the Company.

We hope that you will approve the attached annual accounts and will also grant discharge to the directors and the statutory auditor for the acts carried out during the execution of our mandate during the closed financial year.

12 May 2023

In the name and on behalf of the board of directors,

________________________________________

Jipson MATHEW VARGHESE

# STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF TATA CONSULTANCY SERVICES BELGIUM NV ON THE ANNUAL ACCOUNTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2023

FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN DUTCH

In the context of the statutory audit of the annual accounts of TATA Consultancy Services Belgium NV ("the Company"), we provide you with our statutory auditor's report. This includes our report on the annual accounts for the year ended March 31, 2023, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of May 16, 2022, in accordance with the proposal of the board of directors. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended March 31, 2025. We have performed the statutory audit of the annual accounts of TATA Consultancy Services Belgium NV for seven consecutive financial years.

## Report on the annual accounts

### *Unqualified opinion*

We have audited the annual accounts of the Company as of and for the year ended March 31, 2023, prepared in accordance with the financial reporting framework applicable in Belgium. These annual accounts comprise the balance sheet as at March 31, 2023, the income statement for the year then ended and notes. The balance sheet total amounts to EUR 118,764,223 and the income statement shows a profit for the year of EUR 10,406,209.

In our opinion, the annual accounts give a true and fair view of the Company's equity and financial position as at March 31, 2023 and of its financial performance for the year then ended in accordance with the financial reporting framework applicable in Belgium.

### *Basis for our unqualified opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the annual accounts" section of our report. We have complied with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Board of directors' responsibilities for the preparation of the annual accounts

The board of directors is responsible for the preparation of these annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors 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 the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### *Statutory auditor's responsibilities for the audit of the annual accounts*

Our objectives are to obtain reasonable assurance as to whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs 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 the users taken on the basis of these annual accounts.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the annual accounts in Belgium. The scope of the statutory audit of the annual accounts does not extend to providing assurance on the future viability of the Company nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Company. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- Identify and assess the risks of material misstatement of the annual accounts, 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 controls 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 board of directors;

- Conclude on the appropriateness of board of directors' 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 annual accounts 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of 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.

**Other legal and regulatory requirements**

***Responsibilities of the Board of directors***

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the annual accounts, of the documents required to be filed in accordance with the legal and regulatory requirements, for maintaining the Company's accounting records in compliance with the applicable legal and regulatory requirements, as well as for the Company's compliance with the Companies' and Associations' Code and the Company's articles of association.

***Statutory auditor's responsibilities***

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the annual accounts, certain documents to be filed in accordance with legal and regulatory requirements as well as compliance with certain requirements of the Companies' and Associations' Code and with the Company's articles of association, and to report on these matters.

***Aspects concerning the board of directors' annual report on the annual accounts***

Based on specific work performed on the board of directors' annual report on the annual accounts, we are of the opinion that this report is consistent with the annual accounts for the same period and has been prepared in accordance with articles 3:5 and 3:6 of the Companies' and Associations' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the annual accounts contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

***Information regarding the social balance sheet***

The social balance sheet, which is to be filed with the National Bank of Belgium in accordance with article 3:12 §1 8° of the Companies' and Associations' Code, includes, with respect to form and content, the information required by law, including the information regarding salaries and training, and does not present any material inconsistencies with the information that we became aware of during the performance of our engagement.

***Information about the independence***

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the annual accounts and our audit firm remained independent of the Company during the term of our mandate.

***Other aspects***

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- We do not have to inform you of any transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' and Associations' Code.

Zaventem, 16 May 2023

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises

Statutory Auditor represented by

Melissa Carton

Bedrijfsrevisor / Réviseur d'Entreprises

## BALANCE SHEET AFTER APPROPRIATION

(EUR)

| | Notes | Codes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **FORMATION EXPENSES** | 6.1 | 20 | | |
| **FIXED ASSETS** | | 21/28 | **962,488.79** | 2,039,437.60 |
| **Intangible fixed assets** | 6.2 | 21 | **86,272.64** | 276,725.52 |
| **Tangible fixed assets** | 6.3 | 22/27 | **875,216.15** | 1,761,712.08 |
| Land and buildings | | 22 | | |
| Plant, machinery and equipment | | 23 | **252,130.80** | 1,060,908.22 |
| Furniture and vehicles | | 24 | **297,029.27** | 383,904.66 |
| Leasing and other similar rights | | 25 | | |
| Other tangible fixed assets | | 26 | | |
| Assets under construction and advance payments | | 27 | **326,056.08** | 316,899.20 |
| | 6.4 | | | |
| **Financial fixed assets** | 6.5.1 | 28 | **1,000.00** | 1,000.00 |
| Affiliated company | 6.15 | 280/1 | **1,000.00** | 1,000.00 |
| Participating interests | | 280 | **1,000.00** | 1,000.00 |
| Amounts receivable | | 281 | | |
| Other companies linked by participating interests | 6.15 | 282/3 | | |
| Participating interests | | 282 | | |
| Amounts receivable | | 283 | | |
| Other financial fixed assets | | 284/8 | | |
| Shares | | 284 | | |
| Amounts receivable and cash guarantees | | 285/8 | | |
| **CURRENT ASSETS** | | 29/58 | **117,801,734.02** | 94,157,131.06 |
| **Amounts receivable after more than one year** | | 29 | | |
| Trade debtors | | 290 | | |
| Other amounts receivable | | 291 | | |
| **Stocks and contracts in progress** | | 3 | **7,540,880.37** | 6,362,408.43 |
| Stocks | | 30/36 | | |
| Raw materials and consumables | | 30/31 | | |
| Work in progress | | 32 | | |
| Finished goods | | 33 | | |
| Goods purchased for resale | | 34 | | |
| Immovable property intended for sale | | 35 | | |
| Advance payments | | 36 | | |
| Contracts in progress | | 37 | **7,540,880.37** | 6,362,408.43 |
| **Amounts receivable within one year** | | 40/41 | **100,932,362.15** | 81,621,701.64 |
| Trade debtors | | 40 | **99,198,871.02** | 78,931,161.71 |
| Other amounts receivable | 6.5.1 / | 41 | **1,733,491.13** | 2,690,539.93 |
| **Current investments** | 6.6 | 50/53 | **0.26** | 0.26 |
| Own shares | | 50 | | |
| Other investments | | 51/53 | **0.26** | 0.26 |
| **Cash at bank and in hand** | | 54/58 | **5,866,006.34** | 4,053,010.64 |
| **Accruals and deferred income** | 6.6 | 490/1 | **3,462,484.90** | 2,120,010.09 |
| **TOTAL ASSETS** | | 20/58 | **118,764,222.81** | 96,196,568.66 |

(EUR)

| | Notes | Codes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | 10/15 | **50,776,474.66** | 50,370,265.63 |
| **Contributions** | 6.7.1 | 10/11 | **188,658.56** | 188,658.56 |
| **Capital** | | 10 | **188,658.56** | 188,658.56 |
| Issued capital | | 100 | **325,000.00** | 325,000.00 |
| Uncalled capital[6] | | 101 | **136,341.44** | 136341.44 |
| **Beyond capital** | | 11 | | |
| Share premium account | | 1100/10 | | |
| Other | | 1109/19 | | |
| **Revaluation surpluses** | | 12 | | |
| **Reserves** | | 13 | **32,500.00** | 32,500.00 |
| **Reserves not available** | | 130/1 | **32,500.00** | 32,500.00 |
| Legal reserve | | 130 | **32,500.00** | 32,500.00 |
| Reserves not available statutorily | | 1311 | | |
| Purchase of own shares | | 1312 | | |
| Financial support | | 1313 | | |
| Others | | 1319 | | |
| Untaxed reserves | | 132 | | |
| Available reserves | | 133 | | |
| **Accumulated profits (losses) .(+)/(-)** | | 14 | **50,555,316.10** | 50,149,107.07 |
| **Capital subsidies** | | 15 | | |
| **Advance to shareholders on the distribution of net assets** | | 19 | | |
| **PROVISIONS AND DEFERRED TAXES** | | 16 | **358,948.01** | 363,973.25 |
| **Provisions for liabilities and charges** | | 160/5 | **358,948.01** | 363,973.25 |
| Pensions and similar obligations | | 160 | | |
| Taxes | | 161 | | |
| Major repairs and maintenance | | 162 | | |
| Environmental obligations | | 163 | | |
| Other liabilities and charges | 6.8 | 164/5 | **358,948.01** | 363,973.25 |
| **Deferred taxes** | | 168 | | |
| **AMOUNTS PAYABLE** | | 17/49 | **67,628,800.14** | 45,462,329.78 |
| **Amounts payable after more than one year** | 6.9 | 17 | | |
| Financial debts | | 170/4 | | |
| Subordinated loans | | 170 | | |
| Unsubordinated debentures | | 171 | | |
| Leasing and other similar obligations | | 172 | | |
| Credit institutions | | 173 | | |
| Other loans | | 174 | | |
| Trade debts | | 175 | | |
| Suppliers | | 1750 | | |
| Bills of exchange payable | | 1751 | | |
| Advances payments on contracts in progress | | 176 | | |
| Other amounts payable | | 178/9 | | |

(EUR)

| | Notes | Codes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **Amounts payable within one year** | 6.9 | 42/48 | **67,501,107.54** | 45,300,572.69 |
| Current portion of amounts payable after more than one year falling due within one year | | 42 | | |
| Financial debts | | 43 | | |
| Credit institutions | | 430/8 | | |
| Other loans | | 439 | | |
| Trade debts | | 44 | **50,148,396.67** | 37,114,262.53 |
| Suppliers | | 440/4 | **50,148,396.67** | 37,114,262.53 |
| Bills of exchange payable | | 441 | | |
| Advances payables on contracts in progress | | 46 | **4,222,437.93** | 3,348,846.57 |
| Taxes, remuneration and social security | 6.9 | 45 | **13,129,922.94** | 4,837,233.88 |
| Taxes | | 450/3 | **7,813,710.57** | 614,738.64 |
| Remuneration and social security | | 454/9 | **5,316,212.37** | 4,222,495.24 |
| Other amounts payable | | 47/48 | **350.00** | 229.71 |
| **Accruals and deferred income** | 6.9 | 492/3 | **127,692.60** | 161,757.09 |
| **TOTAL LIABILITIES** | | 10/49 | **118,764,222.81** | 96,196,568.66 |

## Profit and Loss Account

(EUR)

| | Notes | Codes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|---|
| **OPERATING INCOME** | | 70/76A | **296,381,770.99** | 268,897,332.40 |
| Turnover | 6.10 | 70 | **292,157,365.16** | 274,060,537.38 |
| Stocks of finished goods and work and contracts in progress: increase (decrease) (+)/(-) | | 71 | **1,178,471.94** | (7,007,329.22) |
| Produced fixed assets | | 72 | | |
| Other operating income | 6.10 | 74 | **3,045,933.89** | 1,844,124.24 |
| Non-recurring operating income | 6.12 | 76A | | |
| **OPERATING CHARGES** | | 60/66A | **282,536,062.82** | 253,198,946.09 |
| Goods for resale, raw materials and consumables | | 60 | **193,920,864.37** | 177,585,786.58 |
| Purchases | | 600/8 | **193,920,864.37** | 177,585,786.58 |
| Stocks: decrease (increase) (+)/(-) | | 609 | | |
| Services and other goods | | 61 | **18,435,303.95** | 14,875,555.81 |
| Remuneration, social security and pensions (+)/(-) | 6.10 | 62 | **68,807,507.52** | 59,520,520.59 |
| Amortisations of and other amounts written down on formation expenses, intangible and tangible fixed assets | | 630 | **1,258,326.16** | 1,218,224.21 |
| Amounts written down on stocks, contracts in progress and trade debtors: additions (write-backs) (+)/(-) | 6.10 | 631/4 | **1,443.24** | 13,693.07 |
| Provisions for liabilities and charges: appropriations (uses and write-backs) (+)/(-) | 6.10 | 635/8 | **(5,002.98)** | (101,416.61) |
| Other operating charges | 6.10 | 640/8 | **117,620.56** | 85,990.95 |
| Operating charges reported as assets under restructuring costs (+)/(-) | | 649 | | |
| Non-recurring operating charges | 6.12 | 66A | | 591.49 |
| **OPERATING PROFIT (LOSS) (+)/(-)** | | 9901 | **13,845,708.17** | 15,698,386.31 |

**Continued**

(EUR)

| | Notes | Codes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|---|
| **FINANCIAL INCOME** | | 75/76B | **1,196,199.46** | 718,060.32 |
| Recurring financial income | | 75 | **1,196,199.46** | 718,060.32 |
| Income from financial fixed assets | | 750 | **1,071.36** | 1,071.43 |
| Income from current assets | | 751 | **155,879.98** | 970.74 |
| Other financial income | 6.11 | 752/9 | **1,039,248.12** | 716,018.15 |
| Non-recurring financial income | 6.12 | 76B | | |
| **FINANCIAL CHARGES** | 6.11 | 65/66B | **787,151.97** | 510,026.63 |
| Recurring financial charges | | 65 | **787,151.97** | 510,026.63 |
| Debt charges | | 650 | | |
| Amounts written down on current assets other than stocks, contracts in progress and trade debtors: additions (write-backs) (+)/(-) | | 651 | | |
| Other financial charges | | 652/9 | **787,151.97** | 510,026.63 |
| Non-recurring financial charges | 6.12 | 66B | | |
| **PROFIT (LOSS) FOR THE PERIOD BEFORE TAXES (+)/(-)** | | 9903 | **14,254,755.66** | 15,906,420.00 |
| **Transfer from deferred taxes** | | 780 | | |
| **Transfer to deferred taxes.......** | | 680 | | |
| **INCOME TAXES ON THE RESULT (+)/(-)** | 6.13 | 67/77 | **3,848,546.63** | 3,899,703.06 |
| Taxes | | 670/3 | **3,954,643.73** | 3,899,703.06 |
| Adjustment of income taxes and write-back of tax provisions | | 77 | **106,097.10** | |
| **PROFIT (LOSS) FOR THE PERIOD (+)/(-)** | | 9904 | **10,406,209.03** | 12,006,716.94 |
| **Transfer from untaxed reserves** | | 789 | | |
| **Transfer to untaxed reserves** | | 689 | | |
| **PROFIT (LOSS) FOR THE PERIOD AVAILABLE FOR APPROPRIATION (+)/(-)** | | 9905 | **10,406,209.03** | 12,006,716.94 |

## Appropriation Account

(EUR)

| | Codes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Profit (loss) to be appropriated (+)/(-)** | 9906 | **60,555,316.10** | 70,149,107.07 |
| Profit (Loss) of the period available for appropriation (+)/(-) | (9905) | **10,406,209.03** | 12,006,716.94 |
| Profit (Loss) of the preceding period brought forward (+)/(-) | 14P | **50,149,107.07** | 58,142,390.13 |
| **Transfers from equity** | 791/2 | | |
| from contributions | 791 | | |
| from reserves | 792 | | |
| **Appropriations to equity** | 691/2 | | |
| to contributions | 6921 | | |
| to legal reserve | 6920 | | |
| to other reserves | 6921 | | |
| **Profit (loss) to be carried forward (+)/(-)** | (14) | **50,555,316.10** | 50,149,107.07 |
| **Shareholders' contribution in respect of losses** | 794 | | |
| **Profit to be distributed** | 694/7 | **10,000,000.00** | 20,000,000.00 |
| Compensation for contributions | 694 | **10,000,000.00** | 20,000,000.00 |
| Directors or managers | 695 | | |
| Employees | 696 | | |
| Other beneficiaries | 697 | | |

## 6.2.3 CONCESSIONS, PATENTS, LICENCES, KNOWHOW, BRANDS AND SIMILAR RIGHTS

(EUR)

| | Codes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Acquisition value at the end of the period** | 8052P | xxxxxxxxxxxxxxx | 934,295.39 |
| **Movements during the period** | | | |
| Acquisitions, including produced fixed assets | 8022 | **48,279.51** | |
| Sales and disposals | 8032 | | |
| Transfers from one heading to another(+)/(-) | 8042 | | |
| **Acquisition value at the end of the period** | 8052 | **982,574.90** | |
| **Amortisations and amounts written down at the end of the period** | 8122P | xxxxxxxxxxxxxxx | 657,569.87 |
| **Movements during the period** | | | |
| Recorded | 8072 | **238,732.39** | |
| Written back | 8082 | | |
| Acquisitions from third parties | 8092 | | |
| Cancelled owing to sales and disposals | 8102 | | |
| Transfers from one heading to another (+)/(-) | 8112 | | |
| **Amortisations and amounts written down at the end of the period** | 8122 | **896,302.26** | |
| **NET BOOK VALUE AT THE END OF THE PERIOD** | 211 | **86,272.64** | |

## 6.3.2 PLANT, MACHINERY AND EQUIPMENT

(EUR)

| | Codes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Acquisition value at the end of the period** | 8192P | xxxxxxxxxxxxxxx | 3,652,720.99 |
| **Movements during the period** | | | |
| Acquisitions, including produced fixed assets | 8162 | **83,047.96** | |
| Sales and disposals | 8172 | | |
| Transfers from one heading to another(+)/(-) | 8182 | | |
| **Acquisition value at the end of the period** | 8192 | **3,735,768.95** | |
| **Revaluation surpluses at the end of the period** | 8252P | xxxxxxxxxxxxxxx | |
| **Movements during the period** | | | |
| Recorded | 8212 | | |
| Acquisitions from third parties | 8222 | | |
| Cancelled | 8232 | | |
| Transfers from one heading to another (+)/(-) | 8242 | | |
| **Revaluation surpluses at the end of the period** | 8252 | | |
| **Amortisations and amounts written down at the end of the period** | 8322P | xxxxxxxxxxxxxxx | 2,591,812.77 |
| **Movements during the period** | | | |

## Notes forming part of the Financial Statements

| | Codes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Recorded | 8272 | **891,825.38** | |
| Written back | 8282 | | |
| Acquisitions from third parties | 8292 | | |
| Cancelled owing to sales and disposals | 8302 | | |
| Transfers from one heading to another (+)/(-) | 8312 | | |
| **Amortisations and amounts written down at the end of the period** | 8322 | **3,483,638.15** | |
| **NET BOOK VALUE AT THE END OF THE PERIOD** | (23) | **252,130.80** | |

### 6.3.3 FURNITURE AND VEHICLES

(EUR)

| | Codes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Acquisition value at the end of the period** | 8193P | xxxxxxxxxxxxxxx | 979,445.96 |
| **Movements during the period** | | | |
| Acquisitions, including produced fixed assets | 8163 | **40,893.00** | |
| Sales and disposals | 8173 | | |
| Transfers from one heading to another(+)/(-) | 8183 | | |
| **Acquisition value at the end of the period** | 8193 | **1,020,338.96** | |
| **Revaluation surpluses at the end of the period** | 8253P | xxxxxxxxxxxxxxx | |
| **Movements during the period** | | | |
| Recorded | 8213 | | |
| Acquisitions from third parties | 8223 | | |
| Cancelled | 8233 | | |
| Transfers from one heading to another (+)/(-) | 8243 | | |
| **Revaluation surpluses at the end of the period** | 8253 | | |
| **Amortisations and amounts written down at the end of the period** | 8323P | xxxxxxxxxxxxxxx | 595,541.30 |
| **Movements during the period** | | | |
| Recorded | 8273 | **127,768.39** | |
| Written back | 8283 | | |
| Acquisitions from third parties | 8293 | | |
| Cancelled owing to sales and disposals | 8303 | | |
| Transfers from one heading to another (+)/(-) | 8313 | | |
| **Amortisations and amounts written down at the end of the period** | 8323 | **723,309.69** | |
| **NET BOOK VALUE AT THE END OF THE PERIOD** | (24) | **297,029.27** | |

## 6.3.6 ASSETS UNDER CONSTRUCTION AND ADVANCED PAYMENTS

(EUR)

| | Codes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Acquisition value at the end of the period** | 8196P | xxxxxxxxxxxxxxx | 316,899.20 |
| **Movements during the period** | | | |
| Acquisitions, including produced fixed assets | 8166 | **9,156.88** | |
| Sales and disposals | 8176 | | |
| Transfers from one heading to another (+)/(-) | 8186 | | |
| **Acquisition value at the end of the period** | 8196 | **326,056.08** | |
| **Revaluation surpluses at the end of the period** | 8256P | xxxxxxxxxxxxxxx | |
| **Movements during the period** | | | |
| Recorded | 8216 | | |
| Acquisitions from third parties | 8226 | | |
| Cancelled | 8236 | | |
| Transfers from one heading to another (+)/(-) | 8246 | | |
| **Revaluation surpluses at the end of the period** | 8256 | | |
| **Amortisations and amounts written down at the end of the period** | 8326P | xxxxxxxxxxxxxxx | |
| **Movements during the period** | | | |
| Recorded | 8276 | | |
| Written back | 8286 | | |
| Acquisitions from third parties | 8296 | | |
| Cancelled owing to sales and disposals | 8306 | | |
| Transfers from one heading to another (+)/(-) | 8316 | | |
| **Amortisations and amounts written down at the end of the period** | 8326 | | |
| **NET BOOK VALUE AT THE END OF THE PERIOD** | (27) | **326,056.08** | |

## 6.4.1 STATEMENT OF FINANCIAL FIXED ASSETS

(EUR)

| | Codes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **AFFILIATED COMPANIES - PARTICIPATING INTERESTS AND SHARES** | | | |
| **Acquisition value at the end of the period** | 8391P | xxxxxxxxxxxxxxx | 1,000.00 |
| **Movements during the period** | | | |
| Acquisitions | 8361 | | |
| Sales and disposals | 8371 | | |
| Transfers from one heading to another (+)/(-) | 8381 | | |
| **Acquisition value at the end of the period** | 8391 | **1,000.00** | |
| **Revaluation surpluses at the end of the period** | 8451P | xxxxxxxxxxxxxxx | |

## Notes forming part of the Financial Statements

| | Codes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Movements during the period** | | | |
| Recorded | 8411 | | |
| Acquisitions from third parties | 8421 | | |
| Cancelled | 8431 | | |
| Transfers from one heading to another (+)/(-) | 8441 | | |
| **Revaluation surpluses at the end of the period** | 8451 | | |
| **Amounts written down at the end of the period** | 8521P | **xxxxxxxxxxxxxx** | |
| **Movements during the period** | | | |
| Recorded | 8471 | | |
| Written back | 8481 | | |
| Acquisitions from third parties | 8491 | | |
| Cancelled owing to sales and disposals | 8501 | | |
| Transfers from one heading to another (+)/(-) | 8511 | | |
| **Amounts written down at the end of the period** | 8521 | | |
| **Uncalled amounts at the end of the period** | 8551P | **xxxxxxxxxxxxxx** | |
| **Movements during the period (+)/(-)** | 8541 | | |
| **Uncalled amounts at the end of the period** | 8551 | | |
| **NET BOOK VALUE AT THE END OF THE PERIOD** | (280) | **1,000.00** | |
| **AFFILIATED COMPANIES - AMOUNTS RECEIVABLE** | | | |
| **NET BOOK VALUE AT THE END OF THE PERIOD** | 281P | **xxxxxxxxxxxxxx** | |
| **Movements during the period** | | | |
| Appropriations | 8581 | | |
| Repayments | 8591 | | |
| Amounts written down | 8601 | | |
| Amounts written back | 8611 | | |
| Exchange differences (+)/(-) | 8621 | | |
| Other movements (+)/(-) | 8631 | | |
| **NET BOOK VALUE AT THE END OF THE PERIOD** | (281) | | |
| **ACCUMULATED AMOUNTS WRITTEN DOWN ON AMOUNTS RECEIVABLE AT THE END OF THE PERIOD** | 8651 | | |

### 6.5.1 PARTICIPATING INTERESTS INFORMATION

**PARTICIPATING INTERESTS AND OTHER RIGHTS IN OTHER COMPANIES**

The following list mentions the companies in which the company holds a participating interest (recorded in headings 280 and 282 of assets), as well as the companies in which the company holds rights (recorded in headings 284 and 51/53 of assets) for an amount of at least 10% of the capital, the equity or a class of shares of the company.

| NAME, full address of the REGISTERED OFFICE and, for an entity governed by Belgian law, the COMPANY REGISTRATION NUMBER | Rights held | | | | Data extracted from the most recent annual accounts | | | |
|---|---|---|---|---|---|---|---|---|
| | Nature | Directly | | Subsidiaries | Annual accounts as per | Currency code | Equity | Net result |
| | | Number | % | % | | | (+) of (-) (in units) | |
| **Tata Consultancy Services Luxembourg SA** Public limited liability company Rue Pafebruch 89D 8308 Capellen Luxembourg | Ordinary shares | 1 | 0.01 | 0.00 | 31/03/2022 | EUR | 13,026,813 | 6,179,162 |

## 6.6 CURRENT INVESTMENTS AND ACCRUALS AND DEFERRED INCOME

(EUR)

| | Codes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **CURRENT INVESTMENTS - OTHER INVESTMENTS** | | | |
| **Shares and investments other than fixed income investments** | 51 | | |
| Shares - Book value increased with the uncalled amount | 8681 | | |
| Shares - Uncalled amount | 8682 | | |
| Precious metals and works of art | 8683 | | |
| **Fixed income securities** | 52 | | |
| Fixed income securities issued by credit institutions | 8684 | | |
| **Term accounts with credit institutions** | 53 | **0.26** | 0.26 |
| With a remaining term or notice | | | |
| up to one month | 8686 | | |
| between one month and one year | 8687 | **0.26** | 0.26 |
| over one year | 8688 | | |
| **Other investments not mentioned above** | 8689 | | |

(EUR)

| | As at March 31, 2023 |
|---|---|
| **ACCRUALS AND DEFERRED INCOME** | |
| **Allocation of account 490/1 of assets if the amount is significant** | |
| Deferred operating expenses | **3,462,484.90** |

## Notes forming part of the Financial Statements

### 6.7.1 STATEMENT OF CAPITAL AND SHAREHOLDERS' STURCTURE

(EUR)

| | Codes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **STATEMENT OF CAPITAL** | | | |
| **Capital** | | | |
| Issued capital at the end of the period | 100P | **XXXXXXXXXXXXX** | 325,000.00 |
| Issued capital at the end of the period | (100) | **325,000.00** | |

(EUR)

| | Codes | Amount | Number of shares |
|---|---|---|---|
| **Modifications during the period** | | | |
| Composition of the capital | | | |
| Share types | | | |
| Without face value | | **325,000.00** | 1,300 |
| Registered shares | 8702 | **XXXXXXXXXXXXX** | 1,300 |
| Shares dematerialized | 8703 | **XXXXXXXXXXXXX** | |

(EUR)

| | Codes | Uncalled Capital | Called up amount, unpaid |
|---|---|---|---|
| **Unpaid capital** | | | |
| Uncalled capital | (101) | **136,341.44** | XXXXXXXXXXXXX |
| Called up capital, unpaid | 8712 | **XXXXXXXXXXXXX** | |
| Shareholders that still need to pay up in full | | | |
| Tata Consultancy Services Ltd | | **136,341.44** | |

(EUR)

| | Codes | As at March 31, 2023 |
|---|---|---|
| **Own shares** | | |
| Held by the company itself | | |
| Amount of capital held | 8721 | |
| Number of shares | 8722 | |
| Held by a subsidiary | | |
| Amount of capital held | 8731 | |
| Number of shares | 8732 | |

| | Codes | As at March 31, 2023 |
|---|---|---|
| **Commitments to issuing shares** | | |
| Owing to the exercise of conversion rights | | |
| Amount of outstanding convertible loans | 8740 | |
| Amount of capital to be subscribed | 8741 | |
| Corresponding maximum number of shares to be issued | 8742 | |
| Owing to the exercise of subscription rights | | |
| Number of outstanding subscription rights | 8745 | |
| Amount of capital to be subscribed | 8746 | |
| Corresponding maximum number of shares to be issued | 8747 | |
| **Authorised capital not issued** | 8751 | |
| **Shares issued, non-representing capital** | | |
| Distribution | | |
| Number of shares | 8761 | |
| Number of voting rights attached thereto | 8762 | |
| Allocation by shareholder | | |
| Number of shares held by the company itself | 8771 | |
| Number of shares held by its subsidiaries | 8781 | |

(EUR)

| | As at March 31, 2023 |
|---|---|
| **ADDITIONAL NOTES REGARDING CONTRIBUTIONS (INCLUDING CONTRIBUTIONS IN THE FORM OF SERVICES OR KNOW-HOW)** | |

## 6.7.2 SHAREHOLDERS' STRUCTURE OF THE COMPANY AT YEAR-END CLOSING DATE

As reflected in the notifications received by the company pursuant to article 7:225 of the Belgian Companies and Associations Code, article 14 fourth paragraph of the law of 2 May 2007 on the publication of major holdings and article 5 of the Royal Decree of 21 August 2008 on further rules for certain multilateral trading facilities.

| | |
|---|---|
| TATA CONSULTANCY SERVICES LTD. | 1,300 |

## Notes forming part of the Financial Statements

### 6.8 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

(EUR)

| | As at March 31, 2023 |
|---|---|
| ALLOCATION OF ACCOUNT 164/5 OF LIABILITIES IF THE AMOUNT IS SIGNIFICANT | |
| Provisions for forseeable Losses | **4,649.67** |
| Provision for other costs | **354,298.34** |

### 6.9 STATEMENT OF AMOUNTS PAYABLE AND ACCRUALS AND DEFERRED INCOME (LIABILITIES)

(EUR)

| | Codes | As at March 31, 2023 |
|---|---|---|
| **BREAKDOWN OF AMOUNTS PAYABLE WITH AN ORIGINAL TERM OF MORE THAN ONE YEAR, ACCORDING TO THEIR RESIDUAL MATURITY** | | |
| **Current portion of amounts payable after more than one year falling due within one year** | | |
| Financial debts | 8801 | |
| Subordinated loans | 8811 | |
| Unsubordinated debentures | 8821 | |
| Leasing and other similar obligations | 8831 | |
| Credit institutions | 8841 | |
| Other loans | 8851 | |
| Trade debts | 8861 | |
| Suppliers | 8871 | |
| Bills of exchange payable | 8881 | |
| Advance payments on contracts in progress | 8891 | |
| Other amounts payable | 8901 | |
| **Total current portion of amounts payable after more than one year falling due within one year** | (42) | |
| **Amounts payable with a remaining term of more than one year, yet less than 5 years** | | |
| Financial debts | 8802 | |
| Subordinated loans | 8812 | |
| Unsubordinated debentures | 8822 | |
| Leasing and other similar obligations | 8832 | |
| Credit institutions | 8842 | |
| Other loans | 8852 | |
| Trade debts | 8862 | |

(EUR)

| | Codes | As at March 31, 2023 |
|---|---|---|
| Suppliers | 8872 | |
| Bills of exchange payable | 8882 | |
| Advance payments on contracts in progress | 8892 | |
| Other amounts payable | 8902 | |
| **Total amounts payable with a remaining term of more than one year, yet less than 5 years** | 8912 | |
| **Amounts payable with a remaining term of more than 5 years** | | |
| Financial debts | 8803 | |
| Subordinated loans | 8813 | |
| Unsubordinated debentures | 8823 | |
| Leasing and other similar obligations | 8833 | |
| Credit institutions | 8843 | |
| Other loans | 8853 | |
| Trade debts | 8863 | |
| Suppliers | 8873 | |
| Bills of exchange payable | 8883 | |
| Advance payments on contracts in progress | 8893 | |
| Other amounts payable | 8903 | |
| **Amounts payable with a remaining term of more than 5 years** | 8913 | |
| **AMOUNTS PAYABLE GUARANTEED** **(included in accounts 17 and 42/48 of liabilities)** | | |
| **Amounts payable guaranteed by the Belgian government agencies** | | |
| Financial debts | 8921 | |
| Subordinated loans | 8931 | |
| Unsubordinated debentures | 8941 | |
| Leasing and other similar obligations | 8951 | |
| Credit institutions | 8961 | |
| Other loans | 8971 | |
| Trade debts | 8981 | |
| Suppliers | 8991 | |
| Bills of exchange payable | 9001 | |
| Advance payments on contracts in progress | 9011 | |
| Remuneration and social security | 9021 | |
| Other amounts payable | 9051 | |
| **Total of the amounts payable guaranteed by the Belgian government agencies** | 9061 | |

## Notes forming part of the Financial Statements

(EUR)

| | Codes | As at March 31, 2023 |
|---|---|---|
| **Amounts payable guaranteed by real securities given or irrevocably promised by the company on its own assets** | | |
| Financial debts | 8922 | |
| Subordinated loans | 8932 | |
| Unsubordinated debentures | 8942 | |
| Leasing and other similar obligations | 8952 | |
| Credit institutions | 8962 | |
| Other loans | 8972 | |
| Trade debts | 8982 | |
| Suppliers | 8992 | |
| Bills of exchange payable | 9002 | |
| Advance payments on contracts in progress | 9012 | |
| Taxes, remuneration and social security | 9022 | |
| Taxes | 9032 | |
| Remuneration and social security | 9042 | |
| Other amounts payable | 9052 | |
| **Total amounts payable guaranteed by real securities given or irrevocably promised by the company on its own assets** | 9062 | |

### TAXES, REMUNERATION AND SOCIAL SECURITY

(EUR)

| | Codes | As at March 31, 2023 |
|---|---|---|
| **Taxes** (headings 450/3 and 178/9 of the liabilities) | | |
| Outstanding tax debts | 9072 | |
| Accruing taxes payable | 9073 | **7,813,710.57** |
| Estimated taxes payable | 450 | |
| **Remuneration and social security** (headings 454/9 and 178/9 of the liabilities) | | |
| Amounts due to the National Social Security Office | 9076 | |
| Other amounts payable in respect of remuneration and social security | 9077 | **5,316,212.37** |

## ACCRUALS AND DEFERRED INCOME

(EUR)

| | As at March 31, 2023 |
|---|---|
| **Allocation of heading 492/3 of liabilities if the amount is significant** | |
| Accrued operating expenses | **127,692.60** |

## 6.10 OPERATING RESULTS

(EUR)

| | Codes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **OPERATING INCOME** | | | |
| **Net turnover** | | | |
| Allocation by categories of activity | | | |
| Allocation by geographical markets | | | |
| **Other operating income** | | | |
| Operating subsidies and compensatory amounts received from public authorities | 740 | | |
| **OPERATING CHARGES** | | | |
| **Employees for whom the company submitted a DIMONA declaration or who are recorded in the general personnel register** | | | |
| Total number at the closing date | 9086 | **288** | 187 |
| Average number of employees calculated in full-time equivalents | 9087 | **247.0** | 162.3 |
| Number of actual worked hours | 9088 | **436,492** | 286,605 |
| **Personnel costs** | | | |
| Remuneration and direct social benefits | 620 | **51,127,137.14** | 46,325,530.43 |
| Employers' contributions for social security | 621 | **5,822,183.02** | 4,017,610.22 |
| Employers' premiums for extra statutory insurances | 622 | **5,984.32** | |
| Other personnel costs | 623 | **11,852,203.04** | 9,177,379.94 |
| Retirement and survivors' pensions | 624 | | |
| **Provisions for pensions and similar obligations** | | | |
| Appropriations (uses and write-backs) (+) / (-) | 635 | | |
| **Depreciations** | | | |
| On stock and contracts in progress | | | |
| Recorded | 9110 | | |
| Written back | 9111 | | |
| On trade debtors | | | |
| Recorded | 9112 | **1,443.24** | 13,712.62 |
| Written back | 9113 | | 19.55 |

## Notes forming part of the Financial Statements

| | Codes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Provisions for liabilities and charges** | | | |
| Appropriations | 9115 | | |
| Uses and write-back | 9116 | **5,002.98** | 101,416.61 |
| **Other operating charges** | | | |
| Taxes related to operation | 640 | **117,193.66** | 78,960.10 |
| Other charges | 641/8 | **426.90** | 7,030.85 |
| **Hired temporary staff and persons placed at the company's disposal** | | | |
| Total number at the closing date | 9096 | | |
| Average number calculated as full-time equivalents | 9097 | | |
| Number of actual worked hours | 9098 | | |
| Cost to the company | 617 | | |

### 6.11 FINANCIAL RESULTS

(EUR)

| | Codes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **RECURRING FINANCIAL INCOME** | | | |
| **Other financial income** | | | |
| Subsidies paid by public authorities, added to the profit and loss account | | | |
| Capital subsidies | 9125 | | |
| Interest subsidies | 9126 | | |
| Allocation of other financial income | | | |
| Exchange differences realized | 754 | | |
| Other | | | |
| Exchange differences | | **1,039,248.12** | 716,018.15 |
| **RECURRING FINANCIAL CHARGES** | | | |
| **Depreciation of loan issue expenses** | 6501 | | |
| **Capitalized Interests** | 6502 | | |
| **Depreciation on current assets** | | | |
| Recorded | 6510 | | |
| Written back | 6511 | | |
| **Other financial charges** | | | |
| Amount of the discount borne by the company, as a result of negotiating amounts receivable | 653 | | |

(EUR)

| | Codes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Provisions of a financial nature** | | | |
| Appropriations | 6560 | | |
| Uses and write-backs | 6561 | | |
| **Allocation of other financial charges** | | | |
| Exchange differences realized | 654 | | |
| Results from the conversion of foreign currencies | 655 | | |
| Other | | | |
| Bank charges | | **34,252.41** | 31,390.86 |
| Exchange differences | | **752,899.56** | 478,989.90 |

## 6.12 INCOME AND CHARGES OF EXCEPTIONAL SIZE OR FREQUENCY

(EUR)

| | Codes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| NON-RECURRING INCOME | 76 | | |
| **Non-recurring operating income** | (76A) | | |
| Write-back of depreciation and of amounts written off intangible and tangible fixed assets | 760 | | |
| Write-back of provisions for extraordinary operating liabilities and charges | 7620 | | |
| Capital profits on disposal of intangible and tangible fixed assets | 7630 | | |
| Other non-recurring operating income | 764/8 | | |
| **Non-recurring financial income** | (76B) | | |
| Write-back of amounts written down financial fixed assets | 761 | | |
| Write-back of provisions for extraordinary financial liabilities and charges | 7621 | | |
| Capital profits on disposal of financial fixed assets | 7631 | | |
| Other non-recurring financial income | 769 | | |
| **NON-RECURRING CHARGES** | 66 | | 591.49 |
| **Non-recurring operating charges** | (66A) | | 591.49 |
| Non-recurring depreciation of and amounts written off formation expenses, intangible and tangible fixed assets | 660 | | |
| Provisions for extraordinary operating liabilities and charges: appropriations (uses) (+)/(-) | 6620 | | |

## Notes forming part of the Financial Statements

(EUR)

| | Codes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Capital losses on disposal of intangible and tangible fixed assets | 6630 | | 591.49 |
| Other non-recurring operating charges | 664/7 | | |
| Non-recurring operating charges carried to assets as restructuring costs | 6690 | | |
| **Non-recurring financial charges** | (66B) | | |
| Amounts written off financial fixed assets | 661 | | |
| Provisions for extraordinary financial liabilities and charges - appropriations (uses) (+)/(-) | 6621 | | |
| Capital losses on disposal of financial fixed assets | 6631 | | |
| Other non-recurring financial charges | 668 | | |
| Non-recurring financial charges carried to assets as restructuring costs | 6691 | | |

### 6.13 TAXES

(EUR)

| | Codes | Year ended March 31, 2023 |
|---|---|---|
| **INCOME TAXES** | | |
| **Income taxes on the result of the period** | 9134 | **3,954,643.73** |
| Income taxes paid and withholding taxes due or paid | 9135 | **3,954,643.73** |
| Excess of income tax prepayments and withholding taxes paid recorded under assets | 9136 | |
| Estimated additional taxes | 9137 | |
| **Income taxes on the result of prior periods** | 9138 | |
| Additional income taxes due or paid | 9139 | |
| Additional income taxes estimated or provided for | 9140 | |
| **Major reasons for the differences between pre-tax profit, as it results from the annual accounts, and estimated taxable profit** | | |
| Disallowed expenses | | **1,045,501.68** |
| Other tax corrections | | **108,073.61** |

(EUR)

| | Year ended March 31, 2023 |
|---|---|
| **Influence of non-recurring results on income taxes on the result of the period** | |

(EUR)

| | Codes | Year ended March 31, 2023 |
|---|---|---|
| **Sources of deferred taxes** | | |
| Deferred taxes representing assets | 9141 | |
| Accumulated tax losses deductible from future taxable profits | 9142 | |
| Deferred taxes representing liabilities | 9144 | |
| Allocation of deferred taxes representing liabilities | | |

(EUR)

| | Codes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **VALUE-ADDED TAXES AND TAXES BORNE BY THIRD PARTIES** | | | |
| **Value-added taxes charged** | | | |
| To the company (deductible) | 9145 | **50,306,494.10** | 48,732,781.90 |
| By the company | 9146 | **103,441,194.78** | 101,653,196.08 |
| **Amounts withheld on behalf of third party by way of** | | | |
| Payroll withholding taxes | 9147 | **18,843,869.49** | 17,173,130.36 |
| Withholding taxes on investment income | 9148 | | |

## 6.14 RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

(EUR)

| | Codes | Year ended March 31, 2023 |
|---|---|---|
| **PERSONAL GUARANTEES PROVIDED OR IRREVOCABLY PROMISED BY THE COMPANY AS SECURITY FOR DEBTS AND COMMITMENTS OF THIRD PARTIES** | 9149 | |
| **Of which** | | |
| Bills of exchange in circulation endorsed by the company | 9150 | |
| Bills of exchange in circulation drawn or guaranteed by the company | 9151 | |
| Maximum amount for which other debts or commitments of third parties are guaranteed by the company | 9153 | |

## Notes forming part of the Financial Statements

(EUR)

| | Codes | Year ended March 31, 2023 |
|---|---|---|
| **REAL GUARANTEES** | | |
| **Real guarantees provided or irrevocably promised by the company on its own assets as security of debts and commitments of the company** | | |
| Mortgages | | |
| Book value of the immovable properties mortgaged | 91611 | |
| Amount of registration | 91621 | |
| For irrevocable mortgage mandates, the amount for which the agent can take registration | 91631 | |
| Pledging of goodwill | | |
| Maximum amount up to which the debt is secured and which is the subject of registration | 91711 | |
| For irrevocable mandates to pledge goodwill, the amount for which the agent can take the inscription | 91721 | |
| Pledging of other assets or irrevocable mandates to pledge other assets | | |
| Book value of the immovable properties mortgaged | 91811 | |
| Maximum amount up to which the debt is secured | 91821 | |
| Guarantees provided or irrevocably promised on future assets | | |
| Amount of assets in question | 91911 | |
| Maximum amount up to which the debt is secured | 91921 | |
| Vendor's privilege | | |
| Book value of sold goods | 92011 | |
| Amount of the unpaid price | 92021 | |
| **Real guarantees provided or irrevocably promised by the company on its own assets as security of debts and commitments of third parties** | | |
| **Mortgages** | | |
| Book value of the immovable properties mortgaged | 91612 | |
| Amount of registration | 91622 | |
| For irrevocable mortgage mandates, the amount for which the agent can take registration | 91632 | |
| **Pledging of goodwill** | | |
| Maximum amount up to which the debt is secured and which is the subject of registration | 91712 | |
| For irrevocable mandates to pledge goodwill, the amount for which the agent can take the inscription | 91722 | |
| **Pledging of other assets or irrevocable mandates to pledge other assets** | | |
| Book value of the immovable properties mortgaged | 91812 | |
| Maximum amount up to which the debt is secured | 91822 | |
| **Guarantees provided or irrevocably promised on future assets** | | |
| Amount of assets in question | 91912 | |
| Maximum amount up to which the debt is secured | 91922 | |



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(EUR)

| | Codes | Year ended March 31, 2023 |
|---|---|---|
| **Vendor's privilege** | | |
| Book value of sold goods | 92012 | |
| Amount of the unpaid price | 92022 | |

(EUR)

| | Codes | Year ended March 31, 2023 |
|---|---|---|
| **GOODS AND VALUES, NOT REFLECTED IN THE BALANCE SHEET, HELD BY THIRD PARTIES IN THEIR OWN NAME BUT FOR THE BENEFIT AND AT THE RISK OF THE COMPANY** | | |
| **SUBSTANTIAL COMMITMENTS TO ACQUIRE FIXED ASSETS** | | |
| **SUBSTANTIAL COMMITMENTS TO DISPOSE OF FIXED ASSETS** | | |
| **FORWARD TRANSACTIONS** | | |
| Goods purchased (to be received) | 9213 | |
| Goods sold (to be delivered) | 9214 | |
| Currencies purchased (to be received) | 9215 | |
| Currencies sold (to be delivered) | 9216 | |

(EUR)

| | Year ended March 31, 2023 |
|---|---|
| **COMMITMENTS RELATING TO TECHNICAL GUARANTEES IN RESPECT OF SALES OR SERVICES** | |

(EUR)

| | Year ended March 31, 2023 |
|---|---|
| **AMOUNT, NATURE AND FORM CONCERNING LITIGATION AND OTHER IMPORTANT COMMITMENTS** | |
| Client guarantees | **650,000.00** |

**SETTLEMENT REGARDING THE COMPLEMENTARY RETIREMENT OR SURVIVORS' PENSION FOR PERSONNEL AND BOARD MEMBERS**

**Brief description**

The companies foresee in an additional system of employee pension benefits plan, not in management, calculated on the basis of the number of years of service and the salary of the concerned person. This commitment is a group insurance of the type defined contribution.



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Since the new regulations, this insurance type is subject to a minimum return guaranteed by the employer.

As at closing date, the minimum return is still covered by the insurance company.

**Measures taken to cover the related charges**

| | Codes | Year ended March 31, 2023 |
|---|---|---|
| **PENSIONS FUNDED BY THE COMPANY ITSELF** | | |
| **Estimated amount of the commitments resulting from past services** | 9220 | |
| Methods of estimation | | |

| | Year ended March 31, 2023 |
|---|---|
| **NATURE AND FINANCIAL IMPACT OF SIGNIFICANT EVENTS AFTER THE CLOSING DATE not reflected in the balance sheet or income statement** | |
| Rental agreement office space | **152,980.00** |

| | Year ended March 31, 2023 |
|---|---|
| **COMMITMENTS TO PURCHASE OR SALE AVAILABLE TO THE COMPANY AS ISSUER OF OPTIONS FOR SALE OR PURCHASE** | |

| | Year ended March 31, 2023 |
|---|---|
| **NATURE, COMMERCIAL OBJECTIVE AND FINANCIAL CONSEQUENCES OF TRANSACTIONS NOT REFLECTED IN THE BALANCE SHEET** | |
| If the risks and benefits resulting from such transactions are of any meaning and if publishing such risks and benefits is necessary to appreciate the financial situation of the company | |

| | Year ended March 31, 2023 |
|---|---|
| **OTHER RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET (including those that cannot be calculated)** | |

## 6.15 RELATIONSHIPS WITH AFFILIATED COMPANIES, ASSOCIATED COMPANIES AND OTHER COMPANIES LINKED BY PARTICIPATING INTERESTS

(EUR)

| | Codes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **AFFILIATED COMPANIES** | | | |
| **Financial fixed assets** | (280/1) | **1,000.00** | 1,000.00 |
| Participating interests | (280) | **1,000.00** | 1,000.00 |
| Subordinated amounts receivable | 9271 | | |
| Other amounts receivable | 9281 | | |
| **Amounts receivable** | 9291 | **13,077,374.43** | 9,270,843.00 |
| Over one year | 9301 | | |
| Within one year | 9311 | **13,077,374.43** | 9,270,843.00 |
| **Current investments** | 9321 | | |
| Shares | 9331 | | |
| Amounts receivable | 9341 | | |
| **Amounts payable** | 9351 | **24,567,687.82** | 21,661,295.59 |
| Over one year | 9361 | | |
| Within one year | 9371 | **24,567,687.82** | 21,661,295.59 |
| **Personal and real guarantees** | | | |
| Provided or irrevocably promised by the company as security for debts or commitments of affiliated companies | 9381 | | |
| Provided or irrevocably promised by affiliated companies as security for debts or commitments of the company | 9391 | | |
| **Other significant financial commitments** | 9401 | | |
| **Financial results** | | | |
| Income from financial fixed assets | 9421 | | |
| Income from current assets | 9431 | | |
| Other financial income | 9441 | | |
| Debt charges | 9461 | | |
| Other financial charges | 9471 | | |
| **Disposal of fixed assets** | | | |
| Capital profits realised | 9481 | | |
| Capital losses realised | 9491 | | |

## 6.16 RELATIONSHIPS WITH AFFILIATED COMPANIES, ASSOCIATED COMPANIES AND OTHER COMPANIES LINKED BY PARTICIPATING INTERESTS

(EUR)

| | Codes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **ASSOCIATED COMPANIES** | | | |
| **Financial fixed assets** | 9253 | | |
| Participating interests | 9263 | | |
| Subordinated amounts receivable | 9273 | | |
| Other amounts receivable | 9283 | | |
| **Amounts receivable** | 9293 | | |
| Over one year | 9303 | | |
| Within one year | 9313 | | |
| **Amounts payable** | 9353 | | |
| Over one year | 9363 | | |
| Within one year | 9373 | | |
| **Personal and real guarantees** | | | |
| Provided or irrevocably promised by the company as security for debts or commitments of affiliated companies | 9383 | | |
| Provided or irrevocably promised by affiliated companies as security for debts or commitments of the company | 9393 | | |
| **Other significant financial commitments** | 9403 | | |
| **COMPANIES LINKED BY PARTICIPATING INTERESTS** | | | |
| **Financial fixed assets** | 9252 | | |
| Participating interests | 9262 | | |
| Subordinated amounts receivable | 9272 | | |
| Other amounts receivable | 9282 | | |
| **Amounts receivable** | 9292 | | |
| Over one year | 9302 | | |
| Within one year | 9312 | | |
| **Amounts payable** | 9352 | | |
| Over one year | 9362 | | |
| Within one year | 9372 | | |

## RELATIONSHIPS WITH AFFILIATED COMPANIES, ASSOCIATED COMPANIES AND OTHER COMPANIES LINKED BY PARTICIPATING INTERESTS

(EUR)

| TRANSACTIONS WITH AFFILIATED PARTIES BEYOND NORMAL MARKET CONDITIONS | Year ended March 31, 2023 |
|---|---|
| **Mention of these transactions if they are significant, including the amount of the transactions, the nature of the link, and all information about the transactions that should be necessary to get a better understanding of the financial situation of the company** | |
| Due to the lack of legal criteria allowing the inventory of related party transactions outside normal market conditions, no information could be included in statement C6.15 | |



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## 6.16 FINANCIAL RELATIONSHIPS WITH

(EUR)

| | Codes | Year ended March 31, 2023 |
|---|---|---|
| **DIRECTORS AND MANAGERS, INDIVIDUALS OR LEGAL PERSONS WHO CONTROL THE COMPANY DIRECTLY OR INDIRECTLY WITHOUT BEING ASSOCIATED THEREWITH, OR OTHER COMPANIES CONTROLLED DIRECTLY OR INDIRECTLY BY THESE PERSONS** | | |
| **Amounts receivable from these persons** | 9500 | |
| Principal conditions regarding amounts receivable, rate of interest, duration, any amounts repaid, cancelled or written off | | |
| **Guarantees provided in their favour** | 9501 | |
| **Other significant commitments undertaken in their favour** | 9502 | |
| **Amount of direct and indirect remunerations and pensions, reflected in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person** | | |
| To directors and managers | 9503 | |
| To former directors and former managers | 9504 | |

(EUR)

| | Codes | Year ended March 31, 2023 |
|---|---|---|
| **THE AUDITOR(S) AND THE PERSONS WHOM HE (THEY) IS (ARE) COLLABORATING WITH** | | |
| **Auditors' fees** | 9505 | **31,188.00** |
| **Fees for exceptional services or special assignments executed within the company by the auditor** | | |
| Other audit assignments | 95061 | |
| Tax consultancy assignments | 95062 | |
| Other assignments beyond the audit | 95063 | |
| **Fees for exceptional services or special assignments executed within the company by people they are linked to** | | |
| Other audit assignments | 95081 | |
| Tax consultancy assignments | 95082 | |
| Other assignments beyond the audit | 95083 | |

**Mentions related to article 3:64, § 2 and § 4 of the Belgian Companies and Associations Code**

The audit committee, decides in accordance with article 133 § 6, 1° of the Companies Code, to depart from the limitations imposed on the auditor and on persons with whom he has concluded an employment contract or with whom he is aligned vis-à-vis a professional relationship or the companies or persons aligned to the auditor as stipulated in article 11 of the Companies Code, regarding the remuneration allowed for non-audit services.

## 6.18.1 DECLARATION WITH REGARD TO THE CONSOLIDATED ANNUAL ACCOUNTS

INFORMATION TO DISCLOSE BY EACH COMPANY GOVERNED BY THE BELGIAN COMPANIES AND ASSOCIATIONS CODE ON THE CONSOLIDATED ANNUAL ACCOUNTS

**The company has not prepared consolidated annual accounts and a consolidated annual report, because of an exemption for the following reason(s).**

The company and its subsidiaries exceed, on a consolidated basis, not more than one of the criteria mentioned in article 1:26 of the Belgian Companies and Associations Code.

The company only has subsidiaries that, considering the evaluation of the consolidated capital, the consolidated financial position or the consolidated result, individually or together, are of negligible interest Error! Bookmark not defined. (article 3:23 of the Belgian Companies and Associations Code)

The company itself is a subsidiary of a parent company that prepares and publishes consolidated annual accounts, in which the annual accounts are integrated by consolidation.

**INFORMATION TO BE PROVIDED BY THE COMPANY IN CASE IT IS A SUBSIDIARY OR A JOINT SUBSIDIARY**

Name, full address of the registered office and, if it concerns companies under Belgian law, the company registration number of the parent company(ies) and the indication if this (these) parent company(ies) prepares (prepare) and publishes (publish) consolidated annual accounts, in which the annual accounts are included by means of consolidation...

**Tata Consultancy Services Ltd**

**9th Floor Nirmal Building, Nariman Point**

**400 021 MUMBAI, India**

**The enterprise draws up consolidated annual accounts data for the major part of the enterprise**

If the parent company(ies) is (are) (a) company(ies) governed by foreign law, the location where the above mentioned annual accounts are available...

**Tata Consultancy Serivces Ltd**

**9th Floor Nirmal Building, Nariman Point**

**400 021 MUMBAI, India**

. Strike out what does not apply.

.. Where the annual accounts of the company are consolidated at different levels, the information should be given, on the one hand at the highest and on the other at the lowest level of companies of which the company is a subsidiary and for which consolidated accounts are prepared and published.

## 6.19 VALUATION RULES

### 1. Principle

The valuation rules are determined according to the provisions of the Royal Decree of 29 april 2019 in implementation of the Belgian Companies and Associations Code.

In respect of the requirement of a true and fair view the valuation rules of this Decree shall be deviated from in the following exceptional cases:

Reasons for the deviation:

The effects of the deviation on assets and liabilities, financial position and the result before taxation of the company are as follows:

The valuation rules are (~~changed~~) (not changed) in wording and application as compared to the preceding financial period; if so, the change related to:

and has a (positive) (negative) effect on the result for the financial period before taxation to the amount of EUR.

The income statement (~~is~~) (is not) significantly effected by income or charges relating to a previous financial period; if so, the material effect results from:

The figures of the financial period are not comparable with those of the preceding financial period for the following reason:

(In order to maintain comparability the figures of the preceding financial period are adjusted regarding to following reasons) (To compare the annual accounts of both financial periods involved following information should be taken into account):

In absence of objective standards of appraisal following valuation of foreseeable liabilities, contingent losses and diminuations in value is inevitably uncertain:

Other information necessary to give a true and fair view of the enterprise's liabilities, financial position and result:

***1) Revenue recognition***

The company earns revenue primarily from providing information technology and consulting services, including services under contracts for software development, implementation and other related services, licensing and sale of its own software and business process services.

The company recognises revenue as follows:

Revenue from contracts priced on a time and material basis is recognised as services are rendered and as related costs are incurred.

Revenue from Business Process Services contracts priced on the basis of time and material or unit of delivery is recognised as services are rendered or the related obligation is performed.

Revenue from maintenance contracts is recognised on a pro rata basis over the period of the contract.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

***2 ) Presentation of costs related to seconded employees from TCSL***

Account Code 62 includes remuneration, social security costs and pensions incurred towards local Belgian employees (247 FTE in 2023 and 185.9 FTE in 2022). Costs incurred towards the seconded employees of TCS Limited (TCSL), (2023: 33,019,290.73 EUR; 2022: 34,055,158.05 EUR) the parent company of TCS Belgium have also been accounted under this classification. The employees of TCSL (703 FTE in 2022 and 756 FTE in 2021) are not employees of TCS Belgium as they remain bound by the employment contract with TCSL and seconded to TCS Belgium. Account Code 62 reflects the aggregate of all such costs, including the cost of the seconded employees as management believes that this better reflects the substance of the arrangement for the deputation of the personnel and consequently provides a true and fair view.

## 2. Fixed assets

***Formation expenses:***

Formation expenses are charged against income except for following costs capitalised:

***Reorganization costs:***

The reorganization costs are (~~capitalised~~) (not capitalised) during the financial period; if so, this is justified as follows:

***Intangible fixed assets:***

The amount of intangible assets includes - EUR research and development costs. Depreciation of these costs and the depreciations for goodwill are charged over a period of (more than) (not more than) 5 years; if more than 5 years the period involved is justified as follows :

***Tangible fixed assets:***

During the financial period the tangible assets ~~(are)~~ (are not) revalued; if so, the revaluation if justified are as follows:

## VALUATION RULES

**Depreciation recorded during the financial period:**

| Assets | Method S (straightline) R (reducing balance) O (other) | Basis NR (non-revalued) R (revalued) | Depreciation rate Principal costs Min. - Max. | Depreciation rate Ancillary costs Min. - Max. |
|---|---|---|---|---|
| **1. Formation expenses** | | | | |
| **2. Intangible fixed assets** | | | | |
| Software | **S** | **NR** | **20.00 - 20.00** | **20.00 - 20.00** |
| **3. Buildings.** | | | | |
| **4. Plant, machinery and equipments.** | | | | |
| **5. Vehicles.** | | | | |
| Company cars | **S** | **NR** | **25.00 - 25.00** | **25.00 - 25.00** |
| **6. Office furniture .** | | | | |
| Office equipment | **S** | **NR** | **10.00 - 20.00** | **10.00 - 20.00** |
| **7. Other tangible fixed assets** | | | | |
| Fitting-out expenses rented prop | **S** | **NR** | **10.00 - 21.05** | **10.00 - 21.05** |

. Including leased assets which should be disclosed on a separate line

Tax deductible accelerated depreciation in excess of depreciation based on economic circumstances:

- amount for the financial period: EUR.
- cumulative amount regarding tangible assets acquired as of the financial period beginning after December 31, 1983: EUR.

**Financial fixed assets:**

During the financial period investments ~~(are)~~ (are not) revalued; if so, the revaluation is justified as follows:

**3. Current assets**

***Inventories:***

Inventories are valued at **acquisition cost** determined according to the method (to be disclosed) of the weighted average price method, FIFO, LIFO, by identifying individually the price of each element or by the **lower market value**

1. Raw materials and consumables:
2. Work in progress - finished goods:
3. Goods purchased for resale:
4. Immovable property intended for sale:

***Products:***

- Production costs (include) (do not include) costs that are only indirectly attributable to the product.
- Production costs of stock and work in progress the production of which exceeds more than one year (includes) (does not include) on capital borrowed to finance the production.

Stocks total valued at market value amount to % of its book value at the end of the financial period.

*(This information is only required in the event of a substantial difference).*

***Contracts in progress:***

Contracts in progress are valued ~~(at production cost)~~

(at production cost increased by a portion of the profit according to the state of completion of the contract)

**4. Liabilities**

***Debts:***

Liabilities ~~(include)~~ (do not include) long-term debts, bearing no interests or at an unusual low interest; if so, a discount (has) (has not) been recognised and capitalised.

***Foreign currencies:***

Debts, liabilities and commitments denominated in foreign currencies are translated in EUR using following criteria: Exchange rate as per closing date

Exchange differences have been disclosed in the annual accounts as follows: All exchange differences are taken into P&L

***Leasing agreements:***

Concerning the rights to use property not capitalised (relating to immovable property and concluded before 1 January 1980), consideration and rental relating to the financial period if the leased immovable property, amount to: EUR.

## 6.20 OTHER INFORMATIONS TO DISCLOSE

The company does not have any impact due to the war in Ukraine or due to sanctions on Russia and Belarus as the company neither has any customers nor any dependencies on Russia, Ukraine and Belarus.

## SOCIAL BALANCE SHEET

**Numbers of the joint industrial committees competent for the company: 200**

**STATEMENT OF THE PERSONS EMPLOYED**

**EMPLOYEES FOR WHOM THE COMPANY SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER**

| During the period | Codes | Total | 1. Men | 2. Women |
|---|---|---|---|---|
| **Average number of employees** | | | | |
| Full-time | 1001 | **247.6** | **204.0** | **43.6** |
| Part-time | 1002 | **1.2** | | **1.2** |
| Total in full-time equivalents (FTE) | 1003 | **247.0** | **202.9** | **44.1** |
| **Number of actual hours worked** | | | | |
| Full-time | 1011 | **435,012** | **362,820** | **72,192** |
| Part-time | 1012 | **1,480** | | **1,480** |
| Total | 1013 | **436,492** | **362,820** | **73,672** |
| **Personnel costs** | | | | |
| Full-time | 1021 | | | |
| Part-time | 1022 | | | |
| Total | 1023 | **68,807,507.52** | **57,189,991.57** | **11,617,515.95** |
| **Benefits in addition to wages** | 1033 | | | |

| During the preceding period | Codes | P. Total | 1P. Men | 2P. Women |
|---|---|---|---|---|
| Average number of employees in FTE | 1003 | 162.3 | 131.6 | 30.7 |
| Number of actual hours worked | 1013 | 286,605 | 234,276 | 52,329 |
| Personnel costs | 1023 | 59,520,520.59 | 50,319,457.28 | 9,201,063.31 |
| Benefits in addition to wages | 1033 | | | |

| At the closing date of the period | Codes | Full-time | Part-time | Total in full-time equivalents |
|---|---|---|---|---|
| Number of employees | 105 | **287** | **1** | **287.8** |
| **By nature of the employment contract** | | | | |
| Contract for an indefinite period | 110 | **285** | **1** | **285.8** |
| Contract for a definite period | 111 | **2** | | **2.0** |
| Contract for the execution of a specifically assigned work | 112 | | | |
| Replacement contract | 113 | | | |
| **According to gender and study level** | | | | |
| Men | 120 | **237** | | **237.0** |
| primary education | 1200 | **208** | | **208.0** |
| secondary education | 1201 | | | |
| higher non-university education | 1202 | **15** | | **15.0** |
| university education | 1203 | **14** | | **14.0** |
| Women | 121 | **50** | **1** | **50.8** |
| primary education | 1210 | **42** | | **42.0** |
| secondary education | 1211 | | | |
| higher non-university education | 1212 | **2** | | **2.0** |
| university education | 1213 | **6** | **1** | **6.8** |
| **By professional category** | | | | |
| Management staff | 130 | | | |
| Salaried employees | 134 | **287** | **1** | **287.8** |
| Hourly employees | 132 | | | |
| Others | 133 | | | |

## HIRED TEMPORARY STAFF AND PERSONNEL PLACED AT THE DISPOSAL OF THE COMPANY

| During the period | Codes | 1. Hired temporary staff | 2. Hired temporary staff and personnel placed at the company's disposal |
|---|---|---|---|
| Average number of persons employed | 150 | | |
| Number of hours actually worked | 151 | | |
| Costs for the company | 152 | | |

## LIST OF PERSONNEL MOVEMENTS DURING THE PERIOD

### ENTRIES

| | Codes | 1. Full-time | 2. Part-time | 3. Total full-time equivalents |
|---|---|---|---|---|
| **Number of employees for whom the company submitted a DIMONA declaration or who have been recorded in the general personnel register during the period** | 205 | 149 | | 149.0 |
| **By nature of employment contract** | | | | |
| Contract for an indefinite period | 210 | 148 | | 148.0 |
| Contract for a definite period | 211 | 1 | | 1.0 |
| Contract for the execution of a specifically assigned work | 212 | | | |
| Replacement contract | 213 | | | |

### DEPARTURES

| | Codes | 1. Full-time | 2. Part-time | 3. Total in full-time equivalents |
|---|---|---|---|---|
| **Number of employees whose contract-termination date has been included in the DIMONA declaration or in the general personnel register during the period** | 305 | 59 | 1 | 59.2 |
| **By nature of employment contract** | | | | |
| Contract for an indefinite period | 310 | 59 | 1 | 59.2 |
| Contract for a definite period | 311 | | | |
| Contract for the execution of a specifically assigned work | 312 | | | |
| Replacement contract | 313 | | | |
| **By reason of termination of contract** | | | | |
| Retirement | 340 | | | |
| Unemployment with extra allowance from company | 341 | | | |
| Dismissal | 342 | | | |
| Other reason | 343 | 59 | 1 | 59.2 |
| Of which: the number of persons who continue to render services to the company at least half-time on a self-employed basis | | | | |

## INFORMATION ON TRAINING PROVIDED TO EMPLOYEES DURING THE PERIOD

| | Codes | Men | Codes | Women |
|---|---|---|---|---|
| **Total of initiatives of formal professional training at the expense of the employer** | | | | |
| Number of employees involved | 5801 | | 5811 | |
| Number of actual training hours | 5802 | | 5812 | |
| Net costs for the company | 5803 | | 5813 | |
| of which gross costs directly linked to training | 58031 | | 58131 | |
| of which fees paid and payments to collective funds | 58032 | | 58132 | |
| of which grants and other financial advantages received (to deduct).. | 58033 | | 58133 | |
| **Total of initiatives of less formal or informal professional training at the expense of the employer** | | | | |
| Number of employees involved | 5821 | | 5831 | |
| Number of actual training hours | 5822 | | 5832 | |
| Net costs for the company | 5823 | | 5833 | |
| **Total of initiatives of initial professional training at the expense of the employer** | | | | |
| Number of employees involved | 5841 | | 5851 | |
| Number of actual training hours | 5842 | | 5852 | |
| Net costs for the company | 5843 | | 5853 | |

# Tata Consultancy Services Deutschland GmbH

## ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

**For the year ended March 31, 2023**

The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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# 1 AUDIT ENGAGEMENT

At the shareholders' meeting held on September 29, 2022, of

Tata Consultancy Services Deutschland GmbH, Frankfurt am Main,

– hereinafter also referred to as 'TCSD' or the 'Company' –

we were elected as auditor for the financial year from April 1, 2022, to March 31, 2023. Accordingly, management has engaged us to audit the annual financial statements for the year ended March 31, 2023, together with the accounting records and the management report.

The terms governing this engagement are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on January 1, 2017, which are attached to this report as Appendix 2. Our liability is governed by Clause 9 of the General Engagement Terms. Our liability towards third parties is defined under Clauses 1 (2) and 9 of the General Engagement Terms.

# 2 REPRODUCTION OF THE INDEPENDENT AUDITOR'S REPORT

Based on the results of our audit, we have issued the following auditor's report:

## INDEPENDENT AUDITORS' REPORT

To Tata Consultancy Services Deutschland GmbH, Frankfurt am Main

### Opinion on the Annual Financial Statements and Qualified Opinion on the Management Report

We have audited the annual financial statements of Tata Consultancy Services Deutschland GmbH, Frankfurt am Main, which comprise the balance sheet as of March 31, 2023, the income statement for the financial year from April 1, 2022, to March 31, 2023, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Tata Consultancy Services Deutschland GmbH, for the financial year from April 1, 2022, to March 31, 2023. In accordance with German legal requirements, we have not audited the content of the corporate governance statement pursuant to Section 289f (4) HGB [Handelsgesetzbuch: German Commercial Code] (disclosures on the quota for women on executive boards), which is included in Section IV of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of March 31, 2023, and of its financial performance for the financial year from April 1, 2022, to March 31, 2023, in compliance with German legally required accounting principles, and
- the accompanying management report as a whole – except for the effects of the matter described in the section 'Basis for the Opinion on the Annual Financial Statements and for the Qualified Opinion on the Management Report' – provides an appropriate view of the Company's position. In all material respects, except for the effects of this matter, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit, with the exception of the aforementioned qualified audit opinion on the management report, has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

### Basis for the Opinion on the Annual Financial Statements and for the Qualified Opinion on the Management Report

Contrary to Section 289f (4) HGB, the Company did not include the legally required disclosures on the quota for women on executive boards in the management report, but only stated that the legal requirements on the quota for women have not yet been applied (targets and deadlines for target achievement).

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial statements and our qualified opinion on the management report.

### Other Information

Management is responsible for the other information. The other information comprises the corporate governance statement pursuant to Section 289f (4) HGB (disclosures on the quota for women on executive boards).

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

**Responsibilities of Management for the Annual Financial Statements and the Management Report**

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

**Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- 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 the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance 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. .

Frankfurt am Main, May 19, 2023

**KPMG AG**
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| [signature] Rataj | [signature] Brudek |
| Wirtschaftsprüfer | Wirtschaftsprüfer |
| [German Public Auditor] | [German Public Auditor] |

# 3 BASIC FINDINGS

### 3.1 Basis for qualified audit opinion on the management report

Please refer to our comments under '2 Reproduction of the Independent Auditor's Report' in the Section "Basis for the Opinion on the Annual Financial Statements and for the Qualified Opinion on the Management Report".

In conclusion, we wish to point out that our following comments are to be read in the context of this qualified audit opinion on the management report.

### 3.2 Evaluation of management's assessment of the Company's position

In our opinion, the following key statements in the management report are noteworthy:

- Revenue for the financial year declined by KEUR 97,661 to KEUR 736,674 compared to financial year 2021/2022.
- In line with the prior year's estimate, moderate growth in revenue and earnings had been expected. Owing to invoicing-related changes in inventories of KEUR 130,313 however, a reduction in revenue of KEUR 97,661 was reported, corresponding to a decline of 11.7%compared to the prior year. At KEUR 28,711, net income for the year was below the prior-year's level.
- Despite the rise in total operating performance, net income declined by KEUR 19,957 year on year. The gross profit margin ((revenue + change in inventories - cost of purchased services)/revenue) increased from 27.8% in the prior year to 31.2% in the current year. The reason for the decline in net income was mainly due to an increase in personnel expenses.
- Assets increased compared to March 31, 2022, from KEUR 240,063 to KEUR 297,062, primarily due to the increase in trade receivables, work in process and cash at banks.
- Equity increased compared to March 31, 2022, by KEUR 8,711 to KEUR 78,376. The equity ratio equals 26.4% (PY: 29.0%). The change in the equity ratio was primarily attributable to the profit distribution of KEUR 20,000 carried out during the financial year.
- Liabilities to affiliated companies increased compared to March 31, 2022, by KEUR 7,191 to KEUR 12,266, which is largely due to the increase in services purchased from affiliates.
- In order to achieve levels of growth above the sector average in financial year 2023/2024 and in subsequent years, management plans to position its services and solutions for new customers and tap new business areas for existing customers. Investments in TCS Enterprise Cloud and in digital services were carried out in Germany. Both sectors offer the Company meaningful opportunities to develop new services and solutions. The Company plans to continue to purposefully target the SME segment in Germany, which has proven successful and is to be further expanded.
- Based on current forecasts, moderate annual revenue growth and a corresponding increase in net income are forecast for financial year 2023/2024.
- Management has not identified any risks that cast significant doubt on the Company's ability to continue as a going concern.
- Foreign exchange risks stem in particular from the conclusion of transactions in US dollar and other foreign currencies. A weakening of the dollar or other foreign currencies against the euro could consequently lead to foreign exchange losses. As of the reporting date receivables and bank balances denominated in US dollar amounted to KEUR 11,544. These contrasted with USD liabilities of KEUR 1,449. The risk is considered low.
- Default and liquidity risks are limited by the selection of customers and by close cooperation on payment transactions between sales and administration for the purposes of effective debt collection.

As a result of our audit, we found that the management report – apart from the qualification described under 3.1 –, as a whole, provides an appropriate view of the Company's position, complies with German legal requirements, is consistent with the annual financial statements and appropriately presents the opportunities and risks of future development.

In accordance with German legal requirements, we have not audited the content of the corporate governance statement (disclosures on the quota for women on executive boards), which is included in the management report.

### 3.3 Non-compliance with laws and regulations

**Supervisory Board according to the German One-Third Participation Act [Drittelbeteiligungsgesetz]**

The Company employed more than 500 staff in the year under review. A Supervisory Board pursuant to Section 1 (1) no. 3 DrittelbG [Drittelbeteiligungsgesetz: German One-Third Participation Act] has not been established. Management has neither published this pursuant to Section 1 (1) no. 3 sentence 2 DrittelbG in conjunction with Section 97 (1) of the German Stock Corporation Act [AktG] in the journals authorized for public company announcements and by displaying this at all operations of the Company, nor has it made an application for a judicial decision pursuant to Section 1 (1) no. 3 sentence 2 DrittelbG in conjunction with Section 98 (1) AktG.

On July 28, 2022, the Articles of Association of Tata Consultancy Services Deutschland GmbH were expanded to include provisions relating to the Supervisory Board. At the shareholders' meeting on July 28, 2022, the amendment of the Articles of Association was resolved. A constituent meeting of the Supervisory Board had not taken place as of the date of the audit.

**Non-preparation of reports on equal pay**

Contrary to Sections 21 and 25 (2) EntgTranspG [Entgelttransparenzgesetz: German Transparency in Wage Structures Act], the report on gender equality and equal pay ("pay equality report") has thus far not been prepared.

## 4 PERFORMANCE OF THE AUDIT

### 4.1 Scope of the audit

We have audited the annual financial statements of Tata Consultancy Services Deutschland GmbH, which comprise the balance sheet, the income statement and notes to the financial statements, including the accounting records, and the management report, for the financial year ended March 31, 2023.

Our responsibility is to express an opinion on the annual financial statements and the management report based on our audit.

An audit only covers compliance with other regulations to the extent that these other regulations can be expected to have an impact on the annual financial statements or the management report.

Pursuant to Section 317 (4a) HGB, an audit is not intended to extend to whether the Company's ability to continue as a going concern or the effectiveness and efficiency of management can be assured.

The contents of the corporate governance statement pursuant to Section 289f HGB (disclosures on the quota for women on executive boards), included in the management report, are not within the scope of our audit in accordance with Section 317 (2) sentence 6 HGB. In the course of our audit it is only necessary to determine whether the disclosures pursuant to Section 289f (2) HGB have been made.

As presented in the independent auditor's report, our opinions on the annual financial statements and the management report do not cover the other information, and consequently we do not express an opinion or any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information is materially inconsistent with the annual financial statements, with the management report information audited for content 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.

### 4.2 Nature and scope of audit procedures

The general principles of our audit approach are already presented in the "Reproduction of the independent auditor's report" (see Section 2 of this report). In addition, we provide the following information on our audit approach and audit performance:

**Phase I: Development of an audit strategy focused on business risks**

Obtaining an understanding of the Company's business as well as knowledge of the accounting systems and the internal control system

Establishing audit focus areas based on our risk assessment:

- Audit of the process of preparing the annual financial statements
- Audit of the sales process
- Audit of the HR process
- Existence of revenue and revenue recognition cut-off as of the reporting date
- Existence and valuation of trade receivables
- Completeness of the reported personnel expenses
- Plausibility of forecasts made in the management report

Establishing the audit strategy and timeline for the audit

Selecting the audit team and planning the deployment of specialists

**Phase II: Selection and implementation of control-based audit procedures**

Selection of control-based audit procedures based on risk assessments and knowledge of business processes and systems

Assessment of the design and effectiveness of selected accounting-related controls

**Phase III: Tests of details and analytical review of items in the annual financial statements**

Performance of analytical reviews of items in the annual financial statements

Tests of details on a sample basis and assessment of individual items with a view to the accounting options and judgments exercised, e.g.

- Obtaining confirmations from lawyers, tax advisors and credit institutions
- Obtaining confirmations from customers on the basis of a representative sample
- Obtaining confirmations of supplier balances based on specified samples

Review of disclosures in the notes and assessment of the management report

**Phase IV: Overall assessment of audit results and reporting**

Formation of opinions on the basis of the overall assessment of audit results

Reporting in the audit report and the independent auditor's report

Detailed oral presentation of audit results to management

We performed our audit (with interruptions) in the months of March to May 2023, until May 19, 2023.

All explanations and evidence requested by us were provided. The management confirmed in writing that the accounting records, the annual financial statements and the management report are complete.

# 5 FINDINGS ON ACCOUNTING AND FINANCIAL REPORTING

## 5.1 Accounting records and related documents

The Company's accounting records have been properly kept and maintained. The accounting records and related documents are properly authorized, sufficiently explained and filed in an orderly manner. Based on our findings, the accounting records and related documents comply with German legal requirements.

## 5.2 Annual financial statements

The annual financial statements as of March 31, 2023, presented to us for audit, were properly derived from the Company's accounting records and related documents. The opening balance sheet figures were properly carried forward from the prior year's annual financial statements. The German legal recognition, presentation and measurement requirements have been observed, in all material respects.

The balance sheet and income statement have been prepared, in all material respects, in accordance with the provisions of German commercial law applicable to corporations, including the German legally required accounting principles. The notes to the financial statements include all legally required information.

The protective clause referred to in Section 286 (4) HGB has been properly applied.

### 5.3 Management report

Apart from the qualification described under 3.1, the management report prepared by management, in all material respects, complies with German legal requirements.

In accordance with German legal requirements, we have not audited the content of the corporate governance statement (disclosures on the quota for women on executive boards), which is included in the management report.

## 6 OPINION ON THE OVERALL PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

### 6.1 Comments on overall presentation

The accounting policies applied to the annual financial statement items, in all material respects, comply with the requirements of German commercial law applicable to business corporations. These are described in the notes to the financial statements (see Appendix 1.3 Section III).

The following transactions were carried out which had a material effect on the overall presentation of the annual financial statements:

As of March 31, 2009, the Company transferred existing pension obligations into a reinsured pension fund. Therefore, pension obligations and claims from corresponding reinsurance policies are no longer recognized on the Company's balance sheet. With regard to the valuation pursuant to IAS 19 the outsourced pension obligation has a value of KEUR 9,670 as of the balance sheet date.

### 6.2 Conclusion on the overall presentation of the annual financial statements

Based on an overall consideration of the material transactions described above, we are of the opinion that the annual financial statements give a true and fair view of the assets, liabilities and financial position of the Company and of its financial performance in accordance with German legally required accounting principles.

## 7 CONCLUDING REMARKS

This audit report has been prepared in accordance with the principles of Auditing Standard 450 (as amended) (10.2021), promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

We hereby confirm pursuant to Section 321 (4a) HGB that we have conducted our audit in accordance with the applicable independence regulations.

The independent auditor's report is presented in Section 2.

Frankfurt am Main, May 19, 2023

**KPMG AG**
Wirtschaftsprüfungsgesellschaft

**[Original German version signed by;]**

| | |
|---|---|
| Rataj | Brudek |
| Wirtschaftsprüfer | Wirtschaftsprüfer |
| [German Public Auditor] | [German Public Auditor] |

## Balance sheet as of March 31, 2023

(EUR)

| | March 31, 2023 | | March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **A. Fixed assets** | | | |
| I. Intangible assets | | | |
| Software acquired for a consideration | | **440,069.28** | 580,554.01 |
| II. Property, plant and equipment | | | |
| 1. Office equipment | **8,208,314.65** | | 11,549,394.92 |
| 2. Advance payments | **234,230.83** | | 133,626.90 |
| | | **8,442,545.48** | 11,683,021.82 |
| | | **8,882,614.76** | 12,263,575.83 |
| **B. Current assets** | | | |
| I. Inventories | | | |
| Work in process | | **91,021,707.41** | 66,140,093.13 |
| II. Receivables and other assets | | | |
| 1. Trade receivables | **139,779,954.82** | | 123,271,741.94 |
| 2. Receivables from affiliated companies | **17,392,267.01** | | 18,719,661.52 |
| 3. Other assets | **20,66,591.91** | | 2,080,844.11 |
| | | **159,238,813.74** | 144,072,247.57 |
| III. Cash at bank | | **31,683,531.13** | 9,545,964.34 |
| | | **281,944,052.28** | 219,758,305.04 |
| **C. Prepaid expenses** | | **6,235,228.70** | 8,040,996.03 |
| | | **297,061,895.74** | 240,062,876.90 |
| **EQUITY & LIABILITIES** | | | |
| **A. Equity** | | | |
| I. Subscribed capital | **150,000.00** | | 150,000.00 |
| II. Capital reserve | **18,760.94** | | 18,760.94 |
| III. Retained earnings | **49,495,938.10** | | 20,827,760.82 |
| IV. Net income for the year | **28,711,167.70** | | 48,668,177.28 |
| | | **78,375,866.74** | 69,664,699.04 |
| **B. Provisions** | | | |
| 1. Provisions for pensions and similar obligations | **32,743.00** | | 0.00 |
| 2. Tax provisions | **11,997,587.62** | | 7,829,356.40 |
| 3. Other provisions | **81,879,213.88** | | 76,656,990.03 |
| | | **93,909,544.50** | 84,486,346.43 |

| | | | (EUR) |
|---|---|---|---|
| | **March 31, 2023** | | **March 31, 2022** |
| **C. Liabilities** | | | |
| 1. Payments received on account of orders | **91,711,766.90** | | 73,967,768.67 |
| 2. Trade payables | **8,414,663.72** | | 4,965,307.26 |
| – thereof due within one year: EUR 8,414,663.72 (PY: EUR 4,965,307.26) | | | |
| 3. Liabilities to affiliated companies | **12,266,049.02** | | 5,074,974.49 |
| – thereof due within one year: EUR 12,266,049.02 (PY: EUR 5,074,974.49) | | | |
| 4. Other liabilities | | | |
| – thereof for taxes: EUR 11,864,787.13 (PY: EUR 1,277,664.20) | | | |
| – thereof for social security: EUR 94,487.18 (PY: EUR 62,513.62) | | | |
| – thereof due within one year EUR 12,104,704.86 (PY: EUR 1,569,481.01) | **12,104,704.86** | | 1,569,481.01 |
| | | **124,497,184.50** | 85,577,531.43 |
| **D. Deferred tax liabilities** | | **279,300.00** | 334,300.00 |
| | | **297,061,895.74** | 240,062,876.90 |

## Income statement for the period from April 1, 2022, to March 31,2023.

(EUR)

| | Year ended March 31, 2023 | | Year ended March 31, 2022 |
|---|---|---|---|
| **1. Revenue** | | **736,674,277.33** | 834,334,997.62 |
| 2. Increase in finished goods and work in process (PY: decrease) | | **24,881,614.28** | (105,431,943.55) |
| 3. Other operating income – thereof income from currency translation: EUR 1,375,138.73 (PY: EUR 719,151.51) | | **1,621,432.57** | 2,500,502.03 |
| 4. Cost of materials Cost of purchased services | | **(531,552,747.82)** | (497,262,211.73) |
| 5. Personnel expenses | | | |
| a) Wages and salaries | **(127,130,387.97)** | | (110,073,741.24) |
| b) Social security, pension and other benefits | **(14,776,141.64)** | | (12,993,600.15) |
| - thereof for pensions: EUR 1,257,756.33 (PY: EUR 905,150.65) | | | |
| | | **(141,906,529.61)** | (123,067,341.39) |
| 6. Amortization, depreciation and write-downs of intangible assets and property, plant and equipment | | **(7,058,663.65)** | (7,943,873.62) |
| 7. Other operating expenses - thereof expenses from currency translation: EUR 1,031,100.52 (PY: EUR 383,502.35) | | **(40,727,885.10)** | (31,634,909.21) |
| 8. Other interest and similar income | | **162,436.78** | 0.00 |
| 9. Interest and similar expenses | | **0.00** | (241,542.84) |
| 10. Income taxes – thereof expenses from the addition to and reversal of deferred taxes: EUR 0.00 (PY: EUR 234,900.00) – thereof income from the addition to and reversal of deferred taxes: EUR 55,000.00 (PY: EUR 0.00) | | **(13,382,767.08)** | (22,585,500.03) |
| **11. Earnings after taxes** | | **28,711,167.70** | 48,668,177.28 |
| **12. Net income for the year** | | **28,711,167.70** | 48,668,177.28 |

## Notes forming part of the Financial Statements

### 1. General information on the Company

Tata Consultancy Services Deutschland GmbH has its registered office in Frankfurt am Main. It is registered in the commercial register of the Frankfurt am Main District Court under the number HRB 34240.

### 2. General information on the content and classification of the annual financial statements

As of the balance sheet date, the Company met the size criteria of a large corporation in accordance with Section 267 (3) of the German Commercial Code [HGB].

The annual financial statements of Tata Consultancy Services Deutschland GmbH were prepared based on accounting policies in accordance with German commercial law. The relevant provisions of the German Limited Liability Companies Act [GmbHG] were also observed. The income statement has been prepared in accordance with the nature of expense method.

### 3. Accounting policies

These annual financial statements present all assets, liabilities, prepaid expenses, special items, expenses and income, unless otherwise provided by law. Items on the assets side were not offset against items on the liabilities side, and expenses were not offset against income, unless this is expressly required by the provisions set forth under Section 246 HGB.

The amounts presented in the opening balance sheet of the financial year under review correspond with those of the closing balance sheet of the prior financial year. Valuations are based on the assumption that the Company will continue as a going concern. Assets and liabilities were measured individually.

All foreseeable risks and losses incurred as of the balance sheet date have been prudently evaluated and considered, even if they only became apparent between the reporting date and the preparation of the annual financial statements. Unless expressly required by law, only gains realized by the reporting date have been considered. Expenses and income of the reporting year were considered regardless of the date of payment.

Intangible assets and property, plant and equipment were stated at cost less amortization, depreciation or write-downs in the event of permanent impairment. Assets are amortized/depreciated over their individually assessed expected useful life on a straight-line basis. A useful life of four years is assumed for intangible assets, and items of property, plant and equipment are depreciated over a period of between three and eight years.

The Company has a reinsurance claim from life insurance, which is measured at fair value. The fair value of the reinsurance claim comprises the insurance company's budgeted insurance cover funds plus any existing premium reimbursement credits (profit participation). As fair value of the offset assets, the reinsurance asset value communicated by the insurance company of KEUR 382 is used, which corresponds to their historical cost. The matching covered pension provision is valued using the fair value of the reinsurance policy pursuant to Section 253 (1) sentence 3 HGB and this is presented on a net basis as these are plan assets within the meaning of Section 246 (2) HGB.

As part of long-term contract manufacturing, revenue according to the completed contract approach was presented only after the service performance had been carried out, i.e. upon the conclusion of the project. Expenses incurred for projects that had not yet been completed were capitalized as work in process during the reporting year. Work in process is to be capitalized at production cost pursuant to Section 255 (2) HGB. The cost of production includes direct costs as well as necessary material and manufacturing overheads and, in this case in particular, personnel expenses and amortization/depreciation of fixed assets. Interest on borrowings is not included. If the expected sales revenue from a contract does not cover the capitalized amounts plus all further costs that are expected to be incurred, a corresponding write-down to the lower fair value takes place. A provision will only be recognized in the corresponding amount if an expected loss exceeds the capitalized costs.

Receivables and other assets are stated at cost. Provisions are made for all discernible individual risks and general credit risk.

Receivables denominated in foreign currency with a residual maturity not exceeding one year are stated at the average spot exchange rate on the balance sheet date. All other receivables denominated in foreign currency are valued at the lower of the exchange rate prevailing on the date of invoicing and the average spot exchange rate on the closing date.

Deferred tax liabilities were mainly incurred in the financial year. These are based on differences between the valuations

## Notes forming part of the Financial Statements

in the commercial and tax balance sheets for fixed assets in the amount of KEUR 1,139, for provisions for pensions and partial retirement obligations in the amount of KEUR 169 and for the provision for onerous contracts in the amount of KEUR 88. Using a tax rate of 32% for the calculation results in deferred tax assets of KEUR 82 and deferred tax liabilities of KEUR 361 (excess of liabilities of KEUR 279).

The tax provisions and other provisions were recognized for contingent liabilities, which are indeterminate in terms of their amount or the time at which they will materialize, at the expected settlement amount for the contingent liabilities based on prudent commercial judgment.

The provisions have a term of a maximum of one year.

All provisions with an initial term or remaining term of exactly one year or less are not discounted.

Liabilities have been stated at their settlement amount.

Liabilities denominated in foreign currency with a residual maturity not exceeding one year are stated at the average spot exchange rate on the balance sheet date. All other payables in foreign currency are valued at the higher of the exchange rate prevailing on the date of invoicing or the average spot exchange rate on the closing date.

Proportionate VAT for payments received are recognized as liabilities under 'other liabilities' until such time that they are transferred.

### 4. Explanatory notes on the balance sheet

The development of fixed assets is shown in the statement of movements in fixed assets.

Receivables from affiliated companies exclusively comprise trade receivables.

Receivables from affiliated companies (KEUR 17,392; PY: KEUR 18,720) include receivables from shareholders of KEUR 13,344 (PY: KEUR 14,794).

Other assets of KEUR 2,067 (PY: KEUR 2,081) relate mainly to receivables from employees in the amount of KEUR 1,477 (PY: KEUR 1,486) and lease security deposits in the amount of KEUR 589 (PY: KEUR 589).

The lease security deposits have a remaining maturity of more than one year. As in the prior year, all receivables and other assets have a remaining term of less than one year.

Prepaid expenses largely relate to advance payments for the maintenance of hard- and software for the following year.

Other provisions (KEUR 81,879, PY: KEUR 76,657) mainly comprise provisions for outstanding invoices (KEUR 59,054, PY: KEUR 56,130), bonus payments (KEUR 8,343, PY: KEUR 8,268), provisions for volume discounts (KEUR 2,533, PY: KEUR 2,284) and leave (KEUR 2,347, PY: KEUR 2,521).

Other provisions of KEUR 38,033 (PY: KEUR 28,195) are attributable to contingent liabilities to affiliated companies.

As in the prior year, all liabilities have a remaining term of up to one year.

Liabilities to affiliated companies comprise solely trade payables.

### 5. Explanatory notes on the income statement

Revenue decreased by 11.7% year on year to KEUR 736,674. Revenue in the areas of management consulting and software development was almost exclusively generated in Germany. Of the amount of total revenue, 66% is attributable to management consulting and 34% to software development. Revenue was broken down by location as follows: Frankfurt am Main KEUR 454,455 (PY: KEUR 462,695), Düsseldorf KEUR 179,567 (PY: KEUR 268,306), Hamburg KEUR 44,255 (PY: KEUR 39,818) and Munich KEUR 58,397 (PY: KEUR 63,516). In terms of its business activities, the branch office in Walldorf is of minor significance.

From this revenue, costs of purchased services in the amount of

KEUR 531,553 (PY: KEUR 497,262) were incurred along with personnel expenses, including social security contributions, in the amount of KEUR 141,907 (PY: KEUR 123,067).

Other operating income of KEUR 1,621 (PY: KEUR 2,501) mainly comprises gains on foreign exchange translation of KEUR 1,375 (PY: KEUR 719).

Other operating expenses in the amount of KEUR 40,728 (PY: KEUR 31,635) largely include distribution and administrative expenses. The expenses included herein from currency translation amount to KEUR 1,031 (PY: KEUR 384).

## 6. Other disclosures

**Disclosures regarding off-balance sheet transactions pursuant to Section 285 no. 27 HGB**

--Commitments arising from pension and other benefits--

As of March 31, 2009, the Company has transferred existing pension obligations into a reinsured pension fund. As a result of this, future payment obligations have been outsourced. In the event that the assets from the reinsurance policy are not equal to the pension obligation, the Company bears the risk and is to bridge the funding gap. However, this risk is limited as the pension relief fund is managed by a professional insurance agency and the claims from the reinsurance policy are subject to a guaranteed minimum rate of return.

**Other financial obligations**

As of March 31, 2023, there were other financial obligations from lease agreements for the offices in Frankfurt, Düsseldorf, Munich, Hamburg, Stuttgart, Walldorf, Berlin, Aachen, Cologne and Friedrichshafen in the amount of KEUR 2,446 payable in 2023/2024, KEUR 1,852 payable in 2024/2025, KEUR 1,217 payable in 2025/2026, KEUR 1,217 payable in 2026/2027 and KEUR 101 payable in 2027/2028 as well as from leasing agreements in the amount of KEUR 308 payable in 2023/2024, KEUR 177 payable in 2024/2025, KEUR 82 payable in 2025/2026 and KEUR 9 payable in 2026/2027. In addition, there are other financial obligations from a pension group agreement concluded with Allianz Lebensversicherungs AG in the form of a defined contribution performance bonus in the amount of KEUR 830. Other financial obligations thus amount to a total of KEUR 8,239.

**Members of the Company's executive bodies**

The Company's management included the following persons during the reporting year:

Bhuwan Agrawal

Gomatam Seshadri Lakshminarayanan

Milind Lakkad

Sapthagiri Chapalapalli

Mr. Gomatam Seshadri Lakshminarayanan is responsible for Accounting and Finance. Mr. Sapthagiri Chapalapalli and Mr. Bhuwan Agrawal are responsible for Sales, and Mr. Milind Lakkad for HR. Mr. Gomatam Seshadri Lakshminarayanan and Mr. Milind Lakkad are employed by Tata Consultancy Services Limited, India, and do not receive remuneration from Tata Consultancy Services Deutschland GmbH.

The Company makes use of the protection clause pursuant to Section 286 (4) HGB.

**Average number of employees during the financial year**

The total average number of employees amounts to 1,569 (PY: 1,358). The Company has only salaried employees. The Company had an average of 769 (PY: 703) employees at its registered office in Frankfurt. The three most significant branch offices had the following average number of employees: Düsseldorf (426, PY: 413), Hamburg (109, PY: 93) and Munich (165, PY: 149).

**Parent company**

Tata Consultancy Services Limited, Mumbai, India, prepares the consolidated financial statements for the smallest group of companies and Tata Sons Limited, Mumbai, India, prepares the consolidated financial statements for the largest group of companies, into which Tata Consultancy Services Deutschland GmbH is respectively included.

The consolidated financial statements can be obtained from Bombay House, Mumbai, India.

The consolidated financial statements of Tata Consultancy Services Limited, Mumbai, India, are published under the register number 11-84781 and the consolidated financial statements of Tata Sons Limited, Mumbai, India, are published under the register number 478. The consolidated financial statements may be obtained from the parent company or can be downloaded at www.tcs.com.

## Notes forming part of the Financial Statements

**Auditor's fee**

The following fee was charged by the auditor for the year under review for audit services provided: KEUR 61.

**Transactions with related parties**

With regard to the disclosures pursuant to Section 285 no. 21 HGB concerning transactions with related parties, the Company made use of the exemption provided under Section 285 no. 21 clause 2 HGB, according to which such transactions are exempt from disclosure requirements where these are with and between companies in which a 100% shareholding is held directly or indirectly and which are included in the consolidated financial statements of Tata Consultancy Services Limited.

In the reporting year expenses of KEUR 4,695 were generated from the procurement of contract-related services from affiliated companies, in which Tata Consultancy Services Limited does not directly or indirectly hold a 100% shareholding.

**Subsequent events**

There were no significant events after the end of the financial year under review that were not taken into account in the income statement or in the balance sheet.

**Proposed appropriation of profit**

Management will propose to the shareholders' meeting that the net income for the year of EUR 28,711,167.70 and retained earnings of EUR 49,495,938.10 be carried forward to the following year. Retained earnings are reduced by the profit distribution of KEUR 20,000 carried out in the financial year.

Frankfurt am Main, May 17, 2023

| | | | |
|---|---|---|---|
| **B. Agrawal** | **G.S. Lakshminarayanan** | **M. Lakkad** | **S. Chapalapalli** |
| (Managing Director) | (Managing Director) | (Managing Director) | (Managing Director) |

# STATEMENT OF MOVEMENTS IN FIXED ASSETS (GROSS) AS OF MARCH 31,2023

(EUR)

| | Cost | Additions | Disposals | Reclassifications | Cost | Accumulated amortization, depreciation and write-downs | Disposals | Amortization, depreciation and write-downs during the financial year | Accumulated amortization, depreciation and write-downs | Book value | Book value |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Apr. 1, 2022 | | | | Mar. 31, 2023 | Apr. 1, 2022 | | | Mar. 31, 2023 | Mar. 31, 2023 | Mar. 31, 2022 |
| **I. Intangible assets** | | | | | | | | | | | |
| Software acquired for a consideration | 1,314,398.52 | 174,211.06 | 0.00 | 0.00 | 1,488,609.58 | 733,844.51 | 0.00 | 314,695.79 | 1,048,540.30 | 440,069.28 | 580,554.01 |
| **Intangible assets** | 1,314,398.52 | 174,211.06 | 0.00 | 0.00 | 1,488,609.58 | 733,844.51 | 0.00 | 314,695.79 | 1,048,540.30 | 440,069.28 | 580,554.01 |
| **II. Property, plant & equipment** | | | | | | | | | | | |
| 1. Office equipment | 42,168,305.72 | 3,402,887.59 | (28,740.08) | 0.00 | 45,542,453.23 | 30,618,910.80 | (28,740.08) | 6,743,967.86 | 37,334,138.58 | 8,208,314.65 | 11,549,394.92 |
| 2. Advance payments | 133,626.90 | 234,230.83 | (133,626.90) | 0.00 | 234,230.83 | 0.00 | 0.00 | 0.00 | 0.00 | 234,230.83 | 133,626.90 |
| **Property, plant & equipment** | 42,301,932.62 | 3,637,118.42 | (162,366.98) | 0.00 | 45,776,684.06 | 30,618,910.80 | (28,740.08) | 6,743,967.86 | 37,334,138.58 | 8,442,545.48 | 11,683,021.82 |
| | 43,616,331.14 | 3,811,329.48 | (162,366.98) | 0.00 | 47,265,293.64 | 31,352,755.31 | (28,740.08) | 7,058,663.65 | 38,382,678.88 | 8,882,614.76 | 12,263,575.83 |

# MANAGEMENT REPORT

## for the financial year from April 1, 2022, to March 31, 2023,

## I. Company profile

### 1. Company's purpose

The Company operates on the IT market. It provides services in the areas of management consulting and software development. It maintains branch offices in Munich, Hamburg, Düsseldorf and Walldorf.

The Company's key performance indicators are revenue and net income for the year.

### 2. Research and development

In the year under review the Company did not engage in any research and development activities.

## II. Economic report

### 1. General economic conditions and industry environment

The economic conditions in Germany in 2022 were significantly affected by weak overall economic development due to the energy crisis triggered by the war in Ukraine. This curbed economic recovery following the waning of the COVID-19 pandemic and easing of supply bottlenecks. According to the German Federal Statistical Office, GDP increased by 1.8% in 2022. By contrast, GDP contracted by 0.4% in Q4 2022. This was especially due to restraint in private consumer spending and investment spending due to high inflation.

Despite the difficult economic backdrop due to war in Ukraine, inflation and disrupted supply chains, the IT sector suffered only minor downturns in economic growth in 2022. According to data from Bitkom, the IT market grew by 6.6% in 2022 following growth of 9.1% in the prior year. The individual sub-segments exhibited the following growth rates in 2022: IT hardware 5.4% (PY: 11.8%), software 9.4% (PY: 11.3%), IT services 5.5% (PY: 5.3%).

### 2. Business performance

Revenue for the financial year declined by KEUR 97,661 to KEUR 736,674 compared to financial year 2021/2022. A total of KEUR 454,455 (PY: KEUR 462,695) of revenue was attributable to the location in Frankfurt am Main (Company's registered office). Revenue for the three most important branch offices is broken down as follows:

Düsseldorf (KEUR 179,567; PY: KEUR 268,306), Hamburg (KEUR 44,255; PY: KEUR 39,818) and Munich (KEUR 58,397; PY: KEUR 63,516). The revenue from the Walldorf branch office is allocated to the head office.

In line with the prior year's estimate, moderate growth in revenue and earnings had been expected. Owing to invoicing-related changes in inventories of KEUR 130,313 however, a reduction in revenue of KEUR 97,661 was reported, corresponding to a decline of 11.7% compared to the prior year. For this reason, net income for the year was KEUR 28,711 below the prior-year's level.

The average number of staff employed by the Company increased from 1,358 in financial year 2021/2022 to 1,569 in financial year 2022/2023.

### 3. Company's position

#### *Financial performance*

Total operating performance, comprising revenue and change in inventories, increased from KEUR 728,903 in financial year 2021/2022 to KEUR 761,556 in financial year 2022/2023.

| | 2019/2020 | 2020/2021 | 2021/2022 | 2022/2023 |
|---|---|---|---|---|
| | KEUR | KEUR | KEUR | KEUR |
| Earnings after tax | 20,432 | 14,928 | 48,668 | 28,711 |

Despite the rise in total operating performance, net income declined by KEUR 19,957 compared to the prior year. The gross profit margin (revenue + change in inventories - cost of purchased services)/revenue) increased from 27.8% in the prior year to 31.2% in the current year. The reason for the decline in net income was mainly due to an increase in personnel expenses.

Changes in the different types of expenses in relation to total operating performance are presented below:

| | **Apr. 1, 2022 - Mar. 31, 2023** | Apr. 1, 2021 - Mar. 31, 2022 |
|---|---|---|
| | **%** | % |
| Cost of purchased services | **70** | 69 |
| Personnel expenses | **19** | 17 |
| Other operating expenses | **5** | 4 |

Cost of purchased services largely related to services from affiliated companies and German subcontractors.

***Financial position***

Cash and cash equivalents increased compared to March 31, 2022, from KEUR 9,546 to KEUR 31,684. The Company does not have any overdrafts at banks.

Cash flows from operating activities increased from KEUR 32,291 in financial year 2021/2022 to KEUR 45,871 in financial year 2022/2023. This was mainly due to the increase in trade payables and the increase in liabilities arising from payroll tax and value added tax.

The Company reported positive net working capital of KEUR 62,982 (PY: KEUR 49,105). Net working capital is composed of inventories, cash and cash equivalents, current receivables and other assets less current provisions and liabilities.

***Assets and liabilities***

Assets increased compared to March 31, 2022, from KEUR 240,063 to KEUR 297,062, primarily due to the increase in trade receivables, work in process and cash at banks.

The range of trade receivables (amount of receivables x 360/revenue) increased from 53 days in the prior year to 68 days in the current financial year.

Equity increased compared to March 31, 2022, by KEUR 8,711 to KEUR 78,376. The equity ratio amounted to 26.4% (PY: 29.0%). The change in the equity ratio was primarily attributable to the profit distribution of KEUR 20,000 carried out during the financial year.

Provisions (KEUR 93,910; PY: KEUR 84,486) mainly comprised provisions for outstanding invoices (KEUR 59,054; PY: KEUR 56,130), bonus payments (KEUR 8,343; PY: KEUR 8,268), provisions for volume discounts (KEUR 2,533; PY: KEUR 2,284), leave (KEUR 2,347; PY: KEUR 2,521) and tax provisions (KEUR 11,998; PY: KEUR 7,829).

Liabilities to affiliated companies increased compared to March 31, 2022, by KEUR 7,191 to KEUR 12,266, which is largely due to the increase in services purchased from TCS Business Services Deutschland GmbH (by KEUR 6,298 to KEUR 8,231).

The increase in other liabilities of KEUR 10,535 over the prior year was mainly due to VAT and payroll tax liabilities.

The Company's business performance was favorable overall and had a corresponding positive impact on the Company's assets, liabilities, financial position and financial performance. This development also continued up until the date at which this management report was prepared.

***Intangible assets***

The assets of a company are not only measured in quantifiable assets, but also consist of elements that can only be described qualitatively. In this regard the employees of Tata Consultancy Services Deutschland GmbH are one of the most important cornerstones of corporate success. At 8.72% the employee turnover rate is below the levels seen at other comparable companies. Tata Consultancy Services Deutschland GmbH has been certified as a top employer in Germany on an uninterrupted basis since 2013. The Company is committed to a diverse corporate structure and the 'fair company' concept for students and has signed the 'Diversity Charter'. TCS Deutschland launched the "Grow@TCS" program in order to recruit trainees at 15 German universities. This program was expanded across the European region.

The Company also supports and organizes virtual workshops (e.g. job application training and career training at schools). The Company uses green electricity at its offices in Frankfurt am Main, Munich and Düsseldorf.

Moreover, the Company places a great deal of importance on client relationships in consulting-intensive services. Tata Consultancy Services Deutschland GmbH has a strong customer base with more than 130 customers distributed across all important sectors. Twelve new customers were acquired in the reporting year.

## III. Forecast, opportunities and risk report

### 1. Forecast

***Expected general economic conditions and industry environment***

While the global economy recovered from the impact of the coronavirus pandemic in 2022, conversely it was slowed by high energy prices and an increasingly tight monetary policy due to inflationary pressure. In its spring forecast, the Kiel Institute for the World Economy (IfW) expects the global economy to grow by only 2.5% in 2023 based on purchasing power parity, despite noticeable recovery in China. The IfW forecasts growth of 3.2% for 2024. Further, the IfW expects inflation to fall in coming months owing to the decline in raw material prices. Nevertheless, a continued high level of inflation is expected and convergence with the targets is forecast only towards the end of 2024.

For the euro area, the IfW expects the recovery to be driven by stronger private consumer spending in particular. Owing to the significant tightening in monetary policy, gross domestic product (GDP) is expected to expand by only 1.1% in 2023. Expansion of 1.6% is forecast for 2024.

The IfW's spring forecast foresees a slight recovery for the German economy. IfW expects gross domestic product to expand by 0.5% in 2023 and by 1.4% in 2024. That is an advance on the 0.2% for 2023 and 0.1% for 2024 expected in the winter forecast. The economic consequences of the war in Ukraine are specified as the reason for growth continuing to be restrained. The high level of inflation reduces the disposable income of private households, leading to a reduction in private consumer spending. Inflation is estimated to be 5.4% in 2023 and 2.1% in 2024.

Despite the aforementioned current crises, business expectations in the digital sector are predominantly upbeat. According to Bitkom surveys in March, expectations were at the highest level since the beginning of the present situation in Ukraine. According to the calculations of Bitkom and the ifo Institute, the digital index – which shows business expectations for the next three months – reached 25.1 points in March and was thus 8 points higher than in February and at the same level as in the prior year. The forecasts for the current year are largely positive for IT and telecommunications companies. More than one third of companies are planning to increase investment spending over the prior year; half of the companies intend to hold investment spending on par with the prior year. Further, expectations regarding employment remain positive.

***Outlook for the Company***

In order to achieve levels of growth above the sector average in financial year 2023/24 and in subsequent years, management plans to position its services and solutions for new customers and tap new business areas for existing customers. Investments in TCS Enterprise Cloud and in digital services were carried out in Germany. Both sectors offer the Company meaningful opportunities to develop new services and solutions. In addition, the Company plans to continue to rigorously expand the SME segment in Germany, which has proven to be successful.

Based on current forecasts, moderate annual revenue growth and a corresponding increase in net income are forecast for financial year 2023/2024.

Management has not identified any risks that cast significant doubt on the Company's ability to continue as a going concern.

### 2. Risk report

***Sector-specific risks***

In general, customers' propensity to invest is influenced by the overall economic development in their respective countries and in Europe as a whole as well as by their confidence in positive economic development. As the Company generates the majority of its revenue in Germany, the development of the German economy is decisive for the Company's growth. Based on the current state of knowledge, the Company considers the risk to be low.

***Earnings risks***

The Company is responsible for the on-site services that it provides. In view of the quality of the services that it provides and based on past experience, the Company is of the opinion that guarantee risks for the services it provides are not significant.

***Financial risks***

Foreign exchange risks stem in particular from the conclusion of transactions in US dollar and other foreign currencies. A weakening of the dollar or other foreign currencies against the euro could consequently lead to foreign exchange losses. As of the reporting date receivables and bank balances denominated in US dollar amounted to KEUR 11,544. These contrasted with USD liabilities of KEUR 1,449. The risk is considered low.

Default and liquidity risks are limited by the selection of customers and by close cooperation on payment transactions between sales and administration for the purposes of effective debt collection. The Company's customer base is solvent and creditworthy. Defaults on receivables are an absolute exception. Additionally, the Company has worked with the majority of its customers for many years.

The Company is a member of a reinsured pension protection fund. In the event that the assets from the reinsurance policy do not match the pension obligation, the Company bears the risk and is to bridge the funding gap. However, this risk is limited as the pension relief fund is managed by a professional insurance agency and the claims from the reinsurance policy are subject to a guaranteed minimum rate of return. The risk is considered low.

***Effects of the war in Ukraine***

The Company does not have any business involvement in Ukraine or Russia.

### 3. Opportunities

The Company's ability to generate growth and maintain its economic momentum is linked to its ability to consistently meet customers' ever-changing business needs and help them with transformation through the use of new digital technologies in their businesses. TCS Enterprise Cloud and Digital Services & Solutions continue to offer significant growth opportunities on the market. In addition, new business areas are to be developed, expanded and marketed to both new and existing customers (including German SMEs). Based on the current state of knowledge, the Company assesses the opportunity as medium.

## IV. Corporate governance statement pursuant to Section 289f HGB

The Company is part of a multinational group which has significant operations worldwide. As part of its ongoing efforts to promote talent, the Company encourages recruitment of talent with diverse educational, cultural and national backgrounds. The global gender diversity of the group shows that women comprise more than 36% of its employees. As of March 31, 2023, there are two women on the parent company's board of directors. The Company is of the opinion that appointment to the board of the Company depends on the requirements and the individual's skill set and experience needed to carry out the functions of the board. In addition, the availability of a suitable person to assume these responsibilities must be considered. The Company continuously supports its employees in developing skills to qualify for higher positions through regular leadership development programs. Targets and deadlines for the participation of women in management positions have nevertheless not yet been determined.

Frankfurt am Main, May 17, 2023

| | | | |
|---|---|---|---|
| **B. Agrawal** | **G.S. Lakshminarayanan** | **M. Lakkad** | **S. Chapalapalli** |
| (Managing Director) | (Managing Director) | (Managing Director) | (Managing Director) |

# General Engagement Terms

**[German Public Auditors and Public Audit Firms] as of January 1, 2017**

## 1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

## 2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

## 3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

## 4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

## 5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of theGerman Public Auditor outside of the engagement are always non-binding.

## 6 Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for



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the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

## 7 Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (Textform) [Translators Note: The German term "Textform" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

## 8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: Handelsgesetzbuch], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: Wirtschaftsprüferordnung], § 203 StGB [German Criminal Code: Strafgesetzbuch]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

## 9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: Produkthaftungsgesetz], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event theclaim against the German Public Auditor is limited to € 5 million. Thelimitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

## 10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report. If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) lf the German Public Auditor revokes the auditor's report, it may no longer be used. lf the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

## 11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

## 12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (Textform) accordingly.

## 13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

## 14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (Verbraucherschlichtungsstelle) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

## 15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

# Tata Consultancy Services Sverige AB

**556559-4008**

## ANNUAL REPORT AND FINANCIAL STATEMENTS

**Financial Year**
**2022 - 23**

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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# Certificate of approval

The undersigned member of the board of the Tata Consultancy Services Sverige AB 556559-4008 hereby certifies that this copy of the Annual Report is a true duplicate, and that the Income Statement and Balance Sheet were adopted by the AGM on 2023 -.....-...... The meeting also decided to approve the Board of Director's proposal for distribution of profits.

Stockholm 2023 -.....-.....

Pradeep Manohar Gaitonde
Board member

# Directors' Report

The board of directors of Tata Consultancy Services Sverige AB hereby presents the financial statement for financial year 2022-04-01 - 2023-03-31.

**Business operations**

TCS continues to drive value for its Swedish clients by creating and delivering consulting, IT services and product engineering services synergistically, using our Business 4,0 framework, Location Independent Agile and Machine First Delivery Model (MFDM). These elements together with our innovation and the contextual knowledge have helped us gain significant market share and mind share. We have been servicing the Swedish market since 1991. We have 613 000 consultants working globally, out of which 9 500 consultants are serving Swedish clients. The business has its domicile in Stockholm.

**Ownership**

The company is a wholly-owned affiliate of Tata Consultancy Services Limited org no L22210MH1995PLC084781, with its headquarter in Mumbai, India, is preparing the consolidated financial statement for the group company. Tata Consultancy Services Limited is a publicly listed company on the National Stock Exchange of India Limited and BSE Limited in India. Tata Consultancy Services Limited is owned with 72.27% of the shares by the ultimate holding company Tata Sons Private Limited org no 478, in Mumbai with adress; Bombay House, 24, Homi Mody Street, Mumbai 400 001 India which is the headquarter of Tata.

**Significant events during the financial year**

There was an increase in sales in FY 23 by 15.6% from 4 633 MSEK to 5 359 MSEK.

**Development of company operations, result and position**

| | 2023-03-31 | 2022-03-31 | 2021-03-31 | 2020-03-31 |
|---|---|---|---|---|
| Net sales (in thousdands) | **5,359,804** | 4,633,207 | 4,306,732 | 4,393,970 |
| Profit/ loss after financial items (in thousdands) | **325,124** | 239,598 | 217,727 | 145,408 |
| Equity ratio, % (1) | **69** | 719 | 713 | 409 |
| Operating profit (in thousdands) | **338,534,2** | 2,456,061 | 2,235,445 | 1,481,091 |
| Total assets (in thousdands) | **1,654,793** | 15,099,903 | 12,613,417 | 17,827,637 |
| Average number of employees | **157** | 172 | 145 | 131 |

(1) Adjusted equity/total assets. By adjusted equity means equity + untaxed reservs with deduction of deferred tax liability.

**Significant risks and uncertainties**

In the course of its business activities, the Company is exposed to risks and uncertainties arising from exogenous factors related to the overall macroeconomic framework or the specific environment the Company operates in, as well as risks related to strategic decisions and internal risk management. The identification and mitigation of these risks were carried out on a regular basis through consistent monitoring and the process is continuously improved and adapted to the changing global risk scenario.

The Company can count on a central risk management, although it allows its supervisors to take care of identification, monitoring and mitigation of the risks themselves. The aim is to estimate the impact of each risk according to going concern premises, reduce risks occurrence and/or moderate their effect in proportion to the determining factor (controllable by the Company or not).

On the topic of business risks, the main risks identified, monitored and managed by the company are as follows:

- risks dependent on exogenous variables;
- risk related to competitiveness;
- risks related to the demand / macro-economic cycles.

The company is exposed to foreign exchange risk as it deals in multi currencies. However, the risk is hedged to a great extent as the expenses are incurred in the respective foreign currency.

The company operates in highly competitive industry, which is reflected in intense price competition of products and services.

In the course of its business activities, the Company is exposed to risks and uncertainties arising from exogenous factors related to the overall macroeconomic framework and the consequent reduction in IT spending by the companies, in containing their costs, could impact the Companys business.

**Expected future business activities**

We continuously strive to establish new business lines with existing clients and we are also trying to acquire clients. The demand for our services are expected to be in line with the Swedish market for IT-services during the financial year 2023-2024.

**Sustainability information**

The assets of a company are not only measured in quantifiable values, but also consist of elements that can only be described in qualitative terms. The employees of Tata Consultancy Services Sweden AB are among the most important building blocks of the company's success. The attrition rate of is below the level of comparable companies.

The company has been certified as a Top Employer / Best employer in Sweden since 2013. We are currently recruiting trainees from over 10 universities in Sweden and collaborating with student bodies. The company is holder of ISO 45001:2018 certificate and ISO 14001:2015 certificate.

The company also contributes to the social causes as stated below:

- TCS donated 100 laptops to ReDI School Malmo: ReDI School is a non-profit technology school for women with migrant and refugee backgrounds, offering free multi-level training in digital literacy.

- TCS is providing pro bono support to extending KidsRights' (NGO partner of H&M ) State of Youth platform: TCS commitment: €200K worth of time/in kind to extend the State of Youth platform.

- Astrid Lindgren's Children's Hospital: Supporting with monetary funds (SEK 175000 per year), investments to make the stay at the hospital easier.

- Ecpat: Pro-Bono work, back-end of their new Hotline which has been launched now.

The company uses 100% renewable energy in its office in Stockholm whose origin has been verified under the Guarantee of Origin System. The company also contributes to "Håll Sverige Rent's" work against littering.

**Sustainability report**

The company's sustainability report is prepared by the parent company TCS Ltd and is available on: https://www.tcs.com/investorrelations/financial-statements

**Proposed allocation of company profit or loss**

The board proposes that free equity, SEK 1,141,438,386, be disposed of as follows:

| | **Amounts in SEK** |
|---|---:|
| Profit brought forward from previous years | 799,398,851 |
| Profit for the year | 342,039,535 |
| **Sum** | 1,141,438,386 |
| The board proposes that | |
| the following be carried forward | 1,141,438,386 |
| **Total** | 1,141,438,386 |

Concerning earnings and financial position, please view the attached documentation on Income Statement, Balance Sheet and Cash flow analysis together with additional information in notes.

# Auditors' Report

**To the general meeting of the shareholders of Tata Consultancy Services Sverige AB, corp. id 556559-4008**

## REPORT ON THE ANNUAL ACCOUNTS

### Opinions

We have audited the annual accounts of Tata Consultancy Services Sverige AB for the financial year 2022-04-01—2023-03-31.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of Tata Consultancy Services Sverige AB as of 31 March 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Tata Consultancy Services Sverige AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts, 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 opinions. 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 the company's internal control relevant to our 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors', use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any 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 auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on

the audit evidence obtained up to the date of our auditor's 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Tata Consultancy Services Sverige AB for the financial year 2022-04-01—2023-03-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Tata Consultancy Services Sverige AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general..

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm May 2023

KPMG AB

Fredrik Wollmann
Authorized Public Accountant

## Balance Sheet

Amounts in SEK

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| **Intangible assets** | | | |
| Concessions, patents, licences, trademarks and similar rights | 10 | **2,470,059** | 5,317,132 |
| | | **2,470,059** | 5,317,132 |
| **Tangible asset** | | | |
| Equipment, tools, fixtures and fittings | 11 | **113,754,342** | 64,882,525 |
| | | **113,754,342** | 64,882,525 |
| **Financial assets** | | | |
| Other long-term receivables | 12 | **12,481,469** | 11,919,935 |
| | | **12,481,469** | 11,919,935 |
| **Total fixed assets** | | **128,705,870** | 82,119,592 |
| **Current assets** | | | |
| **Current receivables** | | | |
| Accounts receivable - trade | | **999,495,146** | 723,308,015 |
| Receivables from group companies | 13 | **130,275,605** | 329,065,958 |
| Current tax assets | | **-** | 13,401,143 |
| Other receivables | | **3,516,823** | 2,665,950 |
| Receivables due from customers | 14 | **190,490,335** | 192,818,266 |
| Prepaid expenses and accrued income | 15 | **52,076,629** | 31,307,125 |
| | | **1,375,854,538** | 1,292,566,457 |
| Cash and bank balances | | **150,232,636** | 135,304,209 |
| **Total current assets** | | **1,526,087,174** | 1,427,870,666 |
| **TOTAL ASSETS** | | **1,654,793,044** | 1,509,990,258 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| **Restricted equity** | | | |
| Share capital | 16 | **100,000** | 100,000 |
| Statutory reserve | | **20,000** | 20,000 |
| | | **120,000** | 120,000 |
| **Non-restricted equity** | | | |
| Result brought forward | | **799,398,851** | 632,932,350 |
| Profit for the year | | **342,039,535** | 366,466,501 |
| | | **1,141,438,386** | 999,398,851 |
| **Total equity** | | **1,141,558,386** | 999,518,851 |
| **Untaxed reserves** | | | |
| Tax allocation reserves | 18 | **-** | 108,900,000 |
| | | **-** | 108,900,000 |
| **Current liabilities** | | | |
| Accounts payable - trade | | **55,077,986** | 16,167,668 |
| Liabilities to group companies | 19 | **42,735,143** | 27,271,853 |
| Tax liability | | **44,959,137** | - |
| Other current liabilities | | **150,902,744** | 188,241,767 |
| Liabilities due from customers | 20 | **85,234,170** | 58,013,331 |
| Accrued expenses and deferred income | 21 | **134,325,478** | 111,876,788 |
| | | **513,234,658** | 401,571,407 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,654,793,044** | 1,509,990,258 |

## Income Statement

Amounts in SEK

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Net sales | 3 | **5,359,803,934** | 4,633,206,940 |
| Other operating income | | **112,598,430** | 34,128,987 |
| | | **5,472,402,364** | 4,667,335,927 |
| **Operating Expenses** | | | |
| Sales/Service costs | | **(3,530,435,781)** | (3,049,882,703) |
| Other external costs | 4,7 | **(1,327,395,019)** | (1,125,897,067) |
| Employee benefit expenses | 8 | **(234,061,640)** | (202,689,981) |
| Depreciation of intangible and tangible assets | 10,11 | **(41,975,703)** | (43,260,030) |
| **Operating profit** | | **338,534,221** | 245,606,146 |
| **Profit from financial items** | | | |
| Interest income and similar income | 5 | **3,636,246** | 25,331 |
| Interest expenses and similar expenses | 6 | **(17,046,502)** | (6,033,130) |
| **Profit after financial items** | | **325,123,965** | 239,598,347 |
| Appropriations | | **108,900,000** | 230,182,198 |
| **PROFIT BEFORE TAX** | | **434,023,965** | 469,780,545 |
| Tax on profit for the year | 9 | **(91,984,430)** | (103,314,044) |
| **NET PROFIT FOR THE YEAR** | | **342,039,535** | 366,466,501 |

## Changes of equity

Amounts in SEK

| | Share capital | Statutory reserve | Balance Sheet profit | Year's profit |
|---|---|---|---|---|
| **At beginning of year** | **100,000** | **20,000** | **632,932,350** | **366,466,501** |
| Transfer of previous year's profit | **-** | **-** | **366,466,501** | **(366,466,501)** |
| Dividend | **-** | **-** | **(200,000,000)** | **-** |
| Profit for the year | **-** | **-** | **-** | **342,039,535** |
| **At year-end** | **100,000** | **20,000** | **799,398,851** | **342,039,535** |

## Cash flow statement

Amounts in SEK

| | *Note* | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Profit after financial items** | | **325,123,965** | 239,598,347 |
| Adjustments for items not included in cash flow, etc. | 22 | **41,975,703** | 43,260,030 |
| | | **367,099,668** | 282,858,377 |
| Tax paid | | **(33,624,150)** | (98,342,025) |
| **Cash flow from operating activities before changes in working capital** | | **333,475,518** | 184,516,352 |
| **Cash flow from changes in working capital** | | | |
| **Increase(-)/Decrease (+) in operating receivables** | | **(96,689,224)** | (311,395,553) |
| **Increase (+)/Decrease (-) in operating liabilities** | | **66,704,115** | 112,364,267 |
| Cash flow from operating activities | | **303,490,409** | (14,514,934) |
| **INVESTING ACTIVITIES** | | | |
| Acquisition of intangible asset | | **-** | (655,041) |
| Acquisition of tangible assets | | **(88,000,447)** | (16,708,808) |
| Increase (+)/Decrease (-) of financial assets | | **(561,534)** | 7,941,950 |
| **Cash flow from investing activities** | | **(88,561,981)** | (9,421,899) |
| **FINANCING ACTIVITIES** | | | |
| Dividend distributed to parent company | | **(200,000,000)** | - |
| **Cash flow from financing activities** | | **(200,000,000)** | - |
| **Cash flow for the year** | | **14,928,428** | (23,936,833) |
| Cash and cash equivalents at the beginning of the year | | **135,304,208** | 159,241,041 |
| **Cash and cash equivalents at the end of the year** | | **150,232,636** | 135,304,208 |

## 1. ACCOUNTING PRINCIPLES

### Accounting and valuation principles

The company applies the Swedish Annual Accounts Act (1995: 1554) and the Accounting Standards Board BFNAR 2012: 1 Annual report and consolidated financial statements ("K3"). The accounting principles are unchanged compared to previous years.

### Valuation principles etc

Assets, provisions and liabilities are valued based on cost unless otherwise stated.

### Intangible assets

Intangible assets acquired by the company are recorded at acquisition cost less accumulated depreciation and impairment.

### Depreciation

Depreciation takes place lineally over the asset's useful life. Depreciation is reported as a cost in the Profit and Loss Account. Depreciation is included in the reported for the intangible asset value.

| Intangible assets | Year |
|---|---|
| Acquired intangible assets | |
| Licenses | 4 |

### Revenue

Revenue is recognized at the fair value of the consideration received or receivable, net of value added tax, rebates, returns and other similar allowances.

*Sales of services*

Revenue from the sale of services on an ongoing basis are recognized as revenue in the period the work is performed and materials supplied or consumed.

Revenue from sales of services to fixed price contracts is recognized using the so-called percentage of completion method. This means that revenues and costs are recognized in proportion to the stage of completion at the balance sheet date. Completion is determined by calculating the ratio of contract costs incurred for work performed to date bear to the estimated total contract costs. An expected loss on an assignment is recognized immediately as an expense. When the outcome of a transaction cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognized as expenses in the period in which they arise.

### Leases

A finance lease is a contract under which the risks and rewards incidental to ownership of an asset are essentially transferred from the lessor to the lessee. Other leases are classified as operating leases. All leases are accounted for as operating leases.

*Lessees*

Lease payments under operating leases are expensed on a straight-line basis over the lease term unless another systematic approach better reflects the user's benefit over time.

### Foreign currency

The company's reporting currency is the Swedish krona (SEK).

*Translation of foreign currency items*

At each balance sheet date, monetary items are denominated in foreign currencies at the closing rate. Non-monetary items are measured in terms of historical cost in foreign currency at the purchase date rate. Exchange differences are recognized in operating income or financial item based on the underlying transaction, in the period incurred, except for transactions that constitute hedges and qualify for hedge accounting of cash flow or net investment.

## Notes forming part of the Financial Statements

### Employee Benefits

Employee benefits in the form of salaries, bonuses, paid holidays, paid sick leave, etc. and pensions is recognized as earned. Pensions and other post-employment benefits are classified as defined contribution or defined benefit pension plans. The company has only defined contribution pension plans.

*Defined contribution plans*

For defined contribution plans, the company pays fixed contributions into a separate independent legal entity and has no obligation to pay further contributions. The company's earnings are charged with costs as the benefits are earned, which normally coincides with the time when premiums are paid.

### Income Taxes

The tax expense represents the sum of current and deferred tax.

*Current tax*

Current tax is calculated on the taxable profit for the period. Taxable profit differs from the result reported in the income statement when it is adjusted for non-taxable income and non-deductible expenses and income and expense that are taxable or deductible in other periods. Current tax is calculated using tax rates applicable at the balance sheet date.

*Deferred taxes*

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the tax bases used in the computation of taxable profit. Deferred tax is recognized using the liability method. Deferred tax liabilities are recognized for practically all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the amounts can be utilized against future taxable income. Untaxed reserves are reported including deferred tax liabilities.

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 profit will be available to be used, wholly or partly, against the deferred tax asset.

The valuation of deferred tax is based on how the company, the balance sheet date, expects to recover the carrying value of the corresponding asset or settle the carrying amount of the associated liabilities. Deferred tax is calculated using tax rates and tax laws that have been enacted by the balance sheet date.

*Current and deferred tax for the period*

Current and deferred tax are recognized as an expense or income in the income statement, except when the tax relates to items recognized directly in equity. In such cases, the tax is also recognized directly in equity.

### Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment losses.

The cost consists of the purchase price and costs directly attributable to the acquisition to put it in place and condition for use. Subsequent costs are included only in the asset or recognized as a separate asset when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the same item can be measured reliably. All other repairs and maintenance, and additional expenses are recognized in the income statement in the period in which they arise.

Depreciation of tangible fixed assets are expensed as cost of the asset, possibly, less estimated residual value at the end of useful life is amortized over its estimated useful life. If an asset has been divided into different components are written each component separately over its useful life. Depreciation commences is the tangible fixed asset can be put to use. Tangible fixed assets' useful lives are estimated at:

| Tangible assets | Year |
|---|---:|
| Machinery and other technical equipment | 5 |
| Equipment, tools and installations | 5 |
| Computers | 4 |

Estimated useful lives and amortization methods are reviewed if there are indications that the expected consumption has changed significantly compared with the estimate at the previous balance sheet date. As the company changes the assessment of useful lives are reviewed including asset any residual value. The effect of these changes are accounted for prospectively.

***Impairment of tangible assets***

At each balance sheet the company analyzes the carrying values of tangible fixed assets and intangible assets to determine whether there is any indication that those assets have declined in value. If so, the assets recoverable amount in order to determine the value of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is the price that the company expects to obtain in a sale between knowledgeable, independent parties and who have an interest in the transaction, less the costs that are directly attributable to the sale. The calculation of value in use discounted estimated future cash flows to present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks associated with the asset. To calculate the future cash flows, the company used the budget and forecasts for the next five years.

If the recoverable amount of an asset (or cash-generating unit) is fixed at a value lower than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately expensed in the income statement.

At each balance sheet date, the company makes an assessment of the earlier impairment is no longer justified. If so, it is reversed partially or completely. Where an impairment loss subsequently reverses, increase the asset (cash-generating unit) carrying value. The carrying value after reversal of impairment loss shall not exceed the carrying amount that would be determined if no impairment loss been recognized by the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the income statement.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand and demand deposits at banks and other credit institutions and other short-term highly liquid investments that are readily convertible into cash and are subject to an insignificant risk of changes in value. To be classified as cash and cash equivalents duration may not exceed three months from the date of acquisition.

**Contingent liabilities**

A contingent liability is:

- A possible obligation which, as a result of events that have occurred and the occurrence of which will only be confirmed by one or more uncertain future events, which is not entirely within the company's control, occurs or does not occur, or
- An existing obligation which, as a result of events that have occurred, but which is not reported as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation or the size of the obligation can not be calculated with sufficient reliability.

  Contingent liabilities are a summary term for such guarantees, financial commitments and any liabilities that are not recognized in the balance sheet.

**Cash Flow Statement**

The cash flow statement shows the company's changes in the company's cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. The reported cash flow includes only transactions that involve receipts and disbursements.

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In order to prepare annual accounts in accordance K3 requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, income and expenses. These estimates are based on historical experience and other factors deemed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions exist. Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period the change is made if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods. No estimates have been made that may have a significant effect on the amounts recognized in the financial statements. No assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date have been made that involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

In FY 2021-2022. 81% (82%) of the total purchases and 5% (4%) of the total sales respectively in SEK was from affiliate companies within the group.

## Notes forming part of the Financial Statements

The Company believes that it has the financial strength and a portfolio of technology and business solutions which are even more relevant in partnering with its customers to make them realize their goals. The Company has assessed its cost budgets required to complete its performance obligations in respect of fixed price projects and incorporated the impact of likely delays/increased cost in meetings its obligations, revision of Service Level Agreements etc.

The company is regularly monitoring its trade receivables with close attention to the customers who might be undergoing financial stress. The Company does not foresee any large-scale contraction in demand which could result in significant employee down-sizing, rendering the physical infrastructure redundant. Accordingly, no changes are anticipated in the long term leases for the premises taken on lease.

### 3. NET SALES BY BUSINESS SEGMENT AND GEOGRAPHIC MARKET

**Net sales by geographic market**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Nordic countries | **5,248,914,942** | 4,540,295,479 |
| Europe, excluding the Nordic countries | **89,955,198** | 74,396,207 |
| USA | **20,932,969** | 17,674,112 |
| Mexico | **825** | 841,142 |
| **Total** | **5,359,803,934** | 4,633,206,940 |

### 4. OPERATIONAL LEASING - LESSEE

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Future minimum leasing fees with respect to non redeemable operational leasing agreement:** | **,** | , |
| Within one year | **7,377,604** | 6,761,470 |
| Between one and five years | **16,207,002** | 21,665,502 |
| | **23,584,606** | 28,426,972 |
| The financial year's expensed leasing fees | **10,730,359** | 9,915,609 |

Of the lease payments represent 9,303,204 SEK rents for offices. The two leases is extended.

### 5. INTEREST INCOMES AND SIMILAR RESULT ITEMS

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Other | **3,636,246** | 25,331 |
| **Total** | **3,636,246** | 25,331 |

## 6. INTEREST EXPENSES AND SIMILAR RESULT ITEMS

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest costs, other | **17,046,502** | 6,033,370 |
| **Total** | **17,046,502** | 6,033,370 |

## 7. REMUNERATION TO, AND EXPENSES OF, AUDITORS

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **KPMG** | | |
| Tax consultancy | **-** | - |
| Audit assignments | **260,200** | 298,000 |
| | **260,200** | 298,000 |

## 8. EMPLOYEES AND PERSONNEL COSTS

**Average number of employees**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Men | **127** | 151 |
| (Men in board) | **3** | 3 |
| Women | **30** | 21 |
| (Women in Board) | **-** | - |
| | **160** | 175 |

**Salaries, other remuneration and social costs**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Salaries and other remuneration** | | |
| Board of Directors | **(3,634,654)** | (3,035,319) |
| Other employees | **(149,757,183)** | (135,220,483) |
| | **(153,391,837)** | (138,255,802) |
| Social costs | **(64,006,398)** | (50,346,175) |
| (of which pension expenses) 1) | **(14,146,790)** | (11,452,420) |

1) Of the company's pension costs - 982 468 SEK (- 833 409 SEK) relates to management.

## Notes forming part of the Financial Statements

### 9. TAX ON ANNUAL PROFIT

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Current tax expense | **(91,984,430)** | (103,314,044) |
| | **(91,984,430)** | (103,314,044) |

**Reconciliation of effective tax**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Result before tax | **434,023,965** | 469,780,545 |
| Tax according to applicable tax rate for parent company | **(89,408,937)** | (96,774,792) |
| Non-deductible expenses | **(1,981,644)** | (3,382,272) |
| Non-taxable income | **21,873** | 37,327 |
| Tax on standard income tax allocation | **(1,332,544)** | (3,194,307) |
| Tax reduction attributable to investment in 2021 | **728,574** | - |
| Other | **(11,752)** | - |
| **Reported effective tax** | **(91,984,430)** | (103,314,044) |
| Effective tax rate | **21.2%** | 22.0% |
| Current tax rate | **20.6%** | 20.6% |

### 10. INTANGIBLE ASSETS

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Accumulated cost of acquisitions** | | |
| - At beginning of year | **13,158,197** | 12,503,156 |
| - New acquisitions | **-** | 655,041 |
| At the end of the year | **13,158,197** | 13,158,197 |
| **Accumulated depreciation** | | |
| - At beginning of year | **(7,841,065)** | (4,555,349) |
| - Depreciation for the year | **(2,847,073)** | (3,285,716) |
| At the end of the year | **(10,688,138)** | (7,841,065) |
| **Carrying amount at year-end** | **2,470,059** | 5,317,132 |

## 11. EQUIPMENT, TOOLS AND INSTALLATIONS

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Accumulated cost of acquisitions** | | |
| - At beginning of year | **212,338,271** | 195,629,463 |
| - New acquisitions | **88,000,447** | 16,708,808 |
| At the end of the year | **300,338,718** | 212,338,271 |
| **Accumulated depreciation** | | |
| - At beginning of year | **(147,455,746)** | (107,481,432) |
| - Depreciation for the year | **(39,128,630)** | (39,974,314) |
| | **(186,584,376)** | (147,455,746) |
| **Carrying amount at year-end** | **113,754,342** | 64,882,525 |

## 12. OTHER LONG-TERM RECEIVABLES

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Accumulated acquisition costs:** | | |
| - At beginning of year | **11,919,935** | 19,861,885 |
| - Additional receivables | **12,481,468** | 11,919,935 |
| - Settled receivables | **(11,919,934)** | (19,861,885) |
| **Carrying amount at year-end** | **12,481,469** | 11,919,935 |

## 13. RECEIVABLES FROM GROUP COMPANIES

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Tata Sons Private Limited | **12,764,824** | - |
| Tata Consultancy Services Danmark ApS | **1** | 1 |
| Tata Consultancy Services Brasil Ltd | **189,676** | 6,501 |
| Tata Consultancy Services Limited | **116,373,634** | 323,362,406 |
| Tata Consultancy Services Italia srl | **72,925** | 5,238,480 |
| Tata Consultancy Services Osterreich GmbH | **-** | 44,657 |
| Tata Consultancy Services Switzerland Ltd | **824,988** | - |
| Tata Consultancy Services Luxembourg S.A. | **49,557** | 413,913 |
| **Total** | **130,275,605** | 329,065,958 |

## Notes forming part of the Financial Statements

### 14. RECEIVABLES DUE FROM CUSTOMERS

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Accrued income | **1,539,785,362** | 811,481,361 |
| Invoiced amount | **(1,349,295,027)** | (618,663,095) |
| **Sum** | **190,490,335** | 192,818,266 |

### 15. PREPAYMENTS AND ACCRUED INCOME

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Prepaid rent | **21,178,827** | 10,669,395 |
| Prepayment Supplier | **540,977** | 540,977 |
| Others | **30,356,825** | 20,096,753 |
| | **52,076,629** | 31,307,125 |

### 16. EQUITY

The share capital amounts to 1000 shares with a share value of 100 SEK.. The share capital is unchanged from the previous year.

### 17. ALLOCATION OF COMPANY PROFIT OR LOSS

The board proposes that free equity, SEK 1,141,438,386, be disposed of as follows:

| | Amounts in SEK |
|---|---|
| Profit brought forward from previous years | **799,398,851** |
| Profit for the year | **342,039,535** |
| **Total** | **1,141,438,386** |
| The board proposes that | |
| the following be carried forward | **1,141,438,386** |
| **Sum** | **1,141,438,386** |

### 18. TAX ALLOCATION RESERVE

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Tax allocation reserve, dedicating tax year 2020 | **-** | 44,900,000 |
| Tax allocation reserve, dedicating tax year 2021 | **-** | 64,000,000 |
| | **-** | 108,900,000 |

## 19. SHORT-TERM LIABILITIES

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Tata Sons Private Limited | **-** | 11,099,084 |
| Tata Consultancy services Japan Ltd | **93,732** | - |
| Tata Consultancy Services Canada Inc. | **111,464** | - |
| Tata Consultancy Services China Co. Ltd. | **311,828** | 287,947 |
| Tata Consultancy Services Asia Pacific Pte Ltd | **666,424** | 80,573 |
| Tata Consultancy Services Portugal, Unipessoal Lda | **1,227,566** | 511,598 |
| Tata Consultancy Services Netherlands B.V. | **4,986,594** | 1,467,437 |
| Tata Consultancy Services de Mexico SA de CV | **763,815** | 1,089,459 |
| Tata Consultancy Services France | **813,144** | 912,027 |
| Tata Consultancy Services Limited Belgium S.A./N.V. | **165,675** | 155,871 |
| Tata Consultancy Services Deutschland GmbH | **3,672,996** | 4,719,566 |
| Tata Consultancy Services Switzerland Ltd | **-** | 1,571,764 |
| Tata Consultancy Services Osterreich GmbH | **32,859** | - |
| Tata Consultancy Services de Espana SA | **29,889,046** | 5,376,527 |
| **Total** | **42,735,143** | 27,271,853 |

## 20. LIABILITIES DUE FROM CUSTOMERS

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Invoiced amount | **425,720,213** | 522,452,115 |
| Accrued income | **(340,486,043)** | (464,438,785) |
| **Sum** | **85,234,170** | 58,013,330 |

## 21. ACCRUALS AND PREPAID INCOME

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Bonus and final salaries | **9,841,714** | 11,678,978 |
| Other personnel costs | **32,075,154** | 35,057,660 |
| Other accrued costs | **92,408,610** | 65,140,149 |
| | **134,325,478** | 111,876,787 |

# Notes forming part of the Financial Statements

## 22. MISCELLANEOUS INFORMATION FOR CASH FLOW ANALYSIS

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Adjustments for items not included in cash flow etc.** | **,** | , |
| Depreciation | **41,975,703** | 43,260,030 |
| | **41,975,703** | 43,260,030 |

## 23. PLEDGED ASSETS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Securities pledged** | | |
| Securities pledged | **None** | None |

**Capital commitments**

The company has capital commitments of a total amount of SEK 8,284,707 (2,952,009), where the amount of SEK 8,284,707 is of fixed assets, (2,952,009).

## 24. INFORMATION ABOUT THE GROUP

The company is a wholly-owned affiliate of Tata Consultancy Services Limited org no L22210MH1995PLC084781, with its headquarter in Mumbai, India, is preparing the consolidated financial statement for the group company. Tata Consultancy Services Limited is a publicly listed company on the National Stock Exchange of India Limited and BSE Limited in India. Tata Consultancy Services Limited is owned with 72.27% of the shares by the ultimate holding company Tata Sons Private Limited org no 478, in Mumbai with adress; Bombay House, 24, Homi Mody Street, Mumbai 400 001 India which is the headquarter of Tata.

## 24. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

There were no significant subsequent events that have occurred after the end of the financial year under review.

## Signatures

Stockholm 2023

| | | |
|---|---|---|
| Sapthagiri Chapalapalli | Avinash Surendra Limaye | Pradeep Manohar Gaitonde |
| Chairman of the board | Board member | Board member |

Our Audit Report was presented on 2023

KPMG AB

Fredrik Wollman
Authorized public accountant

# Tata Consultancy Services Netherlands B.V.
# Amsterdam

## ANNUAL REPORT AND
## FINANCIAL STATEMENTS

**For the year ended**
**March 31, 2023**

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2023

**CONTENT** **Page**

# INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors**
**Tata Consultancy Services Netherlands B.V.**

**Report on the special purpose Ind AS Financial Statements**

## Opinion

We have audited the accompanying Special purpose Ind AS financial statements of Tata Consultancy Services Netherlands B.V. ('the Company), which comprises the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the special purpose Ind AS financial statements"). The special purpose Ind AS financial statements have been prepared by the management as described in Note 2 to the Special Purpose Ind AS financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special purpose Ind AS financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2023, and it's Profit (including other Comprehensive Income), Changes in Equity and its Cash Flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Special purpose Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special purpose Ind AS financial statements under the provisions of the Act and the Rules there under and fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's Responsibility for the Special purpose Ind AS financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Special purpose Ind AS financial statements that give a true and fair view of the state of affairs, profit/ loss and (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special purpose Ind AS financial statements that give a true and fair view and are free from misstatement, whether due to fraud or error.

In preparing these Special purpose Ind AS financial statements, management and Board of Directors are 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Special purpose Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special purpose Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs 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 Special purpose Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

  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 auditor's 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 auditor's 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

**(To the extent applicable to a Company incorporated outside India)**

1. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

## Restriction on Distribution and Use

These Special purpose Ind AS financial statements have been prepared to comply with the Section 129(3) of the Companies Act 2013, of Tata Consultancy Services Limited for the year ended 31st March, 2023 in accordance with Accounting Standard specified in section 133 of the Companies Act 2013. Our report is intended solely for the information and use of Board of Directors of the company and Tata Consultancy Services Limited for the preparation of this Special purpose Ind AS financial statements as aforesaid and for the use at their annual general meetings for the information of their members. It is not intended to be and should not be used by anyone other than specified parties.

**For KBJ & ASSOCIATES**
**(Chartered Accountants)**
**(Firm Registration No. 114934W)**

**Kaushik B. Joshi**
**Proprietor**
**(Membership No.48889)**

**Date: 2 June, 2023**
**Place: Mumbai**

# Balance sheet

Amount in EUR

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 8(a) | **5,335,791** | 4,180,353 |
| (b) Capital work-in-progress | 8(a) | **838,560** | 562,878 |
| (c) Right-of-use Assets | 7 | **14,286,836** | 7,618,201 |
| (d) Intangible assets | 8(b) | **79,041** | 187,045 |
| (e) Financial assets | | | |
| (i) Investments | 6(a) | **194,984,362** | 195,118,930 |
| (ii) Other financial assets | 6(e) | **679,133** | 595,634 |
| (f) Income tax assets (net) | 15 | **141,284** | 302,317 |
| (g) Deferred tax assets (net) | 15 | **195,785** | 79,303 |
| (h) Other assets | 8(c) | **1,210,272** | 665,003 |
| **Total non-current assets** | | **217,751,065** | 209,309,664 |
| **Current assets** | | | |
| (a) Financial assets | | | |
| (i) Trade receivables | 6(b) | **205,295,902** | 165,378,708 |
| (ii) Unbilled receivables | | **38,738,896** | 37,624,484 |
| (iii) Cash and cash equivalents | 6(c) | **53,587,471** | 35,270,641 |
| (iv) Loans receivables | 6(d) | **2,595,637** | 2,857,291 |
| (v) Other financial assets | 6(e) | **5,593,192** | 6,061,057 |
| (b) Other assets | 8(c) | **38,754,260** | 27,571,545 |
| **Total current assets** | | **344,565,360** | 274,763,726 |
| **TOTAL ASSETS** | | **562,316,425** | 484,073,390 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Share capital | 6(k) | **66,000,000** | 66,000,000 |
| (b) Other equity | 9 | **278,412,429** | 246,547,105 |
| **Equity attributable to shareholders of the company** | | **344,412,429** | 312,547,105 |
| Non-controlling interests | | **-** | - |
| **Total Equity** | | **344,412,429** | 312,547,105 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease Liability | | **10,753,398** | 5,919,112 |
| (ii) Other financial liabilities | | **46,357** | 55,146 |
| (b) Deferred tax liabilities | 15 | **443,784** | 347,369 |
| **Total non-current liabilities** | | **11,243,539** | 6,321,627 |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease Liability | | **4,219,471** | 2,086,073 |
| (ii) Trade payables | 6(f) | **138,392,261** | 109,900,095 |
| (iii) Other financial liabilities | 6(g) | **38,039,520** | 33,051,967 |
| (b) Other liabilities | 8(e) | **285,384** | 636,959 |
| (c) Unearned and deferred revenue | 10 | **16,211,341** | 14,196,170 |
| (d) Income tax liabilities (net) | 15 | **4,136,833** | 553,349 |
| (e) Employee benefit obligation | 12 | **5,290,258** | 4,674,013 |
| (f) Provisions | 8(d) | **85,391** | 106,032 |
| **Total current liabilities** | | **206,660,458** | 165,204,658 |
| **TOTAL EQUITY AND LIABILITIES** | | **562,316,425** | 484,073,390 |
| **NOTES FORMING PART OF FINANCIAL STATEMENTS** | 1-21 | **0** | (0) |

As per our report of even date attached

**For KBJ & Associates**
*Chartered Accountants*
Firm registration no.114934W
**Kaushik B. Joshi**
Proprietor
Membership number: 48889
Mumbai, June 2, 2023

For and on behalf of the Board of Directors
of **Tata Consultancy Services Netherlands B.V.**

**Pradeep Manohar Gaitonde**
Director
Mumbai
**Sapthagiri Chapalapalli**
Director
Frankfurt, Germany

## Statement of Profit and Loss

Amount in EUR

| | | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|---|
| I. | Revenue | 10 | **852,516,616** | 687,228,782 |
| II. | Other income | 11 | **27,034,734** | 37,919,286 |
| **III.** | **TOTAL INCOME** | | **879,551,351** | 725,148,068 |
| IV. | **Expenses** | | | |
| | (a) Employee benefit expenses | 12 | **235,222,772** | 186,413,245 |
| | (b) Cost of equipment and software licences | 13(a) | **25,895,924** | 2,199,076 |
| | (c) Depreciation and amortisation expense | | **5,291,579** | 3,509,727 |
| | (d) Other expenses | 13(b) | **544,537,867** | 461,695,097 |
| | (e) Finance costs | 14 | **334,902** | 294,608 |
| **TOTAL EXPENSES** | | | **811,283,044** | 654,111,753 |
| **V.** | **PROFIT/(LOSS) BEFORE TAX** | | **68,268,307** | 71,036,315 |
| VI. | **Tax expenses** | | | |
| | (a) Current tax | 15 | **11,637,670** | 9,683,045 |
| | (b) Deferred tax | 15 | **(20,067)** | (270,391) |
| **TOTAL TAX EXPENSES** | | | **11,617,603** | 9,412,654 |
| **VII.** | **PROFIT/(LOSS) FOR THE YEAR** | | **56,650,704** | 61,623,661 |
| VIII. | Prior Period Expense | | **214,620** | - |
| **IX.** | **TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR** | | **56,865,324** | 61,623,661 |
| Earnings per equity share: Basic and diluted (EUR) | | 16 | **858** | 934 |
| Weighted average number of equity shares | | | **66,000** | 66,000 |
| **X.** | **NOTES FORMING PART OF FINANCIAL STATEMENTS** | 1-21 | | |

As per our report of even date attached

For and on behalf of the Board of Directors
of **Tata Consultancy Services Netherlands B.V.**

**For KBJ & Associates**
*Chartered Accountants*
Firm registration no.114934W

**Kaushik B. Joshi**
Proprietor
Membership number: 48889
Mumbai, June 2, 2023

**Pradeep Manohar Gaitonde**
Director
Mumbai

**Sapthagiri Chapalapalli**
Director
Frankfurt, Germany

## Statement of Changes in Equity

### A. EQUITY SHARE CAPITAL

Amount in EUR

| Balance as at April 1, 2021 | Change in Equity share capital during the year | Balance as at March 31, 2022 |
|---|---|---|
| 66,000,000 | - | 66,000,000 |

Amount in EUR

| Balance as at April 1, 2022 | Change in Equity share capital during the year | Balance as at March 31, 2023 |
|---|---|---|
| **66,000,000** | **-** | **66,000,000** |

### B. OTHER EQUITY

Amount in EUR

| | Reserves and surplus | |
|---|---|---|
| | **Retained earnings** | **Total equity** |
| **Balance as at April 1, 2021** | 259,923,444 | 259,923,444 |
| Profit for the year | 61,623,661 | 61,623,661 |
| Dividend | (75,000,000) | (75,000,000) |
| **Balance as at March 31, 2022** | 246,547,105 | 246,547,105 |
| **Balance as at April 1, 2022** | **246,547,105** | **246,547,105** |
| Profit for the year | **56,865,324** | **56,865,324** |
| Dividend | **(25,000,000)** | **(25,000,000)** |
| **Balance as at March 31, 2023** | **278,412,429** | **278,412,429** |
| **NOTES FORMING PART OF FINANCIAL STATEMENTS 1-21** | | |

As per our report of even date attached

**For KBJ & Associates**
*Chartered Accountants*
Firm registration no.114934W

**Kaushik B. Joshi**
Proprietor
Membership number : 48889
Mumbai, June 2, 2023

For and on behalf of the Board of Directors
of **Tata Consultancy Services Netherlands B.V.**

**Pradeep Manohar Gaitonde**
Director
Mumbai

**Sapthagiri Chapalapalli**
Director
Frankfurt, Germany

## Statement of Cash flows

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **I. CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before tax | **68,268,307** | 71,036,315 |
| Depreciation expense | **5,291,579** | 3,509,727 |
| Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | **29,862** | 15,092 |
| Exchange difference on translation of foreign currency cash and cash equivalents | **(166,347)** | (715,784) |
| Finance Cost | **334,902** | 295,053 |
| Dividend income | **(25,020,000)** | (36,324,379) |
| Interest income | **(516,747)** | (7,148) |
| Misc. Income | **(345,076)** | - |
| **Operating Profit/(Loss) before working capital changes** | **47,876,479** | 37,808,876 |
| **Net change in:** | | |
| Trade receivables | **(39,947,057)** | (42,899,559) |
| Unbilled receivables | **(1,114,413)** | (13,444,768) |
| Other Financial Assets | **384,365** | (1,244,390) |
| Other assets | **(11,727,985)** | 1,299,324 |
| Loans Receivable | **261,654** | (2,454,634) |
| Trade & other payables | **28,492,166** | 48,028,159 |
| Other financial liabilities | **4,330,326** | 3,082,996 |
| Unearned and deferred revenues | **2,015,170** | 6,325,730 |
| Employee benefit obligations | **616,245** | (440,481) |
| Other liabilities and provisions | **(372,217)** | 9,524,468 |
| **Cash (used in) / generated from operations** | **30,814,735** | 45,585,722 |
| Taxes paid (net of refund) | **(7,893,058)** | (9,086,790) |
| **Net cash generated from operating activities** | **22,921,677** | 36,498,932 |
| **II. CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payment for purchase of property and equipment | **(2,177,910)** | (1,062,613) |
| (Purchase)/ Sale of intangible assets | **(32,965)** | 2,952,120 |
| Amount realised from dissolution of Subsidiary | **479,644** | (3,309,998) |
| Interest from Bank | **413,329** | 13,558 |
| Interest on Financial Assets | **103,418** | (6,411) |
| Dividend received | **25,020,000** | 36,324,379 |
| **Net cash generated from investing activities** | **23,805,516** | 34,911,035 |
| **III. CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Dividend paid ( including tax on dividend ) | **(25,000,000)** | (75,000,000) |
| Interest paid | **(52,966)** | (190,443) |
| Repayment of lease liabilities | **(3,241,810)** | (2,022,997) |
| Repayment of lease interest | **(281,935)** | (104,610) |
| **Net cash used in financing activities** | **(28,576,711)** | (77,318,050) |
| **Net change in cash and cash equivalents** | **18,150,481** | (5,908,083) |
| **Effect of foreign exchange on cash** | - | - |
| Cash and cash equivalents at the beginning of the year | **35,270,641** | 40,462,940 |
| Exchange difference on translation of foreign currency cash and cash equivalents | **166,347** | 715,784 |
| **Cash and cash equivalents, as at the end of the year (Refer Note 8)** | **53,587,471** | 35,270,641 |

**IV. NOTES FORMING PART OF FINANCIAL STATEMENTS 1-21**

As per our report of even date attached

**For KBJ & Associates**
*Chartered Accountants*
Firm registration no.114934W

**Kaushik B. Joshi**
Proprietor
Membership number : 48889
Mumbai, June 2, 2023

For and on behalf of the Board of Directors
of **Tata Consultancy Services Netherlands B.V.**

**Pradeep Manohar Gaitonde**
Director
Mumbai

**Sapthagiri Chapalapalli**
Director
Frankfurt, Germany

## Notes forming part of the Financial Statement

### 1. CORPORATE INFORMATION

Tata Consultancy Services Netherlands B.V., ('the Company'), having its legal address in Symphony Towers, 20th and 21st floor, Gustav Mahlerplein 85-91, 1082 MS, Amsterdam, The Netherlands, is a private limited liability company under Dutch law and is registered as a financial holding under number 33237130 in the Trade Register.

The Company is a wholly-owned subsidiary of Tata Consultancy Services Limited ("Parent Company"), Mumbai, India. The financial information of the Company is included in the consolidated financial statements of the Parent Company. The consolidated financial statements can be obtained at the website of the Parent Company, at the Investors page at www.tcs.com, or at cost at the office of the Company.

The Company and its subsidiaries provide consulting-led integrated portfolio of information technology (IT) and IT-enabled services delivered through a network of locations around the globe. The Company's full services portfolio consists of Application Development, Assurance Services, Business Intelligence and Performance Management, Business Process Services, Engineering and Industrial Services, Enterprise Security and Risk Management, Enterprise Solutions, IT Infrastructure Services etc.

### 2. STATEMENT OF COMPLIANCE

These special purpose financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time. for soul purpose of inclusion for Tata Consultancy Services Limited (Intermediate Holding Company) under the requirement of Section 129(3) of the Companies Act, 2013('the Act').

### 3. BASIS OF PREPARATION

These special purpose financial statements have been presented in EURO which is the functional currency of the Company. These special purpose financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in division II of Schedule III to the Company's Act, 2013. Based on the nature of services rendered to customer and time elapsed between deployment of resources and realisation in cash and cash equivalents of the consideration for such a services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under Indirect method.

### 4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements is in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

**a) Revenue recognition**

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is

also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**b) Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**c) Impairment of investments in subsidiaries**

The Company reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**d) Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**e) Provisions of Income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period

**f) Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

## Notes forming part of the Financial Statement

**g) Employee benefits**

The accounting of employee benefit plan is in the nature of defined contribution and have been explained under employee benefits note.

**h) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### 5. RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

**Ind AS 103 – Reference to Conceptual Framework**

The amendments specifiy that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements.

**Ind As 106- Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

## 6. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

**Investment in subsidiaries**

Investment in subsidiaries are measured at cost less impairment loss, if any.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

## Notes forming part of the Financial Statement

**(a) Investments**

Investments consists of the following:

**Investments -Non-current**

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Investment in subsidiaries | | |
| Fully paid equity shares (unquoted) | **194,984,362** | 195,118,930 |
| | **194,984,362** | 195,118,930 |

Aggregate value of unquoted investments is as follows:

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Aggregate value of unquoted investments | **194,984,362** | 195,118,930 |

Amount in EUR

| In Numbers | Currency | Face value per share | Investment in subsidiaries | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|---|
| | | | **Fully paid equity shares (unquoted)** | | |
| 14,867,651 | EUR | 0.03 | Tata Consultancy Services France S.A. | **102,265,680** | 102,265,680 |
| 150,000 | CHF | 10 | Tata Consultancy Services Switzerland Ltd | **63,648,300** | 63,648,300 |
| 60,200 | EUR | 1 | Tata Consultancy Services De Espana SA | **17,000,000** | 17,000,000 |
| 5,599 | EUR | 1000 | Tata Consultancy Services Luxembourg S.A. | **5,599,000** | 5,599,000 |
| - | EUR | - | Tata Consultancy Services Italia SRL | **2,200,000** | 2,200,000 |
| 1,000 | SAR | 3750 | Tata Consultancy Services Saudi Arabia | **898,382** | 898,382 |
| 10,000 | DKK | 100 | Tata Consultancy Services Danmark ApS | **-** | 134,568 |
| - | EUR | - | Tata Consultancy Services Osterreich GmbH | **35,000** | 35,000 |
| 25,000 | EUR | 1 | TCS Business Services GmbH | **28,000** | 28,000 |
| 650,000 | EUR | 5 | TCS Technology Solutions AG | **3,310,000** | 3,310,000 |
| 18,000 | - | 1 | Saudi Desert Rose B.V.** | **-** | - |
| | | | | **194,984,362** | 195,118,930 |

Tata Consultancy Services France S.A. (TCS France) 100% Subsidiary has a negative net equity value as on 31st March 2023. The carrying value of the investment in the Company, as on 31st March 2023 has not been impaired, because the entity is believed to be able to recover from its negative net equity in the foreseeable future. The recoverable amount was estimated based on both its net realisable value and its value in use basis the assessment in 2022-23 was determined to be in excess of its carrying value of the investment, consequentially no impairment loss was recognised in the profit and loss account of the company.

**As per Joint Venture (JV) Scheme with a JV partner, Investments in Tata Consultancy Services Saudi Arabia ('TCS Saudi') held by JV Partner in Saudi Desert Rose Holdings B.V. ('SDR') to the etent of 24% (240 shares) is to be transferred to the Company and 100% share capital of SDR was to be acquired by the Parent Company. During the year as per the said JV Scheme, 100% share capital of SDR has been acquired by the Company and investment by SDR in TCS Saudi would ultimately be merged with the parent Company, which is pending.

**(b) Trade Receivables**

Trade receivables (unsecured) consist of following:

**Trade Receivables -Current**

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Considered Good | **205,322,701** | 165,468,425 |
| Less: Allowance for doubtful trade receivables | **(26,799)** | (89,717) |
| | **205,295,902** | 165,378,708 |

Above balances of trade receivables includes balance with related parties (Refer Note 20)

Ageing for trade receivables - current outstanding:

**Trade Receivables**

Ageing for trade receivables - billed – current outstanding as at March 31, 2023 is as follows:

Amount in EUR

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 Months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Trade receivables - Billed | | | | | | | |
| Undisputed trade receivables – considered good | **176,417,114** | **27,698,254** | **-** | **116,962** | **-** | **1,090,371** | **205,322,701** |
| | **176,417,114** | **27,698,254** | **-** | **116,962** | **-** | **1,090,371** | **205,322,701** |
| Less: Allowance for doubtful trade receivables - Billed | | | | | | | **(26,799)** |
| | | | | | | | **205,295,902** |
| Trade receivables - Unbilled | | | | | | | **38,738,896** |
| | | | | | | | **244,034,798** |

## Notes forming part of the Financial Statement

Ageing for trade receivables - billed – current outstanding as at March 31, 2022 is as follows:

Amount in EUR

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 Months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Trade receivables - Billed | | | | | | | |
| Undisputed trade receivables – considered good | 141,420,943 | 19,710,935 | 2,771,651 | - | 1,564,896 | - | 165,468,425 |
| | 141,420,943 | 19,710,935 | 2,771,651 | - | 1,564,896 | - | 165,468,425 |
| Less: Allowance for doubtful trade receivables - Billed | | | | | | | (89,717) |
| | | | | | | | 165,378,708 |
| Trade receivables - Unbilled | | | | | | | 37,624,483 |
| | | | | | | | 203,003,191 |

**(c) Cash and cash equivalents**

Cash and cash equivalents consist of the following:

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balances with banks | | |
| In current accounts | **14,280,679** | 14,495,745 |
| In Fixed Deposits | **39,306,792** | 20,774,896 |
| | **53,587,471** | 35,270,641 |

**(d) Loans receivables**

Loans receivables (unsecured) consist of the following:

**Loans receivables-Current**

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Considered Good | | |
| Loans and advances to employees | **1,095,637** | 1,357,291 |
| Loans to Subsidiaries - Current | **1,500,000** | 1,500,000 |
| | **2,595,637** | 2,857,291 |

**(e) Other financial assets**

Other financial assets consist of the following:

**Other financial assets - Non-current**

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Security deposits | **679,133** | 595,634 |
| | **679,133** | 595,634 |

**Other financial assets - Current**

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Others | **5,593,192** | 6,061,057 |
| | **5,593,192** | 6,061,057 |

**(f) Trade Payables**

Trade payables consist of the following:

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Accrued expenses | **63,335,576** | 50,809,177 |
| (b) Trade and other payables | **75,056,685** | 59,090,918 |
| | **138,392,261** | 109,900,095 |

Above balances of trade payables includes balance with related parties (Refer Note 19)

Ageing for trade receivables - current outstanding:

**Trade Payables**

Ageing for trade payables outstanding as at March 31, 2023 is as follows:

Amount in EUR

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Trade payables | **20,498,737** | **54,557,913** | **-** | **-** | **-** | **75,056,650** |
| | **20,498,737** | **54,557,913** | **-** | **-** | **-** | **75,056,650** |
| Accrued expenses | | | | | | **63,335,576** |
| | | | | | | **138,392,226** |

## Notes forming part of the Financial Statement

Ageing for trade payables outstanding as at March 31, 2022 is as follows:

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Trade payables | 11,280,345 | 47,217,130 | 593,444 | - | - | 59,090,918 |
| | 11,280,345 | 47,217,130 | 593,444 | - | - | 59,090,918 |
| Accrued expenses | | | | | | 50,809,177 |
| | | | | | | 109,900,095 |

### (g) Other financial liabilities - Current

Other financial liabilities consist of the following:

Amount in EUR

| | | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| (a) | Accrued payroll | 9,391,512 | 7,754,948 |
| (b) | Capital creditors | 1,145,477 | 282,420 |
| (c) | Liability towards customer contracts | 7,960,406 | 4,699,832 |
| (d) | Indirect tax payable and other statutory liabilities | 19,542,125 | 20,094,989 |
| (d) | Others | - | 219,778 |
| | | 38,039,520 | 33,051,967 |

### (h) Financial Instrument by Category

The carrying value of financial instruments by categories as of March 31, 2023 is as follows:

Amount in EUR

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets:** | | |
| Cash and cash equivalents | 53,587,471 | 53,587,471 |
| Trade receivables | 205,295,902 | 205,295,902 |
| Unbilled receivables | 38,738,896 | 38,738,896 |
| Short-term Loans | 2,595,637 | 2,595,637 |
| Other financial assets | 6,272,326 | 6,272,326 |
| **Total** | 306,490,232 | 306,490,232 |
| **Financial liabilities:** | | |
| Trade payables | 138,392,261 | 138,392,261 |
| Lease liabilities | 14,972,869 | 14,972,869 |
| Other financial liabilities | 38,085,876 | 38,085,876 |
| **Total** | 191,451,007 | 191,451,007 |

The carrying value of financial instruments by categories as of March 31, 2022 is as follows:

Amount in EUR

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets:** | | |
| Cash and cash equivalents | 35,270,641 | 35,270,641 |
| Trade receivables | 165,378,708 | 165,378,708 |
| Unbilled receivables | 37,624,484 | 37,624,484 |
| Short-term Loans | 2,857,291 | 2,857,291 |
| Other financial assets | 6,656,691 | 6,656,691 |
| **Total** | 247,787,816 | 247,787,816 |
| **Financial liabilities:** | | |
| Trade payables | 109,900,095 | 109,900,095 |
| Lease liabilities | 8,005,185 | 8,005,185 |
| Other financial liabilities | 33,107,113 | 33,107,113 |
| **Total** | 151,012,393 | 151,012,393 |

**(i) Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

There are no financial liabilities or assets measured at fair value at the end of each reporting period.

**(j) Financial risk management:**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

**(a) Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company.

Considering the countries and economic environment in which the Company operates , its operations are subject to risk arising from fluctations in exchange rates in those countries.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. Its hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

## Notes forming part of the Financial Statement

The foreign exchange rate sensitivity is calculated by aggregation of net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all currencies by 10% against the functional currency of the Company.

The following analysis has been worked out based on the net exposures of the Company as of the date of balance sheet which could affect the statements of profit and loss and equity.

The following table sets forth information relating to unhedged foreign currency exposure as of March 31, 2023

Amount in EUR

| | USD | EUR | GBP | Others | Total |
|---|---|---|---|---|---|
| **Assets :** | | | | | |
| Cash and cash equivalents | **21,886,884** | **30,400,542** | **-** | **1,300,044** | **53,587,471** |
| Trade receivables | **49,707,526** | **151,129,589** | **2,955,036** | **1,503,752** | **205,295,902** |
| Unbilled revenues | **4,399,890** | **33,224,401** | **227,538** | **887,068** | **38,738,896** |
| Other financial assets | **1,879,514** | **4,137,029** | **732** | **255,051** | **6,272,326** |
| **Total** | **77,873,813** | **218,891,561** | **3,183,306** | **3,945,915** | **303,894,595** |
| **Liabilities :** | | | | | |
| Trade payables | **30,645,216** | **103,406,758** | **1,665,062** | **2,675,225** | **138,392,261** |
| Lease liabilities | **-** | **14,972,869** | **-** | **-** | **14,972,869** |
| Other financial liabilities | **4,065,499** | **33,779,215** | **34,115** | **207,047** | **38,085,876** |
| **Total** | **34,710,715** | **152,158,843** | **1,699,177** | **2,882,272** | **191,451,007** |
| **Net exposure asset/(liability)** | **43,163,098** | **66,732,718** | **1,484,129** | **1,063,643** | **112,443,588** |

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately EUR 4,571,087 for the year ended March 31, 2023

The following table sets forth information relating to unhedged foreign currency exposure as of March 31, 2022

Amount in EUR

| | USD | EUR | GBP | Others | Total |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and cash equivalents | - | 34,759,923 | - | 510,718 | 35,270,641 |
| Trade receivables | 34,905,649 | 116,997,011 | 2,466,939 | 11,009,109 | 165,378,708 |
| Unbilled revenues | 7,628,329 | 29,552,631 | 63,918 | 379,606 | 37,624,483 |
| Other financial assets | 258,122 | 6,273,234 | - | 125,336 | 6,656,692 |
| **Total** | 42,792,099 | 187,582,799 | 2,530,857 | 12,024,769 | 244,930,524 |
| **Liabilities :** | | | | | |
| Trade payables | 17,313,711 | 90,603,426 | 660,881 | 1,322,079 | 109,900,095 |
| Lease liabilities | - | 8,024,743 | - | (19,558) | 8,005,185 |
| Other financial liabilities | 645,501 | 32,378,767 | 23,373 | 59,472 | 33,107,113 |
| **Total** | 17,959,211 | 131,006,935 | 684,254 | 1,361,992 | 151,012,393 |
| **Net exposure asset/(liability)** | 24,832,888 | 56,575,863 | 1,846,603 | 10,662,777 | 93,918,131 |

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately EUR 3,734,227 for the year ended March 31, 2022

**(b) Interest rate risk**

The Company is not exposed to interest rate risk.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables (PY unbilled revenue), investments, cash and cash equivalents, bank deposits and other financial assets.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was EUR 303,894,595 and EUR 244,930,523 as of March 31, 2023 and March 31, 2022 , respectively, being the total of the carrying amount of balances with banks, trade receivables, unbilled receivables(previous year: Unbilled Revenue) and other financial assets excluding equity.

The following customers form more than 10% of outstanding trade receivable, unbilled receivables and contract assets as at March 31, 2023 and March 31, 2022 are as follows.

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Trade receivables, Unbilled receivables and Contact assets | Percentage | Total Trade receivables, Unbilled receivables and Contact assets | Percentage |
| Customer A | **30,783,753** | **12%** | 26,016,806 | 12% |
| Customer B | **26,015,669** | **10%** | 25,560,749 | 12% |
| Customer C | **23,029,376** | **9%** | 18,293,925 | 9% |

**Geographic concentration of credit risk**

The Company is not exposed to the risk as the customer base of Company is concentrated in Netherlands.

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

Amount in EUR

| **As at March, 31 2023** | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | **138,392,261** | **-** | **-** | **-** | **138,392,261** |
| Lease Liabilities | **5,230,432** | **4,289,804** | **5,452,632** | **-** | **14,972,869** |
| Other financial liabilities | **38,085,878** | **-** | **-** | **-** | **38,085,878** |
| **Total** | **181,708,571** | **4,289,805** | **5,452,632** | **-** | **191,451,009** |

## Notes forming part of the Financial Statement

Amount in EUR

| As at March, 31 2022 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | 109,306,651 | 593,444 | - | - | 109,900,095 |
| Lease Liabilities | 2,113,556 | 1,889,511 | 4,002,117 | - | 8,005,185 |
| Other financial liabilities | 33,061,483 | - | - | 45,632 | 33,107,113 |
| **Total** | 144,481,690 | 2,482,956 | 4,002,117 | 45,632 | 151,012,394 |

**(k) Equity Instrument**

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(i) Authorised :** | | |
| 66,000 equity shares of EUR 1,000 each (March 31, 2022 : 66,000 equity shares of EUR 1,000 each) | **66,000,000** | 66,000,000 |
| | **66,000,000** | 66,000,000 |
| **(ii) Issued, subscribed and paid up:** | | |
| 66,000 equity shares of EUR 1,000 each (March 31, 2022 : 66,000 equity shares of EUR 1,000 each) | **66,000,000** | 66,000,000 |
| | **66,000,000** | 66,000,000 |

**Note:**

**Shares held by the promoters**

Amount in EUR

| Promoter Name | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Tata Consultancy Services Limited** | | |
| No. of Shares | **1,000** | 1,000 |
| % of total shares | **100%** | 100% |
| % Change during the year | **0%** | 0% |

Amount in EUR

| Promoter Name | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Tata Consultancy Services Limited** | | |
| No. of Shares | 1,000 | 1,000 |
| % of total shares | 100% | 100% |
| % Change during the year | 0% | 0% |

**i) Reconciliation of number of shares**

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Equity shares** | | |
| Opening balance | **66,000** | 66,000 |
| Changes during the year | **-** | - |
| Closing balance | **66,000** | 66,000 |

**ii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Equity shares** | | |
| Tata Consultancy Services Limted (Holding Company) | **66,000** | 66,000 |
| % of shareholding | **100%** | 100% |
| % change during the year | **-** | - |

**iii) Rights, preferences and restrictions attached to shares**

The Company has only one class of equity shares which is an 100% investment by Tata Consultancy Services Limited. Since Tata Consultancy Services Limted is the only shareholder for the Company, it carry a right to dividend and also in the event of liquidation, Tata Consultancy Services Limited is eligible to receive the remaining assets of the Company.

## 7. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease

## Notes forming part of the Financial Statement

term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The details of the right-of-use asset held by the Company is as follows:

Amount in EUR

| **Description** | **ROU Leasehold Building** | **ROU Computer equipment** | **ROU Automobiles** | **Total** |
|---|---|---|---|---|
| **Opening balance as at April 1, 2022** | **8,950,959** | **-** | 3,351,816 | **12,302,774** |
| **Additions** | **350,196** | **8,563,281** | 1,296,049 | **10,209,526** |
| Disposals | **(1,090,499)** | **-** | (523,729) | **(1,614,228)** |
| Deletions due to lease modification | **-** | **-** | - | **-** |
| Cost as at March 31, 2023 | **8,210,656** | **8,563,281** | 4,124,136 | **20,898,072** |
| **Accumulated depreciation as at April 1, 2022** | **(3,148,938)** | **-** | (1,535,635) | **(4,684,573)** |
| **Depreciation expense for the year** | **(1,376,514)** | **(1,177,262)** | (987,114) | **(3,540,890)** |
| Eliminated on disposals of assets | **1,090,499** | **-** | 523,729 | **1,614,228** |
| Deletions due to lease modification | **-** | **-** | - | **-** |
| Accumulated depreciation as at March 31, 2023 | **(3,434,954)** | **(1,177,263)** | (1,999,020) | **(6,611,236)** |
| **Net Carrying amount as at March 31, 2023** | **4,775,701** | **7,386,017** | **2,125,117** | **14,286,836** |

Amount in EUR

| **Description** | **ROU Leasehold Building** | **ROU Computer equipment** | **ROU Automobiles** | **Total** |
|---|---|---|---|---|
| **Opening balance as at April 1, 2021** | 6,558,563 | - | 2,538,685 | 9,097,248 |
| Additions | 2,431,374 | - | 871,162 | 3,302,536 |
| Disposals | (38,978) | - | (58,031) | (97,009) |
| Deletions due to lease modification | - | - | - | - |
| Cost as at March 31, 2022 | 8,950,959 | - | 3,351,816 | 12,302,774 |
| **Accumulated depreciation as at April 1, 2021** | (1,990,542) | - | (757,087) | (2,747,629) |
| **Depreciation expense for the year** | (1,197,374) | - | (836,579) | (2,033,952) |
| Eliminated on disposals of assets | 38,978 | - | 58,031 | 97,009 |
| Deletions due to lease modification | - | - | - | - |
| Accumulated depreciation as at March 31, 2022 | (3,148,938) | - | (1,535,635) | (4,684,573) |
| **Net Carrying amount as at March 31, 2022** | 5,802,020 | - | 1,816,181 | 7,618,202 |

Depreciation on right-of-use assets is as follows:

Amount in EUR

| Depreciation | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Leasehold Building | **1,376,514** | 1,197,374 |
| ROU Computer equipment | **1,177,262** | - |
| Automobiles | **987,114** | 836,579 |
| **Total** | **3,540,890** | 2,033,952 |

Interest on lease liabilities is 281,935 Euro for the year year ended March 31, 2023

Lease contracts entered by the Company majorly pertains for buildings and vehicles taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

## 8. NON-FINANACIAL ASSETS AND NON-FINANCIAL LIABILITIES

### (a) Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of asset | Useful lives |
|---|---|
| Leasehold improvements | 5 years |
| Plant and equipment | 10 years |
| Computer equipment | 4 years |
| Office equipment | 5 years |
| Electrical installations | 10 years |
| Furniture and fixtures | 5 years |

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in the statement of profit and loss.

## Notes forming part of the Financial Statement

Property, plant and equipment consist of the following:

Amount in EUR

| Description | Computer Equipment | Leasehold Improvements | Furniture and Fixtures | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|
| **Cost as at April 1, 2022** | **2,995,342** | **2,325,511** | **1,329,492** | **1,153,811** | **474,698** | **8,278,854** |
| Additions | **2,575,283** | **-** | **9,701** | **180,301** | **-** | **2,765,285** |
| Disposals | **(678)** | **-** | **-** | **-** | **-** | **(678)** |
| **Cost as at March 31, 2023** | **5,569,946** | **2,325,511** | **1,339,193** | **1,334,112** | **474,698** | **11,043,460** |
| **Accumulated depreciation as at April 1, 2022** | **(1,794,237)** | **(951,562)** | **(845,716)** | **(439,228)** | **(67,760)** | **(4,098,504)** |
| Depreciation expense for the year | **(844,813)** | **(288,241)** | **(165,865)** | **(263,330)** | **(47,470)** | **(1,609,720)** |
| Eliminated on disposals of assets | **552** | **-** | **-** | **-** | **-** | **552** |
| **Accumulated depreciation as at March 31, 2023** | **(2,638,498)** | **(1,239,803)** | **(1,011,582)** | **(702,560)** | **(115,230)** | **(5,707,672)** |
| **Net Carrying amount as at March 31, 2023** | **2,931,447** | **1,085,708** | **327,611** | **631,552** | **359,468** | **5,335,791** |

Amount in EUR

| Description | Computer Equipment | Leasehold Improvements | Furniture and Fixtures | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|
| **Cost as at April 1, 2021** | 2,623,551 | 2,325,511 | 1,315,240 | 1,034,891 | 471,834 | 7,771,027 |
| **Additions** | 683,250 | - | 14,252 | 118,920 | 2,864 | 819,285 |
| Disposals | (311,459) | - | - | - | - | (311,459) |
| Cost as at March 31, 2022 | 2,995,342 | 2,325,511 | 1,329,492 | 1,153,811 | 474,698 | 8,278,854 |
| **Accumulated depreciation as at April 1, 2021** | (1,620,933) | (663,321) | (681,458) | (203,156) | (20,290) | (3,189,158) |
| **Depreciation expense for the year** | (484,763) | (288,241) | (164,258) | (236,071) | (47,470) | (1,220,804) |
| Eliminated on disposals of assets | 311,459 | - | - | - | - | 311,458 |
| Accumulated depreciation as at March 31, 2022 | (1,794,237) | (951,562) | (845,716) | (439,228) | (67,760) | (4,098,504) |
| **Net Carrying amount as at March 31, 2022** | 1,201,104 | 1,373,949 | 483,775 | 714,583 | 406,938 | 4,180,353 |

### Ageing for Capital work-in-progress

Amount in EUR

| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| **Less than 1 year** | | |
| Project 1 | **2,957** | 50,418 |
| Project 2 | **818,964** | 511,970 |
| Project 3 | **805** | - |
| Project 4 | **-** | 349 |
| Project 5 | **1,777** | 142 |
| **More than 1 year** | | |
| Project 1 | **14,058** | - |
| | **838,560** | 562,878 |

**(b) Intangible assets**

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences which are amortised over licence period which equates the economic useful life ranging between 2-5 years on a straight line basis over the period of its economic useful life.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in the statement of profit and loss.

Intangible assets consist of the following:

Amount in EUR

| Description | Software licences |
|---|---|
| **Cost as at April 1, 2022** | **1,018,562** |
| Additions | **32,965** |
| Disposals | **-** |
| **Cost as at March 31, 2023** | **1,051,527** |
| Accumulated amortisation as at April 1, 2022 | **(831,518)** |
| Amortisation expense for the year | **(140,969)** |
| **Reversal on Disposals** | **-** |
| **Accumulated amortisation as at March 31, 2023** | **(972,486)** |
| **Net Carrying amount as at March 31, 2023** | **79,041** |

Amount in EUR

| Description | Software licences |
|---|---|
| **Cost as at April 1, 2021** | 4,198,486 |
| Additions | - |
| Disposals | (3,179,924) |
| **Cost as at March 31, 2022** | 1,018,562 |
| Accumulated amortisation as at April 1, 2021 | (804,681) |
| **Amortisation expense for the year** | (254,641) |
| Reversal on Disposals | 227,804 |
| **Accumulated amortisation as at March 31, 2022** | (831,518) |
| **Net Carrying amount as at March 31, 2022** | 187,045 |

The estimated amortisation for the years subsequent to March 31, 2023 is as follows:

Amount in EUR

| Year ending March 31, | Amortisation expenses |
|---|---|
| 2024 | **48,211** |
| 2025 | **18,028** |
| 2026 | **8,241** |
| 2027 | **4,561** |
| **Total** | **79,041** |

## Notes forming part of the Financial Statement

**(c) Other assets**

**Other assets - Non-current**

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Contract assets | **25,748** | 634,853 |
| Contract fulfillment costs | **1,184,524** | 30,150 |
| | **1,210,272** | 665,003 |

**Other assets - Current**

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered Good** | | |
| Contract assets | **14,191,317** | 10,612,950 |
| Prepaid expenses | **10,309,490** | 12,499,149 |
| Tax Credit Entitlements | **17,027** | 21,186 |
| Contract fulfillment costs | **14,044,429** | 3,966,766 |
| Advance to suppliers | **191,998** | 403,144 |
| Others | **-** | 68,350 |
| | **38,754,260** | 27,571,545 |

Contract fulfillment costs of EUR 12,262,818 for the years ended March 31, 2023 have been amortised in the statement of profit and loss. Refer note 10 for the changes in contract asset.

**(d) Provisions**

Provisions consist of the following:

**Provisions - Current**

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for foreseeable loss | **85,391** | 106,032 |
| | **85,391** | 106,032 |

**(e) Other liabilities**

Other liabilities consist of the following:

**Other liabilities – Current**

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advance received from customers | **284,032** | 636,960 |
| Others | **1,352** | - |
| | **285,384** | 636,959 |

## 9. OTHER EQUITY

Other equity consist of the following:

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Retained earnings** | | |
| (i) Opening balance | **246,547,105** | 259,923,444 |
| (ii) Profit for the year | **56,865,324** | 61,623,661 |
| (iii) Less : Appropriations | | |
| (a) Dividend on equity shares | **(25,000,000)** | (75,000,000) |
| | **278,412,429** | 246,547,105 |

## 10. REVENUE

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method (POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

## Notes forming part of the Financial Statement

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

Revenue disaggregation by nature of services is as follows:

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Consultancy services | **824,490,393** | 683,130,156 |
| Sale of equipment and software licences | **28,026,224** | 4,098,626 |
| **Total** | **852,516,616** | 687,228,782 |

Revenue disaggregation by industry vertical is as follows:

**Industry Verticals**

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Banking, Financial Services and Insurance | **198,386,660** | 184,883,678 |
| Manufacturing | **53,904,470** | 48,977,546 |
| Retail and Consumer Business | **96,152,027** | 62,344,998 |
| Hi-Tech | **281,719,961** | 207,431,265 |
| Energy & utilities | **121,757,174** | 107,644,368 |
| Others | **100,596,324** | 75,946,927 |
| **Total** | **852,516,616** | 687,228,782 |

Revenue disaggregation by geography is as follows:

**Geography**

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Europe | **819,069,076** | 665,227,715 |
| America | **22,043,847** | 14,803,750 |
| Others | **11,403,693** | 7,197,316 |
| **Total** | **852,516,616** | 687,228,782 |

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the

Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is EUR 518 million out of which 49.20% is expected to be recognised as revenue in the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in Contract assets are as follows:

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **11,247,803** | 15,155,567 |
| Revenue recognised during the year | **13,628,594** | 5,244,451 |
| Invoices raised during the year | **(10,566,705)** | (9,187,531) |
| Translation exchange difference | **(92,626)** | 35,317 |
| **Balance at the end of the year** | **14,217,065** | 11,247,803 |

Changes in Unearned and deferred revenue are as follows:

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **14,196,170** | 7,870,441 |
| Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year | **(11,211,291)** | (7,666,494) |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year | **13,351,057** | 13,928,474 |
| Translation exchange difference | **(124,596)** | 63,750 |
| **Balance at the end of the year** | **16,211,340** | 14,196,170 |

Reconciliation of revenue recognized with the Contracted price is as follows:

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Contracted price | **852,516,616** | 687,228,782 |
| Reductions towards variable consideration components | **-** | - |
| **Revenue recognised** | **852,516,616** | 687,228,782 |

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meetings its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

## Notes forming part of the Financial Statement

### 11. OTHER INCOME

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

Other Income consist of the following:

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest income | **516,747** | 7,148 |
| Dividend income | **25,020,000** | 36,324,379 |
| Net foreign exchange gains | **1,152,911** | 1,588,206 |
| Miscellaneous income** | **345,076** | - |
| | **27,034,734** | 37,919,731 |
| **Interest income consist of the following:** | | |
| Interest income on bank deposits | **103,418** | (6,411) |
| Interest income on financial assets at amortised cost | **27,000** | 13,113 |
| Bank Interest | **386,329** | 445 |

**Amount in EUR 345,202 represent excess amount realised over the amount invested in TCS Danmark on its winding up

### 12. EMPLOYEE BENEFIT EXPENSES

**Defined contribution plans**

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Compensated absences**

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

Employee benefit expenses consist of the following:

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Salaries, incentives and allowances | **212,163,614** | 169,829,622 |
| Contributions to social security and other funds | **16,406,194** | 12,171,767 |
| Staff welfare expenses | **6,652,963** | 4,411,856 |
| | **235,222,772** | 186,413,245 |

Employee benefit obligation consist of the following:

**Employee benefit obligation - Current**

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Compensated absences | **5,230,003** | 4,525,145 |
| Other empoyee benefit obligations | **60,255** | 148,868 |
| | **5,290,258** | 4,674,013 |

## 13. COST RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised in employee benefit expenses, cost of equipment and software licenses, depreciation and amortisation expense and other expenses. Other expenses mainly include fees to external consultants, facility expenses, travel expenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivable and advances (net) and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment, etc.

### (a) Cost of equipment and software licences

Cost of equipment and software licenses consist of the following:

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Cost of Equipment and software licences | **25,895,924** | 2,199,076 |
| | **25,895,924** | 2,199,076 |

### (b) Other expenses

Other expenses consist of the following:

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Fees to external consultants (including subcontractor cost) | **488,725,069** | 383,809,752 |
| Facility expenses | **1,097,940** | 787,014 |
| Travel expenses | **5,391,834** | 2,320,234 |
| Communication expenses | **6,946,718** | 23,178,476 |
| Project expenses | **2,364,548** | - |
| Allowance for doubtful trade receivables and advances (net) | **29,862** | 15,092 |
| Other expenses* | **39,981,897** | 49,161,124 |
| | **544,537,867** | 461,695,097 |

## Notes forming part of the Financial Statement

***Other expenses**

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Software expenses | **6,928,157** | 6,482,849 |
| Corporate overhead allocation | **12,703,195** | 9,941,833 |
| Other expenses | **20,350,544** | 32,736,443 |
| | **39,981,897** | 49,161,124 |

## 14. FINANCE COSTS

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest on Lease Liabilities | **281,935** | 104,610 |
| Bank Interest | **51,240** | 190,443 |
| Other Interest | **1,726** | - |
| | **334,902** | 295,054 |

## 15. INCOME TAX

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**Current income taxes**

The current income tax expense for the entity has been computed based on the tax laws applicable in the jurisdiction in which it operates.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction provided the Company has a legally enforceable right to set off the recognised amounts and intends to settle the asset and liability on a net basis.

**Deferred income taxes**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The Income-tax expenses consist of the following:

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Current tax** | | |
| Current tax expense for current year | **11,637,755** | 9,683,045 |
| Current tax benefit pertaining to prior years | **-** | - |
| | **11,637,755** | 9,683,045 |
| **Deferred tax** | | |
| Deferred tax expense/(benefit) for current year | **(20,067)** | (270,391) |
| | **(20,067)** | (270,391) |
| **Total income tax expense recognised in current year** | **11,617,688** | 9,412,654 |

The reconciliation of estimated income-tax expenses at statutory income tax rate to the income tax expenses reported in the statement of profit and loss is as follows:

Amount in EUR

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit/(Loss) before taxes | **68,268,307** | 71,036,315 |
| Enacted Income tax rate in Netherlands | **25.800%** | 25.80% |
| Expected Income tax expense | **17,613,223** | 18,327,369 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:** | | |
| Income exempt from tax | **(6,544,222)** | (9,371,690) |
| Income of Subsidiaries taxed at diff tax rates (net) | **(22,754)** | (66,471) |
| Tax on income at different rates | **(35,495)** | (244,825) |
| Operating losses carry forwards | **-** | (19,223) |
| Tax pertaining to prior years: | **(3,721)** | 3,172 |
| Tax on non deductible expenses | **604,166** | 148,056 |
| Tax on CVAE / WHT on dividend from TCS SA | **-** | 647,746 |
| Other Temporary difference | **6,406** | (11,481) |
| | **11,617,603** | 9,412,654 |

Significant components of net Deferred tax assets and Deferred tax liabilities recognized as of 31 March 2023 and 31 March 2022

Amount in EUR

| **Particulars** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred tax liabilities in relation to** | | |
| Provision for employee benefits | **(443,784)** | (449,804) |
| Others (Netting off) | **-** | 102,435 |
| **Net Deferred tax liability at the end of the year** | **(443,784)** | (347,368) |

## Notes forming part of the Financial Statement

Gross deferred tax assets and liabilities are as follows:

Amount in EUR

| | Balance Sheet | | Statement of profit and loss | |
|---|---|---|---|---|
| | As at | | For the period ended | |
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Deferred tax assets | **195,785** | 79,303 | **19,589** | 23,132 |
| Deferred tax liabilities | **443,784** | 347,369 | **39,656** | 293,523 |
| **Net Deferred tax assets/(liabilities) recognized** | **(247,999)** | (268,066) | **(20,067)** | (270,391) |

The following table provides the details of Income tax assets and income tax liabilities recognized as of 31 March 2023, 31 March 2022

Amount in EUR

| **Particulars** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Income tax assets | **141,284** | 302,317 |
| Income tax liabilities | **(4,136,833)** | (553,348) |
| Net income tax assets / (liabilities) at the end of the year | **(3,995,549)** | (251,031) |

### 16 EARNINGS PER SHARE (EPS)

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Profit/(loss) for the year (EUR) | **56,650,704** | 61,623,661 |
| Weighted average number of equity shares | **66,000** | 66,000 |
| Earnings per share basic and diluted (EUR) | **858** | 934 |
| Face value per equity share | **1,000** | 1,000 |

### 17. AUDITORS REMUNERATION

Amount in EUR

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Services as statutory auditors | **49,500** | 49,500 |
| | **49,500** | 49,500 |

### 18. SEGMENT INFORMATION

The Company publishes the standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

### 19. COMMITMENTS AND CONTINGENCIES

**Capital Commitments**

The Company has contractually committed (net of advances) EUR 666,665 as at March 31, 2023 and EUR 181,044 as at March 31, 2022 for purchase of property, plant and equipment.

## 20. RELATED PARTY TRANSACTIONS

Tata Consultancy Services Netherlands B.V's principal related parties consist of its holding Company Tata Consultancy Services Limited and its subsidiaries, its own subsidiaries and ultimate holding Company Tata Sons Private Limited. Company routinely enters into transactions with its related parties in the ordinary course of business.

**Related Party Reporting for FY 2022-23**

Amount in EUR

| | Year ended March 31, 2023 | | | | |
|---|---|---|---|---|---|
| | **Tata Consultancy Services Limited** | **Subsidiaries of Tata Consultancy Services Limited** | **Subsidiaries of the Company** | **Tata Sons Private Limited** | **Total** |
| **I. Transactions** | | | | | |
| Revenue | **32,870,482** | **16,848,098** | **9,730,739** | **-** | **59,449,319** |
| Purchase of goods and services | **446,913,702** | **28,624,645** | **9,493,149** | **-** | **485,031,497** |
| Brand equity contribution | **-** | **-** | **-** | **1,982,668** | **1,982,668** |
| Interest income | **-** | **27,000** | **-** | **-** | **27,000** |
| Dividend received | **-** | **-** | **25,020,000** | **-** | **25,020,000** |
| Dividend paid | **25,000,000** | **-** | **-** | **-** | **25,000,000** |
| Loans and advances recovered | **-** | **-** | **-** | **-** | **-** |
| | **As at March 31, 2023** | | | | |
| **II. Balances** | | | | | |
| Trade receivables and unbilled receivables | **23,099,321** | **6,513,492** | **4,774,756** | **-** | **34,387,569** |
| Loans given | **-** | **1,500,000** | **-** | **-** | **1,500,000** |
| Other receivables | **3,774,106** | **352,289** | **59,602** | **-** | **4,185,996** |
| Prepaid Assets | **8,785,084** | **96,422** | **119,513** | **-** | **9,001,019** |
| Trade payables, unearned and deferred revenue and other liabilities | **77,767,572** | **6,887,598** | **3,504,872** | **1,982,338** | **90,142,380** |

## Notes forming part of the Financial Statement

**Related Party Reporting for FY 2021-22**

Amount in EUR

| | Year ended March 31, 2022 | | | | |
|---|---|---|---|---|---|
| | **Tata Consultancy Services Limited** | **Subsidiaries of Tata Consultancy Services Limited** | **Subsidiaries of the Company** | **Tata Sons Private Limited** | **Total** |
| **I. Transactions** | | | | | |
| Revenue | 21,404,595 | 13,798,421 | 6,751,128 | - | 41,954,143 |
| Purchase of goods and services | 386,312,732 | 19,746,335 | 4,354,247 | - | 410,413,314 |
| Brand equity contribution | - | - | - | 1,613,260 | 1,613,260 |
| Interest income | - | 13,093 | - | - | 13,093 |
| Dividend received | - | - | 36,324,379 | - | 36,324,379 |
| Dividend paid | 75,000,000 | - | - | - | 75,000,000 |
| Loans and advances recovered | - | - | - | - | - |
| | As at March 31,2022 | | | | |
| **II. Balances** | | | | | |
| Trade receivables and unbilled receivables | 12,140,513 | 4,188,008 | 2,624,664 | - | 18,953,185 |
| Loans given | - | 1,500,000 | - | - | 1,500,000 |
| Other receivables | 2,643,052 | 82,901 | 17,387 | - | 2,743,339 |
| Prepaid Assets | 7,889,170 | 56,916 | 13,053 | - | 7,959,139 |
| Trade payables, unearned and deferred revenue and other liabilities | 71,910,916 | 7,154,498 | 2,720,702 | 1,613,676 | 83,399,792 |

### 21. SUBSEQUENT EVENT

There are no subsequent event post 31 March 2023, which will have material effect on the financial statement.

As per our report of even date attached

**For KBJ & Associates**
*Chartered Accountants*
Firm registration no. 114934W

**Kaushik B. Joshi**
Proprietor
Membership number : 48889
Mumbai, June 2, 2023

For and on behalf of the Board of Directors
of **Tata Consultancy Services Netherlands B.V.**

**Pradeep Manohar Gaitonde**
Director
Mumbai

**Sapthagiri Chapalapalli**
Director
Frankfurt , Germany

# TCS IBEROAMERICA S.A.

## Separate Financial Statements

**December 31st, 2022**

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# INDEPENDENT AUDITORS' REPORT

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF**
**TCS IBEROAMERICA S.A.**

## Opinion

We have audited the separate financial statements of TCS Iberoamerica S.A. (the "Company"), which comprise the separate statement of financial position as of December 31st, 2022, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine month period then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of TCS Iberoamerica S.A. as of December 31st, 2022, and its financial performance and its cash flows for the nine month period then ended in accordance with International Financial Reporting Standards (IFRS).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in Uruguay, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether TCS Iberoamerica S.A.'s separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs 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 separate financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also

- Identify and assess the risks of material misstatement of the separate 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 auditor's report to the related disclosures in the separate 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 auditor's 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance 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 identified during our audit.

Montevideo, Uruguay
March 16th, 2023

## Separate Statement of Financial Position

| | Notes | As of December 31, 2022 | As of March 31, 2022 | As of December 31, 2022 | As of March 31, 2022 |
|---|---|---|---|---|---|
| | | | (in US Dollars) | | (equivalent in Uruguayan Pesos) |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 8 (a) | **251.172** | 44.546 | **10.064.733** | 1.831.491 |
| Other current financial assets | | **2.101.498** | 4.503.340 | **84.209.109** | 185.154.824 |
| Other assets | 9 (a) | **49.513** | 3.237 | **1.984.048** | 133.107 |
| **Total current assets** | | **2.402.183** | 4.551.123 | **96.257.890** | 187.119.422 |
| **Non-current assets** | | | | | |
| Investments | 8 (b) | **285.801.224** | 242.522.270 | **11.452.340.873** | 9.971.303.143 |
| Income tax assets (net) | | **-** | - | **-** | - |
| **Total non-current assets** | | **285.801.224** | 242.522.270 | **11.452.340.873** | 9.971.303.143 |
| **TOTAL ASSETS** | | **288.203.407** | 247.073.393 | **11.548.598.763** | 10.158.422.565 |
| **LIABILITIES AND EQUITY** | | | | | |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 8 (c) | **11.396** | 10.127 | **456.655** | 416.371 |
| Income tax liabilities (net) | | **125** | 31.802 | **5.008** | 1.307.550 |
| Other liabilities | 9 (b) | **-** | 48.495 | **-** | 1.993.869 |
| **Total current liabilities** | | **11.521** | 90.424 | **461.663** | 3.717.790 |
| **TOTAL LIABILITIES** | | **11.521** | 90.424 | **461.663** | 3.717.790 |
| **Equity:** | | | | | |
| Share capital | 8 (g) | **98.418.354** | 98.418.354 | **2.122.783.424** | 2.122.783.424 |
| Legal reserve | 5 (a) | **15.044.947** | 15.044.947 | **424.601.685** | 424.601.685 |
| Other reserves | | **(86.997.388)** | (74.665.719) | **1.354.797.386** | 2.056.639.646 |
| Retained earnings | | **261.725.973** | 208.185.387 | **7.645.954.605** | 5.550.680.020 |
| **Total equity** | | **288.191.886** | 246.982.969 | **11.548.137.100** | 10.154.704.775 |
| **TOTAL LIABILITIES AND EQUITY** | | **288.203.407** | 247.073.393 | **11.548.598.763** | 10.158.422.565 |

**SEE ACCOMPANYING NOTES TO SEPARATE FINANCIAL STATEMENTS**

## Separate Statement of Profit or Loss and Other Comprehensive Income

| | Note | For the nine months period ended December 31, 2022 | For the year ended March 31, 2022 | For the nine months period ended December 31, 2022 | For the year ended March 31, 2022 |
|---|---|---|---|---|---|
| | | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| **Consultancy services** | | **-** | - | **-** | - |
| **TOTAL REVENUES** | | **-** | **-** | **-** | - |
| **Operating expenses** | | | | | |
| Other operating expenses | 10 | **19.328** | 93.721 | **742.593** | 3.902.177 |
| **TOTAL OPERATING EXPENSES** | | **19.328** | 93.721 | **742.593** | 3.902.177 |
| **TOTAL OPERATING RESULT** | | **19.328** | 93.721 | **742.593** | 3.902.177 |
| Investment revenue | 11 (a) | **137.468** | 6.923 | **5.553.211** | 293.000 |
| Share of profit of equity – accounted investees, net of tax | 8 (b) | **78.517.803** | 39.782.738 | **3.111.267.959** | 1.735.112.910 |
| Other gains (losses), net | 11 (c) | **(215.996)** | (726.011) | **(8.024.168)** | (32.085.224) |
| Finance costs | 11 (b) | **-** | (7.101) | **-** | (307.650) |
| **Other income / (expense), net** | | **78.439.275** | 39.056.549 | **3.108.797.002** | 1.703.013.036 |
| **PROFIT BEFORE TAXES** | | **78.419.947** | 38.962.828 | **3.108.054.409** | 1.699.110.859 |
| Income tax expense | 12 | **849.534** | 4.167.266 | **33.792.555** | 182.689.311 |
| **PROFIT FOR THE YEAR** | | **77.570.413** | 34.795.562 | **3.074.261.854** | 1.516.421.548 |
| **Items that are or may be reclassified to profit or loss** | | | | | |
| Translation adjustment | 8 (b) | **(12.917.724)** | 8.887.771 | **(716.510.567)** | (365.585.413) |
| Employee benefit movement | 8 (b) | **586.055** | 2.102.949 | **23.222.426** | 86.462.744 |
| Conversion adjustment | | **-** | - | **(8.554.119)** | 2.661.933 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **65.238.744** | 45.786.282 | **2.372.419.594** | 1.239.960.812 |

**SEE ACCOMPANYING NOTES TO SEPARATE FINANCIAL STATEMENTS**

## Separate Statement of Changes in Equity

(in US Dollars)

| | Note | Equity share capital | Legal reserves | Other reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| **Balance as of March 31, 2021** | | 98.418.354 | 15.044.947 | (85.656.439) | 264.789.825 | 292.596.687 |
| Profit for the year | | - | - | - | 34.795.562 | 34.795.562 |
| Dividend | 5 (c) | - | - | - | (91.400.000) | (91.400.000) |
| Other comprehensive income | | - | - | 10.990.720 | - | 10.990.720 |
| **Balance as of March 31, 2022** | | 98.418.354 | 15.044.947 | (74.665.719) | 208.185.387 | 246.982.969 |
| **Balance as of April 1, 2021** | | **98.418.354** | **15.044.947** | **(74.665.719)** | **208.185.387** | **246.982.969** |
| Profit for the year | | **-** | **-** | **-** | **77.570.413** | **77.570.413** |
| Dividend | 5 (c) | **-** | **-** | **-** | **(24.029.827)** | **(24.029.827)** |
| Other comprehensive income | | **-** | **-** | **(12.331.669)** | **-** | **(12.331.669)** |
| **Balance as of December 31, 2022** | | **98.418.354** | **15.044.947** | **(86.997.388)** | **261.725.973** | **288.191.886** |

## Separate Statement of Changes in Equity

(equivalent in Uruguayan Pesos)

| | Notes | Equity share capital | Legal reserves | Other reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| **Balance as of March 31, 2021** | | 2.122.783.424 | 424.601.685 | 2.333.100.382 | 8.048.484.272 | 12.928.969.763 |
| Profit for the year | | - | - | - | 1.516.421.548 | 1.516.421.548 |
| Dividend | 5 (c) | - | - | - | (4.014.225.800) | (4.014.225.800) |
| Other comprehensive income | | - | - | (279.122.669) | - | (279.122.669) |
| Translation | | - | - | 2.661.933 | - | 2.661.933 |
| **Balance as of March 31, 2022** | | 2.122.783.424 | 424.601.685 | 2.056.639.646 | 5.550.680.020 | 10.154.704.775 |
| **Balance as of April 1, 2022** | | **2.122.783.424** | **424.601.685** | **2.056.639.646** | **5.550.680.020** | **10.154.704.775** |
| Profit for the year | | **-** | **-** | **-** | **3.074.261.854** | **3.074.261.854** |
| Dividend | 5 (c) | **-** | **-** | **-** | **(978.987.269)** | **(978.987.269)** |
| Other comprehensive income | | **-** | **-** | **(693.288.141)** | **-** | **(693.288.141)** |
| Translation | | **-** | **-** | **(8.554.119)** | **-** | **(8.554.119)** |
| **Balance as of December 31, 2022** | | **2.122.783.424** | **424.601.685** | **1.354.797.386** | **7.645.954.605** | **11.548.137.100** |

**SEE ACCOMPANYING NOTES TO SEPARATE FINANCIAL STATEMENTS**

## Separate Statement of Cash Flows

| | Notes | Year ended December 31, 2022 | Year ended March 31, 2022 | Year ended December 31, 2022 | Year ended March 31, 2022 |
|---|---|---|---|---|---|
| | | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| **Profit for the year** | | **77.570.413** | 34.795.562 | **3.074.261.854** | 1.516.421.548 |
| **Adjustments to reconcile net income to net cash provided by operating activities:** | | | | | |
| Income tax expense | 12 | **849.534** | 4.167.266 | **33.792.555** | 182.689.311 |
| Share of profit of Equity – accounted investees, net of tax and dividend | | **(56.490.560)** | 57.724.130 | **(2.209.395.714)** | 2.532.362.235 |
| Unrealized exchange (gain) / loss | | **(883)** | 294 | **(36.361)** | 13.019 |
| **Net change in** | | | | | |
| Other assets (current and non-current) | | **(46.276)** | 1.368 | **(1.850.941)** | 70.330 |
| Other current financial assets | | **2.401.842** | (103.340) | **100.945.715** | (4.248.824) |
| Trade and other payables | | **1.269** | 251 | **40.284** | (19.998) |
| Other liabilities (current and non-current) | | **(48.495)** | 30.887 | **(1.993.869)** | 1.215.845 |
| Other financial liabilities (current) | | **-** | (945.494) | **-** | (41.778.554) |
| **cash generated from operations** | | **24.236.844** | 95.670.924 | **995.763.523** | 4.186.724.912 |
| Taxes paid | | **(1.274)** | (558) | **(25.255)** | (131.744) |
| **Net cash provided by operating activities** | | **24.235.570** | 95.670.366 | **995.738.268** | 4.186.593.168 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Capitalizations in subsidiary | | **-** | (998.277) | **-** | (44.099.125) |
| **Net cash used in investing activities** | | **-** | (998.277) | **-** | (44.099.125) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Short term borrowings taken | | **-** | 600.000 | **-** | 26.679.000 |
| Short term borrowings repaid | | **-** | (600.000) | **-** | (25.393.200) |
| Loan given to Subsidiary | | **-** | (4.400.000) | **-** | (186.216.800) |
| Dividends paid | 5 (c) | **(24.029.827)** | (91.400.000) | **(978.987.269)** | (4.014.225.800) |
| **Net cash used in financing activities** | | **(24.029.827)** | (95.800.000) | **(978.987.269)** | (4.199.156.800) |
| **Net change in cash** | | **205.743** | (1.127.911) | **16.750.999** | (56.662.757) |
| Effect of foreign exchange on cash | | **883** | (294) | **(8.517.757)** | 6.673.915 |
| Cash and cash equivalents, beginning of the year | | **44.546** | 1.172.751 | **1.831.491** | 51.820.333 |
| **Cash and cash equivalents, end of the year** | 8 (a) | **251.172** | 44.546 | **10.064.733** | 1.831.491 |
| **Supplementary cash flow information:** | | | | | |
| Dividends received | | **22.027.243** | 97.506.868 | **901.872.247** | 4.267.475.147 |
| Interest paid | | **-** | 7.101 | **-** | 307.650 |
| Interest received | | **272** | 2.583 | **10.835** | 114.001 |

**SEE ACCOMPANYING NOTES TO SEPARATE FINANCIAL STATEMENTS**

# Notes to the Separate Financial Statements

## 1. CORPORATE INFORMATION

TCS Iberoamerica S.A. is a Limited Company incorporated in Uruguay on November 16th, 2001.

In accordance with article 2 of the By-laws the Company's business purpose and main activity are the investment in subsidiaries.

It is currently domiciled at Monte Caseros 2600, in Montevideo, Uruguay.

The share capital reaches USD 98.418.354 (equivalent to 2.122.783.424 Uruguayan Pesos) in the form of registered shares. As at December 31, 2022, Tata Consultancy Services Limited owned 100% of the Company's equity share capital.

The Company has no direct employees.

The Board of Directors approved the separate financial statements for the year ended December 31, 2022 and authorized for issue on March 16th, 2023.

## 2. STATEMENT OF COMPLIANCE

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB), translated into Spanish, and interpretations prepared by the Interpretations Committee of the International Financial Reporting Standards or the previous Interpretations Committee, in accordance with the Appropriate Accounting Standards in Uruguay pursuant to Decrees 291/014, 292/014 and 124/011.

These separate financial statements of TCS Iberoamerica S.A., for the nine months period ended December 31, 2022, have been prepared in accordance with IAS 27, "Separate Financial Statements" included in International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), applying the exception described in paragraph 4 of IFRS 10, Consolidated Financial Statements. Likewise, these financial statements are exempt from disclosure provisions contained in IFRS 12.

## 3. BASIS OF PREPARATION

The separate financial statements have been prepared on historical cost basis except for the investments insubsidiaries measured at Equity Method and financial instruments which are measured at fair value or amortized cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional currency of the Company is United States Dollar. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognized in profit or loss. Nonmonetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The Company followed the methodology established in IAS 21 to translate the amounts in United States Dollars (functional currency) into Uruguayan Pesos (presentation currency) which, under these circumstances, is allowed by a resolution of the Internal Audit of the Nation:

- Assets and liabilities for all balances presented (including comparative figures) were translated using exchange rates prevailing at the end of each reporting period (40,071 Uruguayan Pesos = US$ 1 and 41,115 Uruguayan Pesos = US$ 1 were used for December 31, 2022 and March 31, 2022 respectively);
- Income and expense items for all statements presented were translated at the exchange rates prevailing on the dates of the transactions or at the average exchange rates for the period.

- Items of equity different from profit or loss for the year were translated at the year-end exchange rate. In particular, in order to maintain the capital in nominal terms as indicated by the legal regulations, the difference between that year end exchange rate and the ones prevailing on the dates of the transactions were recognized directly in equity as "Other reserves".

During the current period, the company has changed its financial year end from 31st, March to 31st, December and accordingly, the financial statements for the current period have been prepared for nine months commencing from 1st April 2022 to 31st, December 2022. Previous year figures represent amounts for the year ended 31st, March 2022 and hence are not strictly comparable with current year figures.

The significant accounting policies used in preparation of the separate financial statements have been discussed in the respective notes.

## 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of separate financial statements in conformity with the recognition and measurement principles of International Financial Reporting Standards (IFRS) requires management to make estimates and judgments that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the separate financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its separate financial statements:

### a. Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### b. Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

### c. Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the separate financial statements.

## 5. RESERVES

### a. Legal reserve

The legal reserve is a reserve fund created in compliance with article 93 of Law 16.060 for commercial companies, which establishes that no less than 5 Percent of the net profit for the year should be used to increase the mentioned reserve, until it reaches 20 Percent of the paid-in capital.

As at December 31st, 2022 the balance of legal reserve is 424.601.685 Uruguayan Pesos (USD 15.044.947).

### b. Other reserve

The balance of the account corresponds to the difference of exchange in long-term investments, within an equity account as set forth in IAS 21.

## Notes to the Separate Financial Statements

**c. Distribution of results**

On May 12th, 2022, it was determined to distribute dividends for a total of $ 624.459.269 Uruguayan Pesos (USD 15.029.827).

On November 30th, 2022, it was determined to distribute dividends for a total of $ 354.528.000 Uruguayan Pesos (USD 9.000.000).

On July 15th, 2021, it was determined to distribute dividends for a total of $ 3.070.550.000 Uruguayan Pesos (USD 70.000.000).

On November 12th, 2021, it was determined to distribute dividends for a total of $ 943.675.800 Uruguayan Pesos (USD 21.400.000).

### 6. REGISTRATION OF SEPARATE FINANCIAL STATEMENTS

According to Decree 156/16 dated May 30, 2016, commercial companies will not be able to distribute dividends as long as they do not comply with the obligation to register, within the established terms, the separate financial statements to the Auditoría Interna de la Nación (AIN), institution that regulates the commercial companies.

To date, the Company has complied with this obligation for the year ended on March 31, 2022. For the year ended on December 31, 2022 the company has time to comply until June 30, 2023.

### 7. RECENT ACCOUNTING STANDARDS

Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1] |
| Amendments to IFRS 16 | Lease Liability in a sale and Leaseback[2] |
| Amendments to IAS 1 | Non-current Liabilities with Covenants[2] |

[1] Effective for annual periods beginning on or after January 1, 2023.

[2] Effective for annual periods beginning on or after January 1, 2024.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

**IFRS 16- Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 1 – Non-current Liabilities with Covenants**

In October 2022, IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Company does not expect the amendments to have any significant impact on its classification of non-current liabilities in its statement of financial position.

The company has applied IFRIC 23 effective for annual periods beginning on or after January 1, 2019 as below:

**IFRIC 23 Interpretation Uncertainty over Income Tax Treatment**

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

**Application of IFRIC 23**

The company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no continuous instances of any uncertain tax treatment in the past and on that basis, it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

## 8. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

## Notes to the Separate Financial Statements

**Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortized cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a Company of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**a. Cash and cash equivalents**

Cash and cash equivalents consist of the following:

| | As at December 31, 2022 | As at March 31, 2022 | As at December 31, 2022 | As at March 31, 2022 |
|---|---|---|---|---|
| | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| Current account balances with banks | **11.172** | 44.546 | **447.693** | 1.831.491 |
| Deposits with banks | **240.000** | - | **9.617.040** | - |
| **Total** | **251.172** | 44.546 | **10.064.733** | 1.831.491 |

**b. Investments**

Investments in TCS Mexico S.A. de C.V, MGDC SC, TCS Solution Center S.A., TCS Do Brasil Ltda., TCS Argentina S.A., TCS Uruguay S.A., TCS Chile Limitada and Tata Consultancy Services Guatemala S.A. are accounted for using the equity method. Under this method the investment is initially recorded at cost and adjusted thereafter according to the changes in the share of net assets of the investee. The income statement reflects the share of results of operations of the investee that corresponds to the Company.

These separate financial statements are the separate financial statements of TCS Iberoamerica S.A.

For the preparation of the separate financial statements, the Company has used the exemption described in paragraph 4 of IFRS 10, which provides relief whereby a parent need not present consolidated financial statements if it meets particular conditions, including the requirement that its ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with IFRSs. The Company meets each and every of such conditions as of December 31, 2022 and March 31, 2022. The Company's financial information is included in the consolidated financial statements of its ultimate Parent, Tata Consultancy Services Limited (India), which have been prepared and presented in accordance with IFRS as issued by the IASB, and can be found at the web site: https://www.tcs.com/investor-relations.

***Subsidiaries***

Subsidiaries are those entities controlled by the Company. Control exists when the Company is exposed, or has rights to variable returns from its involvements with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are accounted for using the equity method following the provisions of IAS 27 Separate Financial Statements (as amended).

Gains or losses arising from changes in equity of investments are recognized in the statements of profit or loss and other comprehensive income.

Changes in subsidiaries' equity that do not effect income are recognized in the Company in the same way.

***Loss of control***

When the Company losses control over a subsidiary, it derecognize the assets and liabilities of the subsidiary, and any related no controlled interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investments consist of the following:

| | As at December 31, 2022 | As at March 31, 2022 | As at December 31, 2022 | As at March 31, 2022 |
|---|---|---|---|---|
| **Investments carried at equity method** | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| Fully paid equity shares | | | | |
| Investments in subsidiaries | | | | |
| i. Tata Consultancy Services Uruguay S.A. | **25.447.846** | 15.459.690 | **1.019.720.656** | 635.625.151 |
| ii. Tata Consultancy Services Solution Center S.A. | **35.780.701** | 47.223.602 | **1.433.768.472** | 1.941.598.386 |
| iii. Tata Consultancy Services Argentina S.A. | **502.237** | 348.754 | **20.125.131** | 14.339.018 |
| iv. Tata Consultancy Services do Brazil Ltda. | **46.340.051** | 42.807.873 | **1.856.892.180** | 1.760.045.711 |
| v. Tata Consultancy Services Inversiones Chile Ltda. | **53.410.090** | 58.087.280 | **2.140.195.724** | 2.388.258.527 |
| vi. Tata Consultancy Services De Mexico S.A., De C.V. | **123.608.652** | 80.064.909 | **4.953.122.270** | 3.291.868.720 |
| vii. MGDC S.C. | **(1.447.877)** | (2.988.266) | **(58.017.865)** | (122.862.542) |
| viii. Tata Consultancy Services Guatemala S.A. | **2.159.524** | 1.518.428 | **86.534.305** | 62.430.172 |
| **Total Investments** | **285.801.224** | 242.522.270 | **11.452.340.873** | 9.971.303.143 |

## Notes to the Separate Financial Statements

| December 31, 2022 | TCS Solution Center SA | TCS Uruguay SA | TCS Mexico SA de CV | MGDC SC | TCS Inversiones Chile Ltda. | TCS Argentina SA | TCS Guatemala | TCS Brazil Ltda | Total |
|---|---|---|---|---|---|---|---|---|---|
| | (in US Dollars) | | | | | | | | |
| **Balance as at March 31, 2022** | **47.223.602** | **15.459.690** | **80.064.909** | **(2.988.266)** | **58.087.280** | **348.754** | **1.518.428** | **42.807.873** | **242.522.270** |
| Retained Earnings | **9.239.816** | **9.328.867** | **40.258.827** | **1.602.582** | **7.820.234** | **328.546** | **676.534** | **9.262.398** | **78.517.803** |
| Translation adjustment | **(8.215.135)** | **659.289** | **2.683.176** | **(129.952)** | **(3.453.495)** | **(175.063)** | **(35.438)** | **(4.251.106)** | **(12.917.724)** |
| Dividends | **(12.467.582)** | **-** | **-** | **-** | **(8.960.485)** | **-** | **-** | **(1.479.114)** | **(22.907.181)** |
| Other Comprehensive Income - Movement Employee benefit | **-** | **-** | **601.740** | **67.759** | **(83.445)** | **-** | **-** | **-** | **586.055** |
| **Balance as at December 31, 2022** | **35.780.701** | **25.447.846** | **123.608.652** | **(1.447.877)** | **53.410.090** | **502.237** | **2.159.524** | **46.340.051** | **285.801.224** |

| March 31, 2022 | TCS Solution Center SA | TCS Uruguay SA | TCS Mexico SA de CV | MGDC SC | TCS Inversiones Chile Ltda. | TCS Argentina SA | TCS Guatemala | TCS Brazil Ltda | Total |
|---|---|---|---|---|---|---|---|---|---|
| | (in US Dollars) | | | | | | | | |
| **Balance as at March 31, 2021** | 46.677.220 | 13.042.086 | 136.780.667 | 7.784.875 | 60.543.628 | 295.382 | - | 27.267.425 | 292.391.283 |
| Retained Earnings | 16.057.245 | 13.883.902 | (266.067) | (10.594.154) | 11.320.145 | 110.136 | 506.428 | 8.765.103 | 39.782.738 |
| Translation adjustment | 255.504 | 1.096.779 | 3.983.194 | (203.637) | (2.976.372) | (56.764) | 13.722 | 6.775.345 | 8.887.771 |
| Dividends | (15.766.367) | (12.563.076) | (62.370.000) | - | (10.941.305) | - | - | - | (101.640.748) |
| Capitalization | - | - | - | - | - | - | 998.277 | - | 998.277 |
| Other Comprehensive Income - Movement Employee benefit | - | - | 1.937.115 | 24.651 | 141.184 | - | | - | 2.102.949 |
| **Balance As at March 31, 2022** | 47.223.602 | 15.459.690 | 80.064.909 | (2.988.266) | 58.087.280 | 348.754 | 1.518.428 | 42.807.873 | 242.522.270 |

| December 31, 2022 | TCS Solution Center SA | TCS Uruguay SA | TCS Mexico SA de CV | MGDC SC | TCS Inversiones Chile Ltda. | TCS Argentina SA | TCS Guatemala | TCS Brazil Ltda | Total |
|---|---|---|---|---|---|---|---|---|---|
| | (equivalent in Uruguayan Pesos) | | | | | | | | |
| **Balance as at March 31, 2022** | **1.941.598.386** | **635.625.151** | **3.291.868.720** | **(122.862.542)** | **2.388.258.527** | **14.339.018** | **62.430.172** | **1.760.045.711** | **9.971.303.143** |
| Retained Earnings | **366.127.713** | **369.656.363** | **1.595.256.016** | **63.502.313** | **309.876.772** | **13.018.619** | **26.807.653** | **367.022.510** | **3.111.267.959** |
| Translation adjustment | **(365.347.527)** | **14.439.142** | **42.153.567** | **(1.342.601)** | **(186.666.117)** | **(7.232.506)** | **(2.703.520)** | **(209.811.005)** | **(716.510.567)** |
| Dividends | **(508.610.100)** | **-** | **-** | **-** | **(367.966.952)** | **-** | **-** | **(60.365.036)** | **(936.942.088)** |
| Other Comprehensive Income - Movement Employee benefit | **-** | **-** | **23.843.967** | **2.684.965** | **(3.306.506)** | **-** | **-** | **-** | **23.222.426** |
| **Balance as at December 31, 2022** | **1.433.768.472** | **1.019.720.656** | **4.953.122.270** | **(58.017.865)** | **2.140.195.724** | **20.125.131** | **86.534.305** | **1.856.892.180** | **11.452.340.873** |

| March 31, 2022 | TCS Solution Center SA | TCS Uruguay SA | TCS Mexico SA de CV | MGDC SC | TCS Inversiones Chile Ltda. | TCS Argentina SA | TCS Guatemala | TCS Brazil Ltda | Total |
|---|---|---|---|---|---|---|---|---|---|
| | (Equivalent in Uruguayan Pesos) | | | | | | | | |
| **Balance as at March 31, 2021** | 2.062.526.305 | 576.290.642 | 6.043.927.323 | 343.990.272 | 2.675.241.285 | 13.052.042 | - | 1.204.865.721 | 12.919.893.590 |
| Retained Earnings | 700.332.213 | 605.542.452 | (11.604.417) | (462.061.025) | 493.724.926 | 4.803.555 | 22.087.731 | 382.287.477 | 1.735.112.910 |
| Translation adjustment | (138.028.369) | 3.844.557 | (84.238.604) | (5.805.295) | (306.976.953) | (3.516.579) | (3.756.684) | 172.892.513 | (365.585.413) |
| Dividends | (683.231.763) | (550.052.500) | (2.735.860.050) | - | (479.535.501) | - | - | - | (4.448.679.814) |
| Capitalization | - | - | - | - | - | - | 44.099.125 | - | 44.099.125 |
| Other Comprehensive Income - Movement Employee benefit | - | - | 79.644.469 | 1.013.506 | 5.804.770 | - | - | - | 86.462.744 |
| **Balance As at March 31, 2022** | 1.941.598.386 | 635.625.151 | 3.291.868.720 | (122.862.542) | 2.388.258.527 | 14.339.018 | 62.430.172 | 1.760.045.711 | 9.971.303.143 |



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## Notes to the Separate Financial Statements

### c. Trade and other payables

Trade and other payables consist of the following:

**Trade and other payables – Current**

| | As at December 31, 2022 | As at March 31, 2022 | As at December 31, 2022 | As at March 31, 2022 |
|---|---|---|---|---|
| | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| Accrued expenses | **11.396** | 10.127 | **456.655** | 416.371 |
| **Total** | **11.396** | 10.127 | **456.655** | 416.371 |

### d. Financial instruments by category

The carrying value of financial instruments by categories as at December 31, 2022 is as follows:

| | Amortised cost | Total carrying value |
|---|---|---|
| | (in US Dollars) | |
| **Financial assets** | | |
| Cash and cash equivalents | **251.172** | **251.172** |
| Other financial assets | **2.101.498** | **2.101.498** |
| **Total** | **2.352.670** | **2.352.670** |
| **Financial liabilities** | | |
| Trade and other payables | **11.396** | **11.396** |
| **Total** | **11.396** | **11.396** |

The carrying value of financial instruments by categories as at March 31, 2022 is as follows:

| | Amortised cost | Total carrying value |
|---|---|---|
| | (in US Dollars) | |
| **Financial assets** | | |
| Cash and cash equivalents | 44.546 | 44.546 |
| Other financial assets | 4.503.340 | 4.503.340 |
| **Total** | 4.547.886 | 4.547.886 |
| **Financial liabilities** | | |
| Trade and other payables | 10.127 | 10.127 |
| Other financial liabilities | - | - |
| **Total** | 10.127 | 10.127 |

The carrying value of financial instruments by categories as at December 31, 2022 is as follows:

| | Amortised cost | Total carrying value |
|---|---|---|
| | (equivalent in Uruguayan Pesos) | |
| **Financial assets** | | |
| Cash and cash equivalents | **10.064.733** | **10.064.733** |
| Other financial assets | **84.209.109** | **84.209.109** |
| **Total** | **94.273.842** | **94.273.842** |
| **Financial liabilities** | | |
| Trade and other payables | **456.655** | **456.655** |
| **Total** | **456.655** | **456.655** |

The carrying value of financial instruments by categories as at March 31, 2022 is as follows:

| | Amortised cost | Total carrying value |
|---|---|---|
| | (equivalent in Uruguayan Pesos) | |
| **Financial assets** | | |
| Cash and cash equivalents | 1.831.491 | 1.831.491 |
| Other financial assets | 185.154.824 | 185.154.824 |
| **Total** | 186.986.315 | 186.986.315 |
| **Financial liabilities** | | |
| Trade and other payables | 416.371 | 416.371 |
| **Total** | 416.371 | 416.371 |

Carrying amounts of cash and cash equivalents and trade payables as at December 31, 2022 and March 31, 2022 approximate the fair value due to their nature. Difference between carrying amounts and fair values of other financial liabilities subsequently measured at amortized cost is not significant due to their nature in each of the years presented.

**e. Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — nputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**f. Financial risk management**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

## Notes to the Separate Financial Statements

- **Foreign currency exchange rate risk**

  The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

  The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

  The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10 Percent against the respective functional currencies of the Company.

  The following analysis has been worked out based on the net exposures the Company as at the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity.

  The following table sets forth information relating to unhedged foreign currency exposure as at December 31, 2022:

| | UYU |
|---|---|
| | **(in US Dollars)** |
| Net financial assets | **5** |
| Net financial liabilitites | **1.622** |

  The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2022:

| | UYU |
|---|---|
| | (in US Dollars) |
| Net financial assets | - |
| Net financial liabilitites | 353 |

  10 Percentage appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately USD 162 and USD 35 for the year ended December 31, 2022 and March 31, 2022 respectively.

- **Interest rate risk**

  The Company is not exposed to interest rate risk.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of cash and cash equivalents. Cash and cash equivalents include an amount of USD 251.172 (UYU 10.064.733) held with a bank in Uruguay having high credit rating which are individually in excess of 10 Percent or more of the Company's total Cash and Cash Equivalent as at December 31, 2022. None of the other financial instruments of the Company result in material concentration of credit risk.

- **Exposure to credit risk**

  The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was USD 2.352.670 (UYU 94.273.842) and USD 4.547.886 (UYU 186.986.315) as at December 31, 2022 and March 31, 2022, respectively being the total of the carrying amount of Cash and cash equivalent and Other financial assets.

  The Company has no credit risk due to Nil total trade receivables for the financial years ended in 2022.

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

| December 31, 2022 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| | (in US Dollars) | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables | **11.396** | **-** | **-** | **-** | **11.396** |
| **Total** | **11.396** | **-** | **-** | **-** | **11.396** |

| March 31, 2022 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| | (in US Dollars) | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables | 10.127 | - | - | - | 10.127 |
| Other financial liabilities | - | - | - | - | - |
| **Total** | 10.127 | - | - | - | 10.127 |

| December 31, 2022 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| | (equivalent in Uruguayan Pesos) | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables | **456.655** | **-** | **-** | **-** | **456.655** |
| **Total** | **456.655** | **-** | **-** | **-** | **456.655** |

| March 31, 2022 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| | (equivalent in Uruguayan Pesos) | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables | 416.371 | - | - | - | 416.371 |
| Other financial liabilities | - | - | - | - | - |
| **Total** | 416.371 | - | - | - | 416.371 |

## Notes to the Separate Financial Statements

### g. Equity instruments

The authorized, issued, subscribed and fully paid up share capital consist of the following:

| | As of December 31, 2022 | As of March 31, 2022 |
|---|---|---|
| | (in Uruguayan Pesos) | |
| **Authorized** | | |
| Equity shares of UYU 1 each | **3.000.000.000** | **3.000.000.000** |
| **Total** | **3.000.000.000** | **3.000.000.000** |
| **Issued, Subscribed and Fully paid up** | | |
| Opening balance of equity shares of UYU 1 | **2.122.783.424** | **2.122.783.424** |
| Shares issued during the year | **-** | **-** |
| **Total** | **2.122.783.424** | **2.122.783.424** |

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

## 9. NON-FINANCIAL ASSETS AND LIABILITIES

### a. Other assets

Other assets consist of the following:

**Other assets – Current**

| | As of December 31, 2022 | As of March 31, 2022 | As of December 31, 2022 | As of March 31, 2022 |
|---|---|---|---|---|
| | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| VAT receivable | **3.236** | 3.237 | **129.672** | 133.107 |
| Other current assets | **46.277** | - | **1.854.376** | - |
| **Total** | **49.513** | 3.237 | **1.984.048** | 133.107 |

### b. Other liabilities

Other liabilities consist of the following:

**Other liabilities – Current**

| | As of December 31, 2022 | As of March 31, 2022 | As of December 31, 2022 | As of March 31, 2022 |
|---|---|---|---|---|
| | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| Indirect tax payable and other statutory liabilities | **-** | 48.495 | **-** | 1.993.869 |
| **Total** | **-** | 48.495 | **-** | 1.993.869 |

## 10. OPERATING EXPENSES

Costs and expenses are recognized when incurred and have been classified according to their primary functions in the following categories:

The costs of the Company is categorized into other operating expenses which includes fees to external consultants, auditors remuneration and other expenses.

**Other operating expenses**

| | Nine months period ended December 31, 2022 | Year ended March 31, 2022 | Nine months period ended December 31, 2022 | Year ended March 31, 2022 |
|---|---|---|---|---|
| | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| Fees to external consultants | **5.284** | 4.877 | **214.720** | 215.416 |
| Auditors remuneration | **8.980** | 8.980 | **356.361** | 378.387 |
| Other expenses | **5.064** | 79.864 | **171.512** | 3.308.374 |
| **Total** | **19.328** | 93.721 | **742.593** | 3.902.177 |

## 11. OTHER INCOME

### a. Finance income

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using effective interest method.

| | Nine months period ended December 31, 2022 | Year ended March 31, 2022 | Nine months period ended December 31, 2022 | Year ended March 31, 2022 |
|---|---|---|---|---|
| | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| Interest revenue - Bank deposits | **272** | 2.583 | **10.835** | 114.001 |
| Interest revenue - Loan to Subsidiary | **137.196** | 4.340 | **5.542.376** | 178.999 |
| **Total** | **137.468** | 6.923 | **5.553.211** | 293.000 |

### b. Finance costs

| | Nine months period ended December 31, 2022 | Year ended March 31, 2022 | Nine months period ended December 31, 2022 | Year ended March 31, 2022 |
|---|---|---|---|---|
| | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| Other interest expenses | **-** | 7.101 | **-** | 307.650 |
| **Total** | **-** | 7.101 | **-** | 307.650 |

### c. Other gains (losses), net

| | Nine months period ended December 31, 2022 | Year ended March 31, 2022 | Nine months period ended December 31, 2022 | Year ended March 31, 2022 |
|---|---|---|---|---|
| | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| Net foreign exchange gains (losses) | **(215.996)** | (726.011) | **(8.024.168)** | (32.085.224) |
| **Total** | **(215.996)** | (726.011) | **(8.024.168)** | (32.085.224) |

## Notes to the Separate Financial Statements

### 12. INCOME TAXES

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

**Current income taxes**

The current income tax expense includes income taxes payable by the Company.

Current income tax payable is computed in accordance with the tax laws applicable in Uruguay.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision.

The income tax expense consists of the following::

| | Nine months period ended December 31, 2022 | Year ended March 31, 2022 | Nine months period ended December 31, 2022 | Year ended March 31, 2022 |
|---|---|---|---|---|
| | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| Current income tax expense | | | | |
| Domestic | **(30.403)** | 33.385 | **(1.277.286)** | 1.484.644 |
| Overseas | **879.937** | 4.133.881 | **35.069.841** | 181.204.667 |
| | **849.534** | 4.167.266 | **33.792.555** | 182.689.311 |
| **Total income tax expense** | **849.534** | 4.167.266 | **33.792.555** | 182.689.311 |

The reconciliation of estimated income tax expense reported in statements of profit or loss is as follows:

| | Nine months period ended December 31, 2022 | Year ended March 31, 2022 | Nine months period ended December 31, 2022 | Year ended March 31, 2022 |
|---|---|---|---|---|
| | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| Income before income taxes | **78.419.947** | 38.962.828 | **3.108.054.409** | 1.699.110.859 |
| Federal income tax rate | **25%** | 25% | **25%** | 25% |
| Expected income tax expense | **19.604.987** | 9.740.707 | **777.013.602** | 424.777.715 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:** | | | | |
| Tax holidays and income exempt from tax | **(19.601.644)** | (9.707.334) | **(776.880.229)** | (423.293.591) |
| Tax pertaining to prior years | **(33.747)** | 12 | **(1.410.659)** | 520 |
| Disallowable expenses | **879.938** | 4.133.881 | **35.069.841** | 181.204.667 |
| **Total income tax expense** | **849.534** | 4.167.266 | **33.792.555** | 182.689.311 |

***Direct tax contingencies***

As of date of separate financial statements the Company does not have any disputes with income tax authorities of Uruguay..

## 13. COMMITMENTS AND CONTINGENCIES

**Contingencies**

- **Direct tax matters**

  Refer to note 12.

- **Indirect tax matters**

  There is no contingencies in relation to indirect taxes.

## 14. RELATED PARTY TRANSACTIONS

Company's principal related parties consist of its ultimate holding company Tata Consultancy Services Limited and its subsidiaries, affiliates and key managerial personnel. The company's related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

**Transactions with related parties are as follows:**

| | | Nine months period ended December 31, 2022 | Year ended March 31, 2022 | Nine months period ended December 31, 2022 | Year ended March 31, 2022 |
|---|---|---|---|---|---|
| | | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| **Dividend Income** | **Subsidiaries of Tata Consultancy Services Limited** | | | | |
| | Tata Consultancy Services Chile S.A. | **21** | 25 | **847** | 1.103 |
| | Tata Consultancy Services De Mexico S.A.,De C.V. | **-** | 62.370.000 | **-** | 2.735.860.050 |
| | TCS Inversiones Chile Limitada | **8.960.464** | 10.941.279 | **367.966.105** | 479.534.397 |
| | TCS Solution Center S.A. | **12.467.582** | 15.766.367 | **508.610.100** | 683.231.763 |
| | TCS do Brasil Ltda. | **1.479.114** | - | **60.365.036** | - |
| | TCS Uruguay S. A. | **-** | 12.563.076 | **-** | 550.052.500 |
| | **Total** | **22.907.181** | 101.640.748 | **936.942.088** | 4.448.679.814 |
| **Interest Income** | **Subsidiaries of Tata Consultancy Services Limited** | | | | |
| | TCS Uruguay S. A. | **137.196** | 4.340 | **5.542.376** | 178.999 |
| | **Total** | **137.196** | 4.340 | **5.542.376** | 178.999 |
| **Dividend paid** | **Tata Consulatancy Services Limited** | **24.029.827** | 91.400.000 | **978.987.269** | 4.014.225.800 |
| | **Total** | **24.029.827** | 91.400.000 | **978.987.269** | 4.014.225.800 |
| **Finance costs** | **Subsidiaries of Tata Consultancy Services Limited** | | | | |
| | TCS Uruguay S. A. | **-** | 7.101 | **-** | 307.650 |
| | **Total** | **-** | 7.101 | **-** | 307.650 |

## Notes to the Separate Financial Statements

| | | Nine months period ended December 31, 2022 | Year ended March 31, 2022 | Nine months period ended December 31, 2022 | Year ended March 31, 2022 |
|---|---|---|---|---|---|
| | | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| **Investment in subsidiaries** | **Subsidiaries of Tata Consultancy Services Limited** | | | | |
| | Tata Consultancy Services Guatemala S.A. | - | 998.277 | - | 43.539.587 |
| | **Total** | - | 998.277 | - | 43.539.587 |

**Balances payable to related parties are as follows:**

| | | As at December 31, 2022 | As at March 31, 2022 | As at December 31, 2022 | As at March 31, 2022 |
|---|---|---|---|---|---|
| | | (in US Dollars) | | (equivalent in Uruguayan Pesos) | |
| **Loans, other financial assets and other assets** | **Subsidiaries of Tata Consultancy Services Limited** | | | | |
| | TCS Uruguay S.A. | **2.002.466** | 4.404.340 | **80.240.815** | 181.084.439 |
| | Tata Consultancy Services Guatemala S.A. | **99.000** | 99.000 | **3.967.029** | 4.070.385 |
| | **Total** | **2.101.466** | 4.503.340 | **84.207.844** | 185.154.824 |

***Remuneration to the Board***

The members of the Company's board are not remunerated for carrying out their duties.

## 15. SUBSEQUENT EVENT

There was no subsequent event that meet disclosure.

# TATA CONSULTANCY SERVICES QATAR L.L.C.

**(Registration Number: 53508)**

## FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

**December 31, 2022**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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# INDEPENDENT AUDITOR'S REPORT

**KPMG**
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**TO THE SHAREHOLDERS OF**

**TATA CONSULTANCY SERVICES QATAR L.L.C.**

## Opinion

We have audited the financial statements of Tata Consultancy Services Qatar L.L.C. (the 'Company'), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the Company's financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion..

## Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company 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.

## Auditor's 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 ISAs 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 ISAs, 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 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 the 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 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 management 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

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- The Company has maintained proper accounting records and its financial statements are in agreement therewith.
- Furthermore, the Company did not hold inventories as at reporting date.
- Except for the pending matter disclosed in note 18(a), we are not aware of any other pending matter or violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the period which might have had a material effect on the Company's financial position or performance as at and for the year ended 31 December 2022.

06 March 2023
Doha
State of Qatar

**Yacoub Hobeika**
KPMG
Qatar Auditors' Registry Number 289

## Statement of Financial Position as at December 31, 2022 and December 31, 2021

(Amount in : QAR)

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7(a) | **4,317,660** | 3,086,602 |
| Trade receivables | 7(b) | **6,994,294** | 13,126,252 |
| Unbilled receivables | | **644,120** | 1,067,613 |
| Other financial assets | 7(c) | **5,260,530** | 4,288,190 |
| Other assets | 9(b) | **5,246,671** | 2,994,750 |
| **Total current assets** | | **22,463,275** | 24,563,407 |
| **Non-current assets** | | | |
| Other financial assets | 7(c) | **49,629** | 48,172 |
| Property, plant and equipment | 9(a) | **19,383** | 19,021 |
| Right-of-use assets | 8 | **68,562** | 345,922 |
| Deferred tax assets (net) | 13 | **463,727** | 356,660 |
| Other assets | 9(b) | **-** | 517,944 |
| **Total non-current assets** | | **601,301** | 1,287,719 |
| **TOTAL ASSETS** | | **23,064,576** | 25,851,126 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Lease liabilities | | **-** | 334,142 |
| Trade payables | 7(d) | **5,407,218** | 6,443,135 |
| Other financial liabilities | 7(e) | **308** | 372 |
| Unearned and deferred revenue | 10 | **1,156,027** | 1,275,870 |
| Other liabilities | 9(c) | **190,006** | 435,003 |
| Provisions | | **4,894** | 624 |
| Employee benefit obligations | 14(a) | **67,742** | 83,157 |
| Income tax liabilities (net) | 13 | **73,269** | 303,923 |
| **Total current liabilities** | | **6,899,464** | 8,876,226 |
| **Non-current liabilities** | | | |
| Employee benefit obligations | 14(b) | **278,413** | 316,211 |
| **Total non-current liabilities** | | **278,413** | 316,211 |
| **TOTAL LIABILITIES** | | **7,177,877** | 9,192,437 |
| **EQUITY** | | | |
| Share capital | 7(i) | **2,000,000** | 2,000,000 |
| Retained earnings | 5(a) | **12,886,699** | 13,658,689 |
| Legal reserve | 5(b) | **1,000,000** | 1,000,000 |
| **Total equity** | | **15,886,699** | 16,658,689 |
| **TOTAL LIABILITIES AND EQUITY** | | **23,064,576** | 25,851,126 |

**"These financial statements were signed by the general manager of the Company Mr Devashis Goswami on 06 March 2023"**

**See accompanying notes on page 8 to 28 forming part of the financial statements**

## Statement of Profit or Loss and Other Comprehensive Income
## For the year ended December 31, 2022

(Amount in : QAR)

| | Note | Year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|---|
| **Revenue** | 10 | **18,737,283** | 20,972,148 |
| **Operating expenses** | | | |
| Employee benefit obligations | 14(a) | **4,383,470** | 3,295,478 |
| Other operating expenses | 11 | **13,410,797** | 14,602,897 |
| Depreciation | 8,9 (a) | **289,708** | 183,530 |
| Impairment loss on trade receivables | | **1,311,472** | 1,316,504 |
| **TOTAL OPERATING EXPENSES** | | **19,395,447** | 19,398,409 |
| **OPERATING (LOSS) / PROFIT** | | **(658,164)** | 1,573,739 |
| **Other expense** | | | |
| Other non-operating loss | 12 | **(167,319)** | (122,021) |
| Finance costs | | **(2,858)** | (6,332) |
| **(LOSS) / PROFIT BEFORE TAXES** | | **(828,341)** | 1,445,386 |
| Income tax benefit / (expense) | 13 | **56,351** | (139,707) |
| **(LOSS) / PROFIT** | | **(771,990)** | 1,305,679 |
| **Other comprehensive income** | | - | - |
| **TOTAL COMPREHENSIVE INCOME** | | **(771,990)** | 1,305,679 |

**See accompanying notes on page 8 to 28 forming part of the financial statements.**

## Statement of Changes in Equity for the year ended December 31, 2022

(Amount in : QAR)

| | Share capital | Retained earnings | Legal reserve | Total equity |
|---|---|---|---|---|
| **Balance as at April 1, 2021** | 2,000,000 | 12,353,010 | 1,000,000 | 15,353,010 |
| Total comprehensive income for the period | - | 1,305,679 | - | 1,305,679 |
| **Balance as at December 31, 2021** | **2,000,000** | **13,658,689** | **1,000,000** | **16,658,689** |
| Total comprehensive loss for the year | **-** | **(771,990)** | **-** | **(771,990)** |
| **Balance as at December 31, 2022** | **2,000,000** | **12,886,699** | **1,000,000** | **15,886,699** |

**See accompanying notes on page 8 to 28 forming part of the financial statements.**

## Statement of Cash Flows for the year ended December 31, 2022

(Amount in : QAR)

| | Note | Year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| (Loss) / profit | | **(771,990)** | 1,305,679 |
| **Adjustment to reconcile profit or loss to net cash provided by operating activities:** | | | |
| Depreciation | 8, 9(a) | **289,708** | 183,530 |
| Income tax (benefit) / expense | 13 | **(56,351)** | 139,707 |
| Impairment loss on trade receivables | 7(b) | **1,064,831** | 1,378,107 |
| Unrealised foreign exchange gain | 7(b) | **(9,690)** | (10,159) |
| Accrued interest on lease liabilities | 8 | **2,858** | 6,332 |
| Provision for employees' benefit obligations | 14(b) | **98,294** | 77,321 |
| **Net change in working capital** | | | |
| Trade receivables | | **5,076,817** | (4,758,330) |
| Unbilled receivables | | **423,493** | (976,900) |
| Other financial assets | | **(973,797)** | 983,474 |
| Other assets | | **(1,733,977)** | 4,481,894 |
| Trade payables | | **(1,035,917)** | (4,727,015) |
| Other financial liabilities | | **(64)** | (45,273) |
| Unearned and deferred revenues | | **(119,843)** | (201,179) |
| Employee benefit obligations | | **(15,415)** | 58,773 |
| Other liabilities | | **(244,997)** | 162,549 |
| Provisions | | **4,270** | 625 |
| **Cash generated from / (used in) operating activities** | | **1,998,230** | (1,940,865) |
| Income taxes paid | 13 | **(281,370)** | (152,784) |
| Employees benefit obligations paid | 14(b) | **(136,092)** | (5,732) |
| **Net cash generated from / (used in) operating activities** | | **1,580,768** | (2,099,381) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | 9(a) | **(12,710)** | - |
| **Net cash used in investing activities** | | **(12,710)** | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of lease liabilities | 8 | **(337,000)** | (231,000) |
| **Net cash used in financing activities** | | **(337,000)** | (231,000) |
| **Net change in cash and cash equivalents** | | **1,231,058** | (2,330,381) |
| Cash and cash equivalents, beginning of the year | | **3,086,602** | 5,416,983 |
| **Cash and cash equivalents, end of the year** | 7(a) | **4,317,660** | 3,086,602 |

**See accompanying notes on page 8 to 28 forming part of the financial statements.**

## Notes forming part of the Financial Statements

### 1. Corporate Information

Tata Consultancy Services Qatar L.L.C. (the "Company") is registered as a limited liability company in the State of Qatar under commercial registration number 53508.

The Company is engaged in a wide range of information technology and consultancy services including systems hardware and software, communications and networking, hardware sizing and capacity planning, software project management solutions, technology education services and business process outsourcing.

The address of the Company's registered office is Al Bidda Tower, 7th Floor, Corniche Street, Doha, Qatar, P.O.Box # 207210.

As at December 31, 2022, Tata Consultancy Services Limited owned 100% of Company's equity share capital.

The financial statements were approved and authorised for issue on 06 March 2023.

### 2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the international accounting standard board ("IASB"). The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented in these financial statements.

### 3. Basis of preparation

The financial statements have been prepared on historical cost basis at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional and presentation currency of the Company is Qatari Riyal ("QAR").

Foreign currency transactions are translated into functional currency at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using exchange rates prevailing on the date of statement of financial position. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are included in profit or loss. Non monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

### 4. Use of estimates and judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

**a. Revenue Recognition**

Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**b. Fair value measurement of financial Instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**c. Provision for income tax and deferred tax**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**d. Provisions and contingent liabilities**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at the end of each reporting period adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

**d. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## 5. Nature and purpose of reserves

**a. Retained earnings**

This reserve represents undistributed accumulated earnings of the Company as on the date of statement of financial position.

**b. Legal reserves**

In accordance with Qatar Commercial Company's Law, the Company has established a legal reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the capital. This has been achieved, hence the Company has resolved to discontinue such transfer. This reserve is not available for distribution except in circumstances as specified in the Law.

## Notes forming part of the Financial Statements

### 6. Recent Accounting Standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates [1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction [1] |

[1]Effective for annual periods beginning on or after January 1, 2023.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

### 7. Financial assets, financial liabilities and equity instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**a. Cash and cash equivalents**

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Balances with bank | **4,317,660** | 3,086,602 |
| **Total** | **4,317,660** | 3,086,602 |

**b. Trade receivables**

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade receivables* | **11,413,105** | 16,489,922 |
| Less: Allowance for doubtful trade receivables | **(4,418,811)** | (3,363,670) |
| **Total** | **6,994,294** | 13,126,252 |

* Trade receivables include balances with related parties, please refer to Note 16.

## Notes forming part of the Financial Statements

(Amount in : QAR)

| Movement in the allowance for impairment in respect of trade receivables | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| At April 1, | **3,363,670** | 1,995,722 |
| Additional provision during the year / period | **1,064,831** | 1,378,107 |
| Less : Exchange difference | **(9,690)** | (10,159) |
| **At December 31,** | **4,418,811** | 3,363,670 |

### c. Other financial assets

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Other financial assets - Current** | | |
| Short term bank deposits | **3,092,839** | 3,077,091 |
| Accrued interest | **7,174** | 7,265 |
| Employee advances | **87,056** | 134,765 |
| Restricted cash* | **2,066,404** | 1,048,757 |
| Others | **7,057** | 20,312 |
| **Total** | **5,260,530** | 4,288,190 |
| **Other financial assets - Non-Current** | | |
| Premises security deposit | **49,629** | 48,172 |
| **Total** | **49,629** | 48,172 |

*In restricted cash, expenses towards issuance of Bank Guarantee (BG) for Tender / Performance bond are accounted. At the time of issuance of BG, bank reserves some percentage and debits bank account which remain as reserve cash and cannot be withdrawn, once the BG is matured that amount is credited to the bank account automatically.

### d. Trade payables

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade payables * | **2,171,737** | 3,895,428 |
| Accrued expenses* | **3,235,481** | 2,547,707 |
| **Total** | **5,407,218** | 6,443,135 |

*Trade payables and accrued expenses include balances with related parties, please refer to Note 16.

### e. Other financial liabilities - current

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Accrued payroll | **308** | 372 |
| **Total** | **308** | 372 |

**f. Financial instruments by category**

The carrying value of financial instruments by categories as at December 31, 2022 is as follows:

(Amount in : QAR)

| | Amortised Cost | Total carrying value |
|---|---|---|
| **Assets:** | | |
| Cash and cash equivalents | **4,317,660** | **4,317,660** |
| Trade receivables | **6,994,294** | **6,994,294** |
| Unbilled receivables | **644,120** | **644,120** |
| Other financial assets | **5,310,159** | **5,310,159** |
| **Total Assets** | **17,266,233** | **17,266,233** |
| **Liabilities:** | | |
| Trade payables | **5,407,218** | **5,407,218** |
| Other financial liabilities | **308** | **308** |
| **Total Liabilities** | **5,407,526** | **5,407,526** |

The carrying value of financial instruments by categories as at December 31, 2021 is as follows:

(Amount in : QAR)

| | Amortised Cost | Total carrying value |
|---|---|---|
| **Assets:** | | |
| Cash and cash equivalents | 3,086,602 | 3,086,602 |
| Trade receivables | 13,126,252 | 13,126,252 |
| Unbilled revenues | 1,067,613 | 1,067,613 |
| Other financial assets | 4,336,362 | 4,336,362 |
| **Total Assets** | 21,616,829 | 21,616,829 |
| **Liabilities:** | | |
| Trade payables | 6,443,135 | 6,443,135 |
| Lease liabilities | 334,142 | 334,142 |
| Other financial liabilities | 372 | 372 |
| **Total Liabilities** | 6,777,649 | 6,777,649 |

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at December 31, 2022 and December 31, 2021 approximate the fair value.

**g. Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

## Notes forming part of the Financial Statements

### h. Financial risk management

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Currency risk**

The fluctuation in foreign currency exchange rate may have potential impact on the statement of financial statement, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than functional currency of the Company. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the functional currency of the Company.

The following table sets forth information relating to foreign currency exposure as at December 31, 2022:

| | USD (equivalent QAR) | INR (equivalent QAR) |
|---|---|---|
| Net financial assets | 4,470,680 | - |
| Net financial liabilities | 5,484,385 | 22,378 |
| Net statement of financial position exposure | (1,013,705) | (22,378) |

10% depreciation / appreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's loss before taxes by approximately QAR 103,608 for the year ended December 31, 2022.

The following table sets forth information relating to foreign currency exposure as at December 31, 2021:

| | USD (equivalent QAR) | INR (equivalent QAR) |
|---|---|---|
| Net financial assets | 6,933,019 | - |
| Net financial liabilities | 2,481,930 | 24,959 |
| Net statement of financial position exposure | 4,451,089 | (24,959) |

10% depreciation / appreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before taxes by approximately QAR 442,613 for the period ended December 31, 2021.

- **Interest rate risk**

Interest rate risk is the risk of changes in market interest rates affecting the overall return of the Company. The Company does not hedge its interest rate exposure. The Company's exposure to interest rate risk is limited to its bank deposits. Assuming that the deposits remain the same, the Company will benefit by QAR 7,732 (December 2021: QAR 7,715) with the increase of 25 bp in interest rate. In case the interest rate decreases by 25 bp the Company will incur a reduction in income by the same amount.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, cash and cash equivalents, and other financial assets.

- **Exposure to credit risk**

  The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was QAR 19,714,741 and QAR 23,662,442 as of December 31, 2022 and December 31, 2021, respectively being the total of the carrying amount of balance with bank, trade receivables, unbilled receivables, contract assets and other financial assets. Balance with bank is placed with a bank with high credit ratings. As of December 31, 2022, there were no indications that any defaults will occur on trade receivables, unbilled receivables, contract assets or other financial assets.

  Tata Consultancy Services Qatar L.L.C., the Company's exposure to customers is diversified and single customer's contribution to more than 10% of outstanding trade receivables, unbilled receivables and contract assets as at December 31, 2022 and December 31, 2021 was as below :

(Amount in : QAR)

| Client Name | As at December 31, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|
| | Total trade receivables and Unbilled revenue | Percentage | Total trade receivables and Unbilled revenue | Percentage |
| Customer A | **1,830,136** | **18%** | - | - |
| Customer B | **1,500,639** | **15%** | 4,001,798 | 25% |
| Customer C | **-** | **-** | 2,999,060 | 18% |
| Customer D | **-** | **-** | 2,777,378 | 17% |
| Customer E | **1,617,408** | **16%** | - | - |
| Customer F | **1,398,032** | **14%** | - | - |

- **Geographic Concentration of Credit Risk**

  The Company has a geographic concentration of trade receivables (net of allowances), unbilled receivables and contract assets as given below:

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Middle East | **100%** | 100% |

  Geographical concentration of trade receivables and unbilled receivables and contract assets is allocated based on the location of the customers.

  The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. The expected credit loss allowance is based on the ageing of the days the receivables are due and are as follows:

## Notes forming part of the Financial Statements

(Amount in : QAR)

| December 31, 2022 | Weighted average loss | Gross carrying amount* | Loss allowance # | Credit impaired |
|---|---|---|---|---|
| **Not Due** | **2.75%** | **1,554,325** | **(42,821)** | **No** |
| **1-90** | **3.64%** | **3,742,976** | **(136,130)** | **No** |
| **91-180** | **6.54%** | **1,132,500** | **(74,050)** | **No** |
| **181-272** | **18.95%** | **79,649** | **(15,096)** | **No** |
| **273-364** | **49.70%** | **-** | **-** | **No** |
| **365-455** | **71.41%** | **2,572,167** | **(1,836,746)** | **No** |
| **456-546** | **99.97%** | **54,893** | **(54,878)** | **No** |
| **>547** | **100.00%** | **5,541,106** | **(5,541,106)** | **Yes** |

(Amount in : QAR)

| December 31, 2021 | Weighted average loss | Gross carrying amount* | Loss allowance # | Credit impaired |
|---|---|---|---|---|
| Not Due | 0.67% | 1,498,023 | (9,977) | No |
| 1-90 | 1.27% | 4,681,930 | (59,329) | No |
| 91-180 | 1.70% | 2,253,801 | (38,346) | No |
| 181-272 | 3.11% | - | - | No |
| 273-364 | 6.40% | - | - | No |
| 365-455 | 12.22% | 576,065 | (70,368) | No |
| 456-546 | 42.75% | 2,095,377 | (895,851) | No |
| >547 | 100.00% | 2,870,299 | (2,870,299) | No |

*Gross carrying amount excludes intercompany and retention customer receivables.

#The above table provides the loss allowance calculated as per ECL and Management is expected to make at the minimum this amount as provision of bad and doubtful debts against trade receivables. However in this case management has made higher provisions as bad and doubtful debts against trade receivables based on their prudent judgement to cover higher risk.

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(Amount in : QAR)

| **December 31, 2022** | Due in 1st year | Due in 2nd to 5th year | Total |
|---|---|---|---|
| **Non derivative financial liabilities** | | | |
| Trade payables | **5,407,218** | **-** | **5,407,218** |
| Lease liabilities | **-** | **-** | **-** |
| Other financial liabilities | **308** | **-** | **308** |
| **Total** | **5,407,526** | **-** | **5,407,526** |

(Amount in : QAR)

| December 31, 2021 | Due in 1st year | Due in 2nd to 5th year | Total |
|---|---|---|---|
| **Non derivative financial liabilities** | | | |
| Trade payables | 6,443,135 | - | 6,443,135 |
| Lease liabilities | 312,000 | - | 312,000 |
| Other financial liabilities | 372 | - | 372 |
| **Total** | 6,755,507 | - | 6,755,507 |

**i. Equity instruments**

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Authorised** | | |
| Ordinary shares | **2,000,000** | 2,000,000 |
| **Issued, Subscribed and Fully paid up** | | |
| Ordinary shares | **2,000,000** | 2,000,000 |
| **Total** | **2,000,000** | 2,000,000 |

Shares have no par value.

| Share holding | Percentage % | Percentage % |
|---|---|---|
| Tata Consultancy Services Limited | 100 | 100 |

**Capital management**

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

## 8. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

## Notes forming part of the Financial Statements

The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right- of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The details of the right-of-use asset held by the Company is as follows:

(Amount in : QAR)

| | Additions for the year ended December 31, 2022 | Net carrying amount as at December 31, 2022 |
|---|---|---|
| Leasehold building | **-** | **68,209** |
| ROU leasehold building- Security deposit | **-** | **353** |
| **Total** | **-** | **68,562** |

(Amount in : QAR)

| | Additions for the nine months period ended December 31, 2021 | Net carrying amount as at December 31, 2021 |
|---|---|---|
| Leasehold building | 84,386 | 344,144 |
| ROU leasehold building- Security deposit | - | 1,778 |
| **Total** | 84,386 | 345,922 |

Depreciation on right-of-use asset is as follows:

(Amount in : QAR)

| | Year ended December 31, 2022 |
|---|---|
| Leasehold building | **275,935** |
| ROU leasehold building- Security deposit | **1,425** |
| **Total** | **277,360** |

Depreciation on right-of-use asset is as follows:

(Amount in : QAR)

| | For the nine months period ended December 31, 2021 |
|---|---|
| Leasehold building | 172,925 |
| ROU leasehold building- Security deposit | 1,070 |
| **Total** | 173,995 |

Interest on lease liabilities is QAR 2,858 and QAR 6,332 for the year ended on December 31, 2022 and period ended on December 31, 2021, respectively.

The Company incurred QAR NIL and QAR NIL for the year ended on December 31, 2022 and period ended on December 31, 2021, towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow for leases is QAR 337,000 and QAR 231,000 for the year ended December 31, 2022, and period ended December 31, 2021, respectively, including cash outflow for short-term leases and leases of low-value assets.

The Company does not have lease term extension options that are not reflected in the measurement of lease liabilities.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

## 9. Non-financial assets and financial liabilities

### a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of Asset | Method | Useful life (in years) |
|---|---|---|
| Computer and equipment | Straight Line Method | 4 years |
| Furniture and Fixtures | Straight Line Method | 5 years |

Depreciation is not recorded on capital work in progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

## Notes forming part of the Financial Statements

**Property, plant and equipment**

Property, Plant and equipment consist of the following:

(Amount in : QAR)

| | Computer equipment | Furniture and fixtures | Total |
|---|---|---|---|
| **Gross block as at January 1, 2022** | **121,557** | **7,719** | **129,276** |
| Additions | **10,760** | **-** | **10,760** |
| **Gross block as at December 31, 2022** | **132,317** | **7,719** | **140,036** |
| **Accumulated depreciation as at January 1, 2022** | **102,917** | **7,338** | **110,255** |
| Depreciation for the year | **11,967** | **381** | **12,348** |
| **Accumulated depreciation as at December 31, 2022** | **114,884** | **7,719** | **122,603** |
| **Net carrying amount as at December 31, 2022** | **17,433** | **-** | **17,433** |
| Capital work-in-progress | | | **1,950** |
| | | | **19,383** |
| **Gross block as at April 1, 2021** | 121,557 | 7,719 | 129,276 |
| Additions | - | - | - |
| **Gross block as at December 31, 2021** | 121,557 | 7,719 | 129,276 |
| **Accumulated depreciation as at April 1, 2021** | 94,545 | 6,175 | 100,720 |
| Depreciation for the period | 8,372 | 1,163 | 9,535 |
| **Accumulated depreciation as at December 31, 2021** | 102,917 | 7,338 | 110,255 |
| **Net carrying amount as at December 31, 2021** | 18,640 | 381 | 19,021 |

**b. Other assets**

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Other assets consist of the following: | | |
| **Other assets - Current** | | |
| Advance to suppliers | **1,519,572** | 32,497 |
| Other advances - Allowance | **(32,497)** | (32,497) |
| Prepaid expenses - current* | **1,311,090** | 1,169,193 |
| Contract assets - current (Refer to Note 10) | **2,448,506** | 1,695,266 |
| Contract fulfillment costs - Current | **-** | 175,921 |
| Others | **-** | (45,630) |
| **Total** | **5,246,671** | 2,994,750 |

*Prepaid expenses include balances with related parties, please refer to Note 16.

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Other assets - non-current** | | |
| Contract assets - non-current | - | 517,944 |
| **Total** | - | 517,944 |

c. **Other liabilities**

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Other liabilities consist of the following: | | |
| **Other liabilities - current** | | |
| Advance received from customers | **190,006** | 270,242 |
| Indirect Tax Payable | - | 164,761 |
| **Total** | **190,006** | 435,003 |

## 10. Revenue recognition

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue

## Notes forming part of the Financial Statements

for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Transaction price attributed in case of contracts with subsidiary is arrived at on the basis of arm's length price. Revenue also excludes taxes collected from customers.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Revenue from operations is QAR 18,737,283 for year ended December 31, 2022 (December 31, 2021: QAR 20,972,148).

(Amount in : QAR)

| | Year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| Revenue from consultancy services | **18,546,065** | 20,824,564 |
| Revenue from sale of equipment and software licences | **191,218** | 147,584 |
| **Total** | **18,737,283** | 20,972,148 |

Revenue disaggregation by industry vertical is as follows:

(Amount in : QAR)

| | Year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| **Industry vertical** | | |
| Banking, financial and insurance | **7,821,840** | 8,153,605 |
| Communication, media and technology | **97,480** | 1,587,467 |
| Energy and utilities | **6,142,274** | 3,758,717 |
| Retail and consumer products | **3,780,830** | 948,110 |
| Others | **894,859** | 6,524,249 |
| **Total** | **18,737,283** | 20,972,148 |

Revenue disaggregation by geography is as follows:

(Amount in : QAR)

| **Geography** | Year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| Middle east | **18,528,412** | 20,805,006 |
| Other than Middle east | **208,871** | 167,142 |
| **Total** | **18,737,283** | 20,972,148 |

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate

## Notes forming part of the Financial Statements

transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is QAR 19,765,396 out of which QAR 11,883,979 (60.13%) is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

**Changes in contract assets are as follows:**

(Amount in : QAR)

| | Year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **2,213,210** | 5,704,891 |
| Invoices raised that were included in the contract assets balance at the beginning of the year | **(697,876)** | (4,951,539) |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | **933,213** | 1,459,880 |
| Translation exchange differences | **(42)** | (22) |
| **Balance at the end of the year** | **2,448,506** | 2,213,210 |

**Changes in unearned and deferred revenue are as follows:**

(Amount in : QAR)

| | Year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **1,275,870** | 1,477,049 |
| Revenue recognised that was included in the unearned and deferred revenue balance at the beginning of the year | **(1,136,235)** | (1,337,397) |
| Increase due to invoicing during the year, excluding amounts recognised as the revenue during the year | **1,016,432** | 1,136,264 |
| Translation exchange differences | **(40)** | (46) |
| **Balance at the end of the year** | **1,156,027** | 1,275,870 |

### 11. Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories:

**Cost of revenue**

These costs primarily include employee compensation of personnel engaged in providing services, travel expenses, fees to external consultants, cost of equipment and software licences, depreciation and amortisation of production related equipment and software, facility expenses, communication expenses and other project related expenses.

**Selling, general and administrative expenses**

Selling costs primarily include employee compensation for sales and marketing personnel, travel expenses, advertising, business promotion expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances, facility expenses for sales and marketing offices and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortisation expenses of non-production equipment and software, facility expenses for administrative offices, communication expenses, fees to external consultants and other general expenses.

(Amount in : QAR)

| | Year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| **Expense by function** | | |
| Cost of revenue | **16,507,191** | 16,159,777 |
| Selling, general and administration expenses | **2,888,256** | 3,238,632 |
| **Total** | **19,395,447** | 19,398,409 |

Costs and expenses are recognized when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised into employee benefit expenses, depreciation and other operating expenses. Employee benefit expenses include salaries, incentives and allowances, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances (net) and other expenses. Other expenses is an aggregation of costs which are individually not material such as contribution to brand equity, corporate overhead allocation, commission and brokerage, recruitment and training, entertainment, etc.

(Amount in : QAR)

| | Year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| **Other operating expenses** | | |
| Project expenses | **699,856** | 535,877 |
| Fees to external consultants | **11,204,703** | 13,142,699 |
| Cost / (Income) of equipment and software licenses | **176,300** | (924) |
| Travel expenses | **814,860** | 477,528 |
| Facility running expenses | **18,316** | - |
| Communication | **45,050** | 35,192 |
| Other expenses | **451,712** | 412,525 |
| **Total** | **13,410,797** | 14,602,897 |

## Notes forming part of the Financial Statements

### 12. Other expense

(Amount in : QAR)

| | Year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| **Other non-operating loss:** | | |
| Net foreign exchange losses | **(192,008)** | (137,174) |
| Interest income | **24,689** | 15,153 |
| **Total** | **(167,319)** | (122,021) |

### 13. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**Current income taxes**

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period. Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

**Deferred income taxes**

The Company accounts for the deferred income taxes using the balance sheet approach. Deferred income taxes are provided for the differences between the tax base of assets and liabilities and their reported amounts in the financial statements.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

The income tax expense consists of the following:

(Amount in : QAR)

| | Year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| **Current Tax** | | |
| Current tax expense | **50,716** | 275,691 |
| Deferred tax expense | **(107,067)** | (135,984) |
| **Total** | **(56,351)** | 139,707 |

The reconciliation of estimated income tax expense at the Qatar Statutory income tax rate to income tax expense reported in statement of profit or loss and other comprehensive income is as follows:-

(Amount in : QAR)

| | Year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| **Current tax expenses** | | |
| (Loss) / income before taxes | **(828,341)** | 1,445,386 |
| Statutory tax rate | **10.00%** | 10.00% |
| Expected income tax expense | **(82,834)** | 144,539 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:** | | |
| **Tax pertaining to prior years:** | | |
| Current tax | **-** | 6,385 |
| Deferred tax | **-** | (11,840) |
| Other permanent differences | **26,483** | 623 |
| **Income tax** | **(56,351)** | 139,707 |
| Ownership share of Non-Qatari | **100%** | 100% |
| **Total income tax expense** | **(56,351)** | 139,707 |

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2022 are as follows:

(Amount in : QAR)

| | Opening balance | Recognised through profit or loss | Closing balance as at December 31, 2022 |
|---|---|---|---|
| **Deferred Tax Assets** | | | |
| Deferred tax assets in relation to: | | | |
| Property, plant and equipment | **12,997** | **-** | **12,997** |
| Provision for employee benefits | **7,159** | **2,422** | **9,581** |
| Allowances for receivables | **21,740** | **-** | **21,740** |
| Disallowed expenses | **314,764** | **104,645** | **419,409** |
| **Total deferred tax asset** | **356,660** | **107,067** | **463,727** |

## Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the period ended December 31, 2021 are as follows:

(Amount in : QAR)

| | Opening balance | Recognised through profit or loss | Closing balance as at December 31, 2021 |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Deferred tax assets in relation to: | | | |
| Property, plant and equipment | 12,943 | 54 | 12,997 |
| Provision for employee benefits | - | 7,159 | 7,159 |
| Allowances for receivables | 21,740 | - | 21,740 |
| Disallowed expenses | 185,993 | 128,771 | 314,764 |
| **Total deferred tax asset** | 220,676 | 135,984 | 356,660 |

### Direct tax contingencies

As at the reporting date, the Company is in appeal of a withholding tax demand raised by General Tax Authority ("GTA") of Qatar, pertaining to the years 2013, 2014 and 2017. Management has carefully assessed the demand notice with assistance of third party consultants, where the merits of the demand notice have been found to be weak and inappropriate due to application of new tax amendments issued in 2019 on the prior years. Hence, no provision has been recognized in these financial statements.

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Income tax liabilities (net)** | | |
| Opening | **303,923** | 181,016 |
| Current tax provision made during the year / period | **50,716** | 275,691 |
| Advance tax paid | **(281,370)** | (152,784) |
| **Closing** | **73,269** | 303,923 |

### IFRIC 23 Interpretation Uncertainty over Income Tax Treatment

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

### Application of IFRIC 23

The Company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no instances of any uncertain tax treatment in the past and on that basis it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC 23 is not applicable.

## 14. Employee benefits

### a. Employee benefit obligations

The Company provides for amount payable to employees for compensated absences per the company's policy, which are expected to occur within twelve months after the end of the period in which the employee render the related services are recognised as undiscounted liability at the date of statement of financial position.

(Amount in : QAR)

| | Year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| **Employee cost consist of the following:** | | |
| Contributions to Provident and Other Funds | **98,294** | 77,321 |
| Salaries & Bonus | **4,184,841** | 3,057,424 |
| Staff Welfare | **100,335** | 160,733 |
| **Total** | **4,383,470** | 3,295,478 |

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Employee benefit obligations - current** | | |
| Compensated absences* | **67,742** | 83,157 |
| **Total** | **67,742** | 83,157 |

* This represents balance payable to the employees based on the Company's policy on compensated absences.

### b. Employee's end of service benefit

A provision is made for employees end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salary and accumulated period of service as at the reporting date.

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Employee benefit obligations - Non-current** | | |
| Gratuity liability | **278,413** | 316,211 |
| **Total** | **278,413** | 316,211 |

## Notes forming part of the Financial Statements

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Movement in employees' obligations benefit** | | |
| At January 1, | **316,211** | 244,622 |
| Provision charged for the year / period | **98,294** | 77,321 |
| Payments made during the year/ period | **(136,092)** | (5,732) |
| **At December 31,** | **278,413** | 316,211 |

## 15. Commitments and contingencies

(Amount in : QAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Letter of Guarantee | **1,310,644** | 998,816 |
| **Total** | **1,310,644** | 998,816 |

## 16. Related party transactions

Company's principal related parties consist of its holding company Tata Consultancy Services Limited and its holding and subsidiaries, and its key managerial personnel. The company routinely enters into transactions with its related parties in the ordinary course of business.

**Transactions with related parties**

(Amount in : QAR)

| | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Limited, Holding company | Total |
|---|---|---|---|
| **For the year ended December 31, 2022** | | | |
| **Particulars** | | | |
| Revenue from sale of services and licences | **-** | **1,449,463** | **1,449,463** |
| Purchases of goods and services (including reimbursement) | **-** | **7,456,390** | **7,456,390** |
| Brand equity contribution | **-** | **-** | **-** |

(Amount in : QAR)

| For the period ended December 31, 2021<br>Particulars | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Limited, Holding company | Total |
|---|---|---|---|
| Revenue from sale of services and licences | - | 989,223 | 989,223 |
| Purchases of goods and services (including reimbursement) | - | 12,353,365 | 12,353,365 |
| Brand equity contribution | 43,168 | - | 43,168 |

**Balances with related parties**

(Amount in : QAR)

| As at December 31, 2022<br>Particulars | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Limited, Holding company | Total |
|---|---|---|---|
| Trade receivables and unbilled revenue (net) | **-** | **159,267** | **159,267** |
| Trade payables, unearned and deferred revenue, Other financial liabilities and Other liabilities | **35,622** | **1,940,374** | **1,975,996** |
| Prepaid expenses | **-** | **1,290,260** | **1,290,260** |

(Amount in : QAR)

| As at December 31, 2021<br>Particulars | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Limited, Holding company | Total |
|---|---|---|---|
| Trade receivables and unbilled revenue (net) | - | 347,014 | 347,014 |
| Trade payables, unearned and deferred revenue, Other financial liabilities and Other liabilities | 43,168 | 5,287,008 | 5,330,176 |
| Prepaid expenses | - | 1,163,177 | 1,163,177 |

## Notes forming part of the Financial Statements

**Compensation to Key Managerial Personnel**

(Amount in : QAR)

| Remuneration paid to Devashis Goswami | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| **Particulars** | | |
| Short Term Benefits | **381,780** | 259,604 |
| Post-employment benefits | **15,748** | 8,187 |
| **Total** | **397,528** | 267,791 |

### 17. Subsequent events

There have been no circumstances of a material nature that have occurred between the financial year end and the date of approval of these financial statements that require adjustment or disclosure in the financial statements.

### 18. Comparative Information

The comparative figures presented for the period ended December 31, 2021 have been reclassified where necessary to preserve consistency with the year ended December 31, 2022 figures. However, such reclassifications did not have any effect on the comprehensive income or the total equity for the year ended December 31, 2022. During previous year, the Company changed its accounting period. Accordingly this financial report covers the nine months period from 1st April 2021 to 31st December 2021 as comparatives.

a. The Company has submitted its revised Articles of Association to Ministry of Commerce and Industry ("Ministry") for change of accounting period from 1st April – 31 March to 1st January – 31 December and currently it is pending with the Ministry for approval. Management expects that it will be approved by the Ministry in foreseeable future.

### 19. Dividends

Dividends declared by the Company are based on the profit available for distribution.



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# DILIGENTA LIMITED

**(Company's Registration Number: 05535029)**

# ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the year ended December 31, 2022**

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

# COMPANY INFORMATION

## Board of Directors

**N G Subramaniam**

Chairman

**D Praveen**

Chief Executive Officer

**R Reid**

Non-Executive Director

**M Arthur**

Non-Executive Director

**S Muthuswami**

Non-Executive Director

**S McInnes**

Non-Executive Director

**Company Secretary**

A Jackson

## Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL
United Kingdom

## Registered Office

Lynch Wood
Peterborough
Cambridgeshire
PE2 6FY

**Company Registration Number**

05535029

# STRATEGIC REPORT

The directors present their Strategic Report for the year to 31st December 2022.

## Principal Activities

Diligenta Limited ("the Company") is a Private Company, limited by shares. The Company has continued to successfully deliver a range of Life and Pension (L&P) Administration services throughout the year. The Company contracts with major Life and Pension insurance companies in the UK and occupies an increasingly important position in the L&P sector in its provision of administration services to these companies and ultimately those companies' policy holders. Given the nature and scale of its business, the Company is regulated by the Financial Conduct Authority ("FCA"). As a subsidiary of Tata Consultancy Services Limited (TCS), the delivery of the Company's services is achieved through collaboration with other group companies.

The directors are committed to explore other growth opportunities and continue to tender for contracts providing Life and Pension Administration services to the UK Financial Services sector.

## Review of Business and Future Developments

The Company's focus through the year has been to maintain operational resilience, robust delivery of ongoing transformation programmes and employee wellbeing.

The Company successfully delivered several transformation releases for its clients, including the single largest L&P migration covering 2.3 million policies for one of its largest clients.

Revenue for the year was £390.7 million (2021: £383.4 million), representing growth of 2%.

Operating expenses increased to £389.8 million (2021: £368.7 million). The impact of post Covid-19 workforce disruptions, UK economic factors and consumer behaviour shifts resulted in significant and prolonged investments which had an impact on the costs. Company initiated several cost optimisation actions including automation that resulted in a return to operational stability in the later part of CY22.

Profit before tax reduced to £1.4 million (2021: £14.5 million). After Taxes, Profit was £1.2million (2021: £12.6 million).

Details of the results for the year ended 31 December 2022 and the previous year are set out in the financial statements and the related notes on pages 16.18 to 16.51.

The Company sees promising opportunities for organic growth, both in terms of extending the range of services to its existing client base as well as taking on new clients. In achieving such expansion, the Company recognises the need for continuing investment in its services, including IT security and infrastructure, and in ensuring that its regulatory compliance keeps pace with the growth in the business as well as with new regulatory requirements such as the New Consumer Duty being introduced by the FCA.

## Key Performance Indicators

In assessing the performance of the Company, the directors monitor several key performance indicators, financial and non-financial. These are:

- **Policy numbers administered:** This key indicator is directly linked to revenue. During the year, the number of in- force policies being administered stood at 15.8 million (2021: 15.7 million).
- **Transformation milestones:** The Company has the KPI of delivering the agreed transformation roadmap as per the defined milestones with its clients. In view of deferred project decisions from clients, there has been a realignment of the transformation milestones with consent from clients. Realigned key digital and policy migration transformation milestones have been delivered for the Phoenix Group and LBG during the year with over 2.4 million policies being added to the Company's platform.
- **Revenue:** Revenue for the year was £390.7 million (2021: £383.4 million). While there has been a steady growth in policy administration and Change revenue streams, transformation revenue reduced as migrations were completed.
- **Liquidity:** The Company has the KPI to ensure that it has strong financial flexibility through liquid assets to cover its anticipated payment obligations and funding requirements. The Company continuously monitors its liquidity position to ensure that, even under stressed conditions, the Company has sufficient liquidity to meet its obligations. With no debt, the Company has adequate liquid assets to meet its obligations, including its regulatory capital requirement and after taking account of ring-fenced cash set aside to comply with FCA requirements.

- **IT Security:** The Company's IT security performance remains strong. The IT and security teams have undertaken the enablement of corporate devices and have enabled remote working capabilities. During the reporting period there has been no critical or high severity security incidents reported. The directors are of the opinion that there are no significant unmitigated risks affecting the Company in executing its contracts.
- **Regulatory Breaches:** The Company and its clients have responsibility for regulatory compliance. Consequently, appropriate contractual arrangements are in place to provide clarity of respective responsibilities and information about regulatory matters flows from the Company to its clients and vice-versa. The Company has a dedicated Compliance function which provides continuous guidance to the business on compliance and regulatory matters. Regular, contractually required meetings between senior managers in the Company and its clients seek to identify issues at an early stage and act in concert both to prevent escalation or take necessary action.
- **Customer Outcomes:** The Company operates as a Third-Party Administrator to some of the largest life insurance and pensions providers ('Clients') in the UK. In this role, the Company is on point to deliver top tier customer service to the policy holders of these clients. The Company is focused on key measures that denote customer satisfaction and the most appropriate measure of this is Net Promoter Score ('NPS'). NPS scores are measured for several key journeys in each account. The management is pleased to report that in CY22, the Company has managed to maintain top tier NPS scores across all accounts.

## Risk Management

Responsibility for setting risk appetite and risk management policy resides with the Board. The Board has delegated certain risk matters to the Risk Management and Compliance Committee which has a responsibility for oversight and monitoring management's implementation of the risk management framework within the Company.

This Company-wide risk management framework for the identification, assessment, measurement, and management of risk covers the full spectrum of risks that the Company is exposed to, with risks categorised as operational, strategic, regulatory, people, commercial or financial. Risks are entered in a register with each risk having a specified owner who is responsible for overseeing the necessary mitigating actions to keep the risk within the approved risk appetite. The status of risks is regularly assessed, at least once a quarter, to ensure that appropriate management actions are taken in an event that a key risk is deemed out of appetite.

The quarterly review of the risk register is carried out by the Senior Management team, Risk and Compliance Committee and the Board committees (Risk Management and Compliance Committee and Board Audit Committee).

***The following Principal risks are currently registered and tracked:***

- Business as usual service outcome risks
- Operational resilience risks
- Regulatory and legislative risks
- Transformation risks
- T and Cyber Security threats
- HR risks

All these risks are actively managed via a robust process that includes strong programme management, formal project life cycle with ring-fenced teams, Line 2 reviews, and engagement within key functions and work streams.

The Company also mitigates these risks by reviewing management information on service level attainment and key performance indicators, with trends reviewed regularly. Formal contract management is in place and risks to service are identified and managed with contingency plans, where needed.

The operational risks are managed through controls being in place to protect the data and customer information with remediation plans on any breaches. It is also part of mandatory trainings to ensure the staff follows the required controls.

The IT risks are monitored through a regular Business Continuity Plans (BCP) and disaster recovery testing to ensure the continuity of IT services.

The HR risks are mitigated by ensuring that a succession planning process is undertaken annually; performance and development reviews are undertaken half-yearly; by the use of recruitment partners; undertaking salary review through a remuneration committee; ensuring that appropriate HR strategies are in place; and retention actions taken, where needed. Regulatory and legislative risks are managed by ensuring that the Company's corporate incident management process operates effectively and management information on corporate incident trends is monitored through committees to oversee regulatory and legislative change; by the application of the quality framework, mandatory training, and competency schemes; undertaking output checking and root cause analysis on incidents and complaints.

In addition to managing principal risks, Company continues to monitor the external environment and emerging risks. Some key areas associated with these threats include monitoring the post-Covid socio-economic effects, the impact of the Russia-Ukraine conflict and the cost-of-living crisis. Company continues to manage the following operational risks:

- Current employment market, which remains volatile and has resulted in higher levels of attrition in Company's key service areas.
- ***Supporting employees' well-being***

One heightened risk area is the sustained threat of a cyber-attack, in this regard the Company has been rolling out enhanced defences and controls:

- Considering what the cost-of-living crisis mean to customers and responding to client and/or regulatory expectations aligned to this.
- Additional investment in intelligent and automated cyber threat prevention and detection solutions, including behavioural analysis-based anti-malware tools and enhanced vulnerability scanning tools.
- Enhanced website and remote access security including enhanced multiple factor authentication and firewall protection.
- Implemented an immutable copy mechanism of critical data and secure recovery processes.
- Further improvements to the Company's enhanced data-loss-prevention tools, privileged access management and network access control.
- Work to focus on technical debt to remediate within client appetite and apply controls to drive risk down while initiatives deliver; and
- Continued reinforcement of stringent security policies and procedures, and increased awareness of key threats like phishing, fraud, suspicious pleas and communication through social media, text or calls.

Risk areas of continuing focus will be ensuring service standards are delivered in line with expectations, change and transformation agenda is delivered for the benefit Company's clients, employee retention is enhanced so that the Company attracts and retain the right talent, and financial crime standards remain in line with industry and market developments. The ongoing regulatory focus on areas such as Consumer Duty, Operational Resilience, Diversity and Inclusion will no doubt remain a feature in Company's consideration of future risks.

**Regulatory compliance**

The Company operates in a highly regulated environment, its principal regulator being the Financial Conduct Authority ("FCA"). The Company's clients are regulated by both the FCA and the Prudential Regulatory Authority ("PRA").

Both the Company and its clients have responsibility for regulatory compliance. Consequently, appropriate contractual arrangements are in place to provide clarity of respective responsibilities and information about regulatory matters flowing from the Company to its clients and vice-versa.

The Company operates a 'three lines of defence' governance model. The Compliance function provides 2nd line oversight of, and guidance to, the business in respect of regulatory compliance, and carries out a programme of monitoring activities to assess regulatory compliance in the 1st line. Compliance also oversees: the timely implementation of regulatory change; the operation of the Senior Managers & Certification Regime; the Training & Competence Scheme; the timely fulfilment of all regulatory reporting requirements for the Company, as a regulated entity. All regulatory reporting is up to date.

Compliance has regular and frequent dialogue with the Company's Supervision Team at the FCA, encompassing the FCA's programme of proactive engagement with the Company. This is focussed on areas which include:

- The Company's strategy and growth ambitions and the risks that growth plans bring to the business.
- Notifying FCA in a timely manner of any new client and the importance of ensuring sufficient operational and control capacity before taking on any new proposition.
- The effectiveness of the Company's Board. The Board has completed is annual review. The next independent triennial review of Board effectiveness will be initiated and completed by Q3 2023.
- The Board's composition and diversity.
- Capital adequacy stress testing and wind-down plans. Corporate Finance complete and submit monthly liquidity questionnaires. An amount of money has been ring-fenced as part of an FCA requirement for a liquidity backstop. Controls are in place to ensure that this is maintained.

- The programme of transformations (system migrations): risk management and decision making; how lessons learnt are shared across the programme.
- The need to keep under review and assess whether the size and capabilities of the Audit, Risk and Compliance functions are keeping pace with the rate of change and complexity of the business.

As part of FCA's programme of proactive engagement, the Company is also required to submit a range of management information. This includes Board level committee packs and minutes; risk committee packs and minutes; change committee packs; internal and external audit reports. All management information submissions are up to date.

Regular contact with the FCA on operational matters has continued. Regular meetings focus on providing the regulator with assurance in the following areas:

- The maintenance and improvement of customer service, with an emphasis on good customer outcomes following system migrations.
- Operational and IT resilience.
- Cyber and information security.
- Staff wellbeing.

The meetings are supported by management information reports, submitted in advance, covering the Company's service performance across client accounts. The compliance team tracks and closes any actions arising from these meetings.

Internal Audit provides 3rd line independent assurance on the effectiveness of Diligenta's first and second line of defence arrangements for corporate governance, risk management and internal control.

**Financial Risk Management**

The Company is exposed to financial risk through its financial assets & liabilities and its contractual obligations to its clients.

The Company does not use hedging for any type of transactions. The exposure of the Company to credit risk is managed through regular reviews of the level and age profiles of amounts outstanding.

The directors do not consider that the Company and its activities are subject to any other significant financial risks.

***Section 172(1) Statement***

The directors acknowledge their duty to promote the success of the Company for the benefit of its shareholders, employees, clients, and regulator, as well as the wider community in which it operates.

Several initiatives were introduced during the year to encourage greater levels of employee engagement, the development of a new strategic resourcing partnership being embedded. Significant challenges have been seen in the overall ability of the Company to retain and secure talent as a result of the very buoyant recruitment market in the UK and the very low levels of unemployment. Resourcing strategies during this year have remained flexible and an increase in support from the contractor market has been necessary in some key roles. Retention strategies have been deployed across key operational and business change areas in addition to market reviews for salaries in the Voice and Complaints functions. The Company has continued to enhance its employee communication intranet, the Hub, to facilitate the distribution of information about the Company and drive greater levels of collaboration across the business as the Company further support the continued remote working of employees.

Key requirements are:

- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the Company
- The impact of the Company's operations on the community and the environment
- The likely consequences of any decision in the long term

**Employee engagement and well-being:**

Employee engagement and proposition continue to be a key priority for the management team with retention and employee well-being at the centre of plans and execution. Several employee wellbeing initiatives are progressing. Corporate and local action plans were developed and are tracked for closures.

Employee forums have been a fundamental part of the Company's engagement with a specific focus on 'Wellbeing' forums and Company webinars to support the awareness of mental health and the importance of recognising both employee and team challenges, whilst working from home and in the office during the COVID-19 pandemic.

The Company has complied with its obligation to produce a Gender Pay Gap report, which has been reviewed by directors to identify any issues that require to be addressed.

A diversity and inclusion council, made up of management and workforce, has continued to meet to ensure that the Company represents a truly diverse and inclusive culture, that opportunities are provided for all employees and that the Company strives to be a workplace that is understanding and welcoming of its diverse population with inclusion for all evident at the heart of its operations and culture. Feedback and ideas have been sought from the workforce on suggestions for ways to improve processes and operations and many of the inputs have been implemented with positive results.

The Company has continued to expand its graduate engagement programme across a wider section of corporate functions and also continues to participate in the Government's apprenticeship levy scheme.

The directors have reviewed the financial position of the Company's defined benefits pension scheme and have continued to make the contributions, to ensure that the scheme's funding position remains strong.

On behalf of the Company's clients, the directors have supported the Company to develop and implement a new digital operating model, for delivery to its client's customers, in order to provide online access to their financial arrangements and products and to enhance the customer's access to important information.

The directors, through the executive management team, have engaged with clients to identify ways to improve their businesses, with the result that existing clients have entrusted the Company with significant new business opportunities, in particular the agreement reached to take on the administration of an open-book pensions portfolio which will see the Company progress into new lines of business in line with the Company's long-term strategy.

Engagement with clients is frequent, at all levels of the Company's hierarchy, to ensure a full understanding of the Company's clients' needs and to foster good client relations. Feedback is provided to directors by the executive management team, to ensure that feedback of the Company's performance is gained.

The directors receive and consider information and data, from external agencies, around its client's customer satisfaction with the services provided by the Company to ensure that standards are both maintained and improved.

The Company operates an annual charity partnership, raising funds through employee events which are fully supported by the Company.

The directors ensure that the Company's relationship with its regulator, the Financial Conduct Authority, is maintained and enhanced through regular interaction on all aspects of the Company's business. In this year, the Company has continued to participate fully in the regulator's evaluation of the Company's business which has seen several initiatives being implemented. The directors have considered all findings and have implemented such changes as were identified as being required.

**Business relationships with customers, suppliers and others:**

The Company's business relationships with its clients and suppliers are being maintained with high standards. Engagement with clients is frequent, at all levels of the Company's hierarchy, to ensure a full understanding of the Company's clients' needs and to foster good client relations and governance. On behalf of the Company's clients, the directors have supported the Company to develop and implement digitisation initiatives to enhance delivery to the client's customers, online access to their financial arrangements and products in order to enhance the customer's access to important information.

The Company promotes the culture of good customer outcomes whilst working with clients, suppliers and others. Directors receive and consider information and data, from external agencies, around the client's customer's satisfaction with the services provided by the Company to ensure that high standards are both maintained and improved.

**High standards of business conduct:**

**Culture:** The Company recognises culture as the main driver of its conduct. Directors are leading a culture which puts fair customer outcomes at the heart of the business. 'The Diligenta Way' sets out the Company's practices and values and the 10 key principles that guide how employees work. It promotes the appropriate culture and behaviours in support of good customer outcomes.

**SM&CR:** The Company continues to make good progress on the Senior Managers & Certification Regime (SM&CR). This has set out Conduct Rules that apply to employees who must receive annual training on how the rules apply to their roles. These Conduct Rules set basic standards of good personal conduct.

**Regulator:** The directors ensure that the Company's relationship with its regulator, the Financial Conduct Authority (FCA), is maintained and enhanced through regular and proactive interaction on all aspects of the Company's business. In this year, the Company has continued to participate fully in the regulator's evaluation of the Company's business which has seen a number of initiatives being implemented.

**Suppliers:** Full adherence of conflict-of-interest policy is in place at all management levels. The Company reviews and assesses its payment practices regarding suppliers' invoices and these are biannually reported on the Gov.UK website. The Company has clear processes in place, which the directors monitor, to ensure settlement of the Company's liabilities are made promptly in line with agreed timescales. The directors review and approve the Company's Procurement and Supplier Management policy regularly.

**The need to act fairly as between members of the Company (i.e., TCS):**

The Company recognises the need to meet the dividend expectations of its sole shareholder, Tata Consultancy Services Limited (TCS). TCS is regularly informed about performance, developments, and the various initiatives within the Company.

**The impact on the community and the environment:**

The Company prioritised 'environmental sustainability' initiatives on account of the rapid acceleration in climate change and environmental degradation across the globe. The Company also provides priority to compliance with modern day slavery and health & safety requirements of employees.

The Company operates an annual charity partnership, raising funds through employee events which are fully supported by the Company. The Company has continued to operate a graduate engagement programme and participates in the Government's apprenticeship levy scheme.

**Decisions in the long term:**

The Company is operating with five-year plans and an annual operating plan (AOP) which demonstrates its strategic planning. Various aspects are considered while making strategic decisions and these are: growth, investment vs return, locations, sustainability, impact on the community, etc.

The directors receive feedback from the Company's executive management team, to assess the progress of various long term initiatives seeking views and inputs. Regular information is shared with the directors to enable appropriate decisions and actions to be taken quickly where trends are identified.

The directors, along with the executive management team, have engaged with clients to identify ways to improve their businesses, with the result that existing clients have entrusted the Company with significant new business opportunities, in particular to take on the administration of an open-book pensions portfolio which will see the Company progress into new lines of business in line with the Company's long-term strategy.

Approved by the Board and signed on its behalf by:

**Daniel Praveen**
Chief Executive Officer

Lynch Wood
Peterborough
Cambridgeshire
PE2 6FY

30 March 2023

# DIRECTORS' REPORT

The directors have pleasure in presenting their annual report of the Company, together with the financial statements and auditor's report for the year ended 31 December 2022. The monetary amounts are reported in GBP (£) and are rounded to the nearest thousand.

Details of the results for the year ended 31 December 2022 and the comparative year are set out in the financial statements and the related notes.

### Principal Activities

The principal activity of the Company is the provision of a range of life and pension administration services to the UK Financial Services sector.

## Dividends

No dividend payment is recommended for the year ended 31 December 2022 (2021: £Nil).

### Directors

The Directors, who served through the year, were as follows:

N G Subramaniam
D Praveen
R Reid
M Arthur
S Muthuswami
S McInnes (appointed on 12 December 2022)

### Directors' Indemnities

The Company's parent undertaking Tata Consultancy Services Limited, has made qualifying third-party indemnity provisions for the benefit of all directors which were made during the period and remain in force at the date of this report.

### Employees

The Company has an established practice of keeping its employees informed of matters affecting them and the financial and economic factors affecting the performance of the Company. This is achieved through comprehensive engagement and consultative communication, involving regular meetings between management and employees and information releases both formally and through team communications and employee portals. The Company operates a 'zero tolerance' approach towards acts of bribery and corruption. The Company will not engage in any form of bribery or corrupt behaviour and will take firm and vigorous action against any individual who does not comply with this policy. This may involve disciplinary action being taken, which the Company will normally treat as gross misconduct, which may lead to dismissal, and legal action where appropriate. This action would be taken irrespective of whether criminal proceedings are pursued by the authorities. It is the policy of the Company that training, career development and promotion opportunities are available to all employees.

The Company is committed to providing equal opportunities to all employees irrespective of their sex, age, sexual orientation, marital status, religion, race, or disability. It is the Company's policy to give positive consideration to disabled persons with respect to applications for employment, training, career development and promotion, having regard to each individual's particular aptitudes and abilities.

### Employee Engagement

The Company operates different employee engagement initiatives, including interactions with various bespoke employee/ management forums, trade union and regulatory committee representatives, on an on-going basis that recognises and respects each other's separate and shared aims in the context of building a successful business. The Company recognises Unite the Union as the negotiating body for all its employees within the Bargaining Unit in various forms, each locational site having different recognition agreements from an information and consultation perspective applicability.

In summary, the Company and the employee representatives always seek to work together in a spirit of co-operation, wherever possible. This is achieved by timely and transparent communication, consulting, and sharing of information, as well as listening and recognising the joint interests all parties have in making the Company a successful company and place to work.

The Company recognises that open and timely sharing of relevant information, including movements in the markets in which the Company operates, is fundamental to creation of trust and confidence required to underpin the on-going relationship. The last financial year has seen a particularly challenging time from a macroeconomic perspective with Industrial unrest in several sectors. The Unions across all industry sectors have taken a much more active role in helping their members overcome the financial hardship faced by many. In this regard, Unite the Union, which is the dominant union in the Company have requested to help its members and the wider staff with the cost-of-living crisis and award an inflation matching pay rise. To put it in context, the majority of the Company's workforce is non-unionised and only 3 of its 11 sites are subject to collective bargaining agreements. The Company has continued to maintain very cordial relationship with the Unite the Union, which has the most significant membership and with Accord which has a smaller membership. The Company continues to engage with both unions regarding the Pay offer and have been involved in several constructive discussions over the year, The company also paid One off cost-of-living payments to all eligible employees during CY22.

All employee representatives recognise they are likely to become privy to confidential information and all employee representatives have agreed to maintain the confidentiality of any information provided to them until they are advised that this information can be disclosed to any third parties, including other union members, members of staff or management.

**Engagement with Customers, Suppliers, and others in a business relationship with the Company**

The directors have had regard to the need to foster the Company's business relationships with suppliers, clients, and others. Please refer to the detailed discussion under the Section 172(1) Statement, within the Strategic Report, on pages 16.3 to 16.8.

**Creditor Payment Policy**

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with. The Company publishes its Payments Practices Report biannually on the Gov.UK website.

**Reporting in accordance with the Wates Corporate Governance principles for large Private Companies (the "Wates Principles")**

The Company has applied the Wates Principles guidance in its entirety in the financial year ended 31 December 2022 and the report is set out below.

***Purpose and Leadership***

The directors ensure that the Company operates with a clear sense of purpose and collective vision by the continued publication of the Company's values to all stakeholders and through statements and communications issued by the Chief Executive Officer (CEO) and his Executive Management Team. The directors have continued to hold dialogue with the workforce and wider stakeholders, through trade union information and consultation, management forums and the participation of the workforce in voluntary bespoke confidential surveys. The directors, through the CEO, have provided updates and corporate messages to the workforce via the Company's intranet, through town hall sessions and through regular cascade messages to the workforce through the management team.

The Company's purpose and values have been explained and integrated into the different functions and operations of the business in a robust manner. The objective setting process forms the backbone of setting and adherence to the Company's core values, and these have continued to be reinforced via the intranet as well as through publicity material visible throughout the Company's sites. The Company has continued to monitor culture by conducting employee surveys, engagement with trade unions, reviewing absenteeism rates, conducting exit interviews and undertaking Board feedback sessions. The directors have led on the establishment of transparent whistleblowing policies in relation to raising concerns about misconduct and unethical practices and put in place effective review processes.

***Board Composition***

The directors, collectively, have continued to demonstrate an excellent understanding of the Company's business needs and stakeholder interests. The Company's Board is constituted of individuals with a wide range of industry and subject expertise. The chairman promotes open debate and facilitates constructive discussion. This enables the Board to be an open forum for discussion where varied views are tabled, and challenge is issued to the executive team on various matters. The chairman ensures that all directors have appropriate information, and that sufficient time is made available for meaningful discussion. Detailed inputs are provided five working days before the Board meets and meetings take place quarterly with sufficient time being allowed for discussion of issues to be covered. The Company has a commitment to the ongoing professional development of its directors who embrace such opportunities and ensure that they have sufficient time to discharge their duties.

The Company's policy on diversity and inclusion is underpinned throughout all the Company's corporate policies in both spirit and practice, inclusive of a bespoke diversity and inclusion council which drives this agenda forward.

#### *Directors' Responsibilities*

The directors have established and maintained corporate governance practices that provide clear lines of responsibility for individual directors, including the non-executive directors, to support effective decision-making. The Company has a full suite of policies that it reviews regularly against a number of criteria, including regulation, best practice and alignment to client policies, which govern its internal affairs. Policies have formally assigned owners who are responsible to the Board. The directors have established formal and robust internal processes to ensure systems and controls are operating effectively, and that the quality and integrity of information provided to it is reliable.

The directors have agreed and set out how conflicts of interest should be identified and managed within the Company, through a conflicts of interest policy which is tested across the whole workforce every year.

#### *Opportunity and Risk*

The directors have continued to consider and assess how the Company creates and preserves value over the long-term. The Company has processes for the identification of future opportunities for innovation and entrepreneurship by operating in a variety of ways to ensure it remains innovative, including via market learning, in forums with its clients and by way of benefitting from the very extensive knowledge-based innovation of its parent company, Tata Consultancy Services Limited.

The directors have oversight of risk, how it is managed and appropriate accountability to stakeholders. There are clear areas of responsibility for individual directors, including for the non-executive directors, and all have identified areas of oversight over the key stakeholders and managers of the business. The directors have established formal and robust internal processes to ensure systems and controls are operating effectively, and that the quality and integrity of information provided to them is reliable.

#### *Remuneration*

Remuneration for directors and senior managers is aligned with performance, behaviours, and the achievement of Company purpose, values, and strategy. The Company utilises specialist external agencies to provide pay comparability methodologies to assist with determining remuneration throughout the Company.

In setting director and senior manager remuneration, consideration has been given to remuneration throughout the organisation to reinforce a sense of shared purpose. The directors have established clear policies on remuneration structures and practices which enable effective accountability to shareholders, taking account of the broader operating context, including the pay and conditions of the wider workforce and the Company's response to such matters as gender pay gap and the living wage.

#### *Stakeholder Relationships and Engagement*

The Company considers how its activities may impact both current and future stakeholders, including how these could impact on the environment in everything it does. This is carried out by consideration being given to the proposed activities at management and Board meetings before any initiative is implemented. Once implemented, the Company reviews and amends, as required, the Company's policies and seeks periodic inputs via workforce surveys; formal governance and feedback surveys with clients; end customer satisfaction results and analysis; regular meetings and audits with regulators.

The Company presents to stakeholders a fair, balanced, and understandable assessment of the Company's position and prospects and makes this available through intranet communications and messages from executive management and, results of workforce surveys.

The directors ensure that there is a range of formal and informal channels in place to receive appropriate feedback from discussions with stakeholders. Workforce policies and practices are aligned with the Company's purpose and values.

### Donations

The Company made £0.03 million donations to charitable organisations in the year (2021: £Nil).

### Political contributions

The Company made no political donations and incurred no political expenditure during the year (2021: £Nil). .

### Streamlined Energy and Carbon Reporting

The Company has gathered information on Gas and Electricity from supplies during the financial year to 31 December 2022. Transport emissions have increased this year due to more travel being possible following the previous Covid 19 situation.

The Streamlined Energy and Carbon Reporting disclosure presents the Company's carbon footprint inside the UK across Scopes 1, 2 and 3 together with an appropriate intensity metric.

The total energy use from electricity and gas and a summary of actions taken during this financial year are set out below.

| | kWh | Kg $CO^2$ | $CO^2$ emissions tonnes | Intensity ratio (tonnes $CO^2$e/per full time employee) |
|---|---|---|---|---|
| Emissions from combustion of gas (Scope 1 – tonnes of $CO^2$e) | 3,246 | 593 | 0.593 | 0.0001 |
| Total Scope 1 | 3,246 | 593 | 0.593 | 0.0001 |
| Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of $CO^2$e) | 423,867 | 81,967 | 81.97 | 0.0155 |
| Total Scope 2 | 423,867 | 81,967 | 81.97 | 0.0155 |
| Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of $CO^2$e) | 219,620 | 51,605 | 51.6 | 0.0010 |
| Total Scope 3 | 219,620 | 51,605 | 51.6 | 0.0010 |
| Total gross $CO^2$e based on above | 646,733 | 134,165 | 134.163 | 0.0166 |
| Total Intensity ratio (kg$CO^2$e/per full time employee) | | 25.50 | | |

***Actions summary***

The Company is committed to reducing carbon emissions through operational and technological improvements, wherever possible, including by way of example:

- The continued use of video conference communication to reduce business miles.
- Where possible, incentivising the selection of more fuel-efficient vehicles to electric or electric hybrid vehicles.
- The introduction of staff engagement initiatives and internationally recognised standards of Environmental Management.

The Company's head office location achieved ISO 14001:2015 in this reporting period.

***Methodology***

The conversion factors for greenhouse gas reporting published by the Department for Business, Energy & Industrial Strategy for 2022 are used for reporting.

| **Reporting Period** | **1st January 2022 – 31st December 2022** |
|---|---|
| Organisational boundary | Financial control approach |
| Alignment with financial reporting | SECR disclosure has been prepared in line with the annual accounts made up to 31 December 2022 |
| Emissions factor source | Department for Business, Energy & Industrial Strategy published Conversion Factors 2022 |
| Calculation method | Activity Data x Emission Factor = GHG emissions |
| Intensity Metric choice | The chosen metric is based on the number of full-time employees – (5,260 employees) versus our total carbon output, this is felt to be the most relevant way to measure our emissions as it is a typical methodology for professional services organisations. |

**Scope 1**

***Natural Gas***

Quantified consumption from automatic metering, invoices and manual meter reads from each property supplied. Where there are estimates, the Company's energy management team have generated these by forward projecting (pro-rata extrapolation) the consumption using previous performance in the reporting period.

**Scope 2**

***Electricity***

Quantified consumption readings from automatic metering, invoices and manual meter reads from each property supplied. Where there are estimates the energy management team have projected (pro-rata extrapolation) consumption using the previous year performance. This does not include cross charged consumption from landlords.

**Scope 3**

***Business Travel***

Employees using their own vehicle – Mileage travelled for business purpose are reported in the expenses system and employees make claims for reimbursement. The Company reports distance travelled in miles. The recorded emission rate of each vehicle is not currently captured in the system. The Company has chosen to use the conversion factor for diesel until more data becomes available. The Company has excluded hire vehicles as mileage is not currently captured.

## Disclosure of information to auditor

The directors who held office at the date of approval of this director's report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## Other information

An indication of likely developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 18.3.

## Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

## Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. Further information on the adoption of the going concern basis is set out in Note 3(b) to these financial statements.

Approved by the Board and signed on its behalf by:

**Daniel Praveen**
Chief Executive Officer

Lynch Wood
Peterborough
Cambridgeshire
PE2 6FY

30 March 2023

## Statement of Director's Responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DILIGENTA LIMITED

## Opinion

We have audited the financial statements of Diligenta Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Profit or Loss and other Comprehensive Income, Statement of Financial Position, Statement of changes in Equity, Statement of Cash Flows, and related notes, including the accounting policies in the respective notes.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## Fraud and breaches of laws and regulations – ability to detect

***Identifying and responding to risks of material misstatement due to fraud***

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk of bias in accounting estimates such as percentage of completion for revenue recognition.
- We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries containing key words, those posted by individuals who are not authorized to post journal entries, those entries containing unusual pairings, and posting of backdated journal entries.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

***Identifying and responding to risks of material misstatement related to compliance with laws and regulations***

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non- compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and the Financial Conduct Authority (FCA) regulation of permitted activities and the related capital requirements due to the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

  We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 14, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Lynton Richmond (Senior Statutory Auditor)**
**for and on behalf of KPMG LLP, Statutory Auditor**
*Chartered Accountants*
15 Canada Square
Canary Wharf
London
E14 5GL

30 March 2023

# STATEMENT OF FINANCIAL POSITION

(£'000)

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Right-of-use assets | 8 | **7,654** | 7,804 |
| Property, plant, and equipment | 9(a) | **8,537** | 12,428 |
| Intangible assets | 9(b) | **2,961** | 3,276 |
| Deferred tax assets (net) | 12 | **3,969** | 2,380 |
| Income tax assets (net) | | **-** | 690 |
| Other financial assets | 7(d) | **18,200** | 18,200 |
| Other assets | 9(c) | **5,521** | 10,284 |
| Contract assets | 9(c) | **12,360** | 12,799 |
| **Total non-current assets** | | **59,202** | 67,861 |
| **Current assets** | | | |
| Other assets | 9(c) | **10,490** | 10,181 |
| Contract assets | 9(c) | **48,481** | 77,433 |
| Other financial assets | 7(d) | **15,360** | 5,708 |
| Unbilled receivables | | **22,449** | 19,444 |
| Trade receivables | 7(c) | **40,187** | 34,299 |
| Investments | 7(b) | **16,000** | 21,500 |
| Cash and cash equivalent | 7(a) | **18,301** | 572 |
| Income tax assets (net) | | **153** | - |
| **Total non-current assets** | | **171,421** | 169,137 |
| **TOTAL ASSETS** | | **230,623** | 236,998 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade payables | 7(f) | **79,868** | 83,436 |
| Lease liabilities | 7(f) | **3,056** | 4,375 |
| Other financial liabilities | 7(e) | **4,671** | 6,268 |
| Unearned and deferred revenue | | **800** | 600 |
| Employee benefit obligations | 13(a) | **1,575** | 1,810 |
| Other liabilities | 9(d) | **7,632** | 5,728 |
| **Total current liabilities** | | **97,602** | 102,217 |
| **Non-current liabilities** | | | |
| Lease liabilities | 7(f) | **4,794** | 3,900 |
| **Total non-current liabilities** | | **4,794** | 3,900 |
| **TOTAL LIABILITIES** | | **102,396** | 106,117 |
| **Equity** | | | |
| Share capital | 7(i) | **1,000** | 1,000 |
| Share premium | | **25,000** | 25,000 |
| Retained earnings | | **60,227** | 62,881 |
| Other reserve | 7(i) | **42,000** | 42,000 |
| **TOTAL EQUITY** | | **128,227** | 130,881 |
| **TOTAL LIABILITIES AND EQUITY** | | **230,623** | 236,998 |

The financial statements were approved by the Board of Directors and authorised for issue on 21 March 2023.

They were signed on its behalf by:

**Daniel Praveen**
Chief Executive Officer

Company registration number: 05535029

Date: 30 March 2023

Notes 1 to 19 form part of the financial statements



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## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(£'000)

| | Note | Year ended December 31,2022 | Year ended December 31, 2021 |
|---|---|---|---|
| **REVENUE FROM OPERATIONS** | 10 | **390,743** | 383,440 |
| **Operating expenses:** | | | |
| Employee benefits expenses | 13 | **(185,296)** | (176,947) |
| Depreciation and amortisation expense | 9(a),9(b) | **(7,866)** | (7,531) |
| Right of use assets depreciation | 8 | **(4,238)** | (4,198) |
| Other operating expenses | 11 | **(192,404)** | (180,025) |
| **Total operating expenses** | | **(389,804)** | (368,701) |
| **OPERATING PROFIT** | | **939** | 14,739 |
| **OTHER INCOME / (EXPENSE):** | | | |
| Finance and other income | | **741** | 50 |
| Interest on lease liabilities | | **(241)** | (253) |
| Other gains/loss (net) | | **(58)** | (34) |
| **TOTAL OTHER INCOME / (EXPENSE)** | | **442** | (237) |
| **PROFIT BEFORE TAX** | | **1,381** | 14,502 |
| Tax expense | 12 | **(219)** | (1,895) |
| **PROFIT FOR THE YEAR** | | **1,162** | 12,607 |
| **OTHER COMPREHENSIVE INCOME (OCI)** | | | |
| **Items that will not be reclassified subsequently to profit or loss:** | | | |
| Remeasurement of defined employee benefit plans | | **(5,088)** | 2,022 |
| Deferred tax on remeasurement of defined employee benefit plans | | **1,272** | (506) |
| **TOTAL OTHER COMPREHENSIVE (LOSSES) / INCOME, NET OF TAXES** | | **(3,816)** | 1,516 |
| **TOTAL COMPREHENSIVE (LOSSES) / INCOME FOR THE YEAR** | | **(2,654)** | 14,123 |

Notes 1 to 19 form part of the financial statements

## STATEMENT OF CHANGES IN EQUITY

(£'000)

| | Share capital | Share premium | Other reserve | Retained earnings | Total Equity |
|---|---|---|---|---|---|
| Balance at 1 January 2021 | 1,000 | 25,000 | 42,000 | 53,758 | 121,758 |
| Profit for the year | - | - | - | 12,607 | 12,607 |
| Other comprehensive income | - | - | - | 1,516 | 1,516 |
| **Total comprehensive income** | - | - | - | 14,123 | 14,123 |
| Dividend | - | - | - | (5,000) | (5,000) |
| **Balance at 31 December 2021** | **1,000** | **25,000** | **42,000** | **62,881** | **130,881** |
| **Balance at 1 January 2022** | **1,000** | **25,000** | **42,000** | **62,881** | **130,881** |
| Profit for the year | **-** | **-** | **-** | **1,162** | **1,162** |
| Other comprehensive income | **-** | **-** | **-** | **(3,816)** | **(3,816)** |
| **Total comprehensive income** | **-** | **-** | **-** | **(2,654)** | **(2,654)** |
| **Balance at 31 December 2022** | **1,000** | **25,000** | **42,000** | **60,227** | **128,227** |

Other reserve of £42,000,000 (2021: £42,000,000) relates to a capital redemption reserve following the redemption of preference shares in previous years. This is a non–distributable reserve.

Notes 1 to 19 form part of the financial statements

## STATEMENT OF CASH FLOWS

(£'000)

| | Note | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit for the year | | **1,162** | 12,607 |
| Tax expense | 12 | **219** | 1,895 |
| **Adjustment to reconcile profit or loss to net cash provided by operating activities:** | | | |
| Depreciation and amortisation expense | 8, 9(a) ,9(b) | **12,104** | 11,729 |
| Finance costs | | **241** | 253 |
| Dividend income | | **(630)** | (1) |
| Loss on modification of lease | | **(12)** | - |
| **Operating profit before working capital changes** | | **13,084** | 26,483 |
| **Net change in:** | | | |
| Trade receivables | | **(5,888)** | (5,189) |
| Unbilled receivables | | **(3,005)** | (11,250) |
| Other financial assets | | **(15,152)** | (23,626) |
| Other assets | | **28,758** | 6,180 |
| Trade payables | | **(3,568)** | (994) |
| Unearned and deferred revenue | | **200** | 68 |
| Other financial liabilities | | **(1,597)** | (828) |
| Other liabilities and provisions | | **1,669** | (1,676) |
| **Cash generated / (used in) from operations** | | **14,501** | (10,832) |
| Taxes paid (net of refunds) | | **-** | (3,420) |
| **Net cash (used in) / generated from operating activities** | | **14,501** | (14,252) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of investments | | **(170,000)** | (107,200) |
| Payment for purchase of property, plant and equipment | 9(a) | **(3,660)** | (5,069) |
| Proceeds from disposal / redemption of investments | | **181,000** | 114,700 |
| Dividend received | | **630** | 1 |
| **Net cash generated from investing activities** | | **7,970** | 2,432 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividend paid | | **-** | (5,000) |
| Repayment of lease liabilities | | **(4,569)** | (4,344) |
| Interest paid | | **(173)** | (263) |
| **Net cash used in financing activities** | | **(4,742)** | (9,607) |
| **Net change in cash and cash equivalents** | | **17,729** | (21,427) |
| Cash and cash equivalents at the beginning of the year | | **572** | 21,999 |
| **Cash and cash equivalents at the end of the year** | | **18,301** | 572 |

Notes 1 to 19 form part of the financial statements

## Notes forming part of the Financial Statements

### 1. GENERAL INFORMATION

The Company is incorporated in the United Kingdom under the Companies Act. The address of the registered office is Lynch Wood, Peterborough, Cambridgeshire PE2 6FY and Company registration number is 05535029. The nature of the Company's operations and its principal activities are set out in the strategic and directors' reports.

### 2. STATEMENT OF COMPLIANCE

The Company financial statements have been prepared and approved by the directors in accordance with UK-adopted international accounting standards ("UK-adopted IFRS").

### 3. (A) BASIS OF PREPARATION

These financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows have been prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flows from operating activities. The cash flows from operating, investing, and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional and reporting currency of the company is GBP (£). Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the consolidated financial statements have been discussed in the respective notes.

### (B) GOING CONCERN

The directors have reviewed the budget and cash flow forecasts of the Company, taking account of reasonably possible downsides, for a period of not less than 12 months from the date of approval of these financial statements which indicate that the Company will have sufficient funds, through its operating cash flows and liquid investments to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### 4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the recognition and measurement principles of International Financial Reporting Standards (IFRS) requires management to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

**a) Revenue recognition**

Revenue for fixed-price contracts is recognised using the percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation..

**b) Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**c) Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances, and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**d) Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events, and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation, or a reliable estimate of the amount cannot be made.

**e) Employee benefits**

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under the employee benefits note.

**f) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## 5 NATURE AND PURPOSE OF RESERVES

**a) Retained earnings**

This reserve represents undistributed accumulated earnings of the Company as on the date of statement of financial position.

**b) Share Premium**

Share premium is used to record the premium on issue of shares.

**c) Other reserve**

Other reserve relates to a capital redemption reserve following the redemption of preference shares in previous years. This is a non-distributable reserve.

## Notes forming part of the Financial Statements

### 6. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective :

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1] |
| Amendments to IFRS 16 | Lease Liability in a sale and Leaseback[2] |
| Amendments to IAS 1 | Non-current Liabilities with Covenants[2] |

[1]Effective for annual periods beginning on or after January 1, 2023.

[2]Effective for annual periods beginning on or after January 1, 2024.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

**IFRS 16 - Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 1 – Non-current Liabilities with Covenants**

In October 2022, IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Company does not expect the amendments to have any significant impact on its classification of non-current liabilities in its statement of financial position.

For IAS 1 and IAS 8, the Company does not expect this amendment to have any significant impact in its financial statements.

For IAS 12, the Company will evaluate the impact, if any, in its financial statements.

### 7. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

The Company holds money ring-fenced in a deposit account as part of FCA requirement. The same is reported under Other non-current financial assets as "Restricted cash".

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit or loss.

The Company has deposits into Mutual Funds which are classified as financial assets measured through profit or loss. The Mutual Funds have a standard value of per unit which is the reference for any gains or losses on the holding. There has been no gain or loss on the holding of Mutual Funds.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

## Notes forming part of the Financial Statements

### a) Cash and cash equivalents

Cash and cash equivalents are held in a banking institution with a credit rating of AA- (Standard & Poor's) and consist of the following:

(£'000)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Cash in hand and at banks | **18,301** | 572 |
| | **18,301** | 572 |

### b) Investments

Investments consist of the following:

**Investments - Current**

(£'000)

| **Investments carried at fair value through profit or loss** | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Mutual fund units | **16,000** | 21,500 |
| **Total** | **16,000** | 21,500 |

The mutual fund balances are deposits in a fund with daily liquidity, where the aim is to provide investors with security of capital together with an investment return which is comparable to normal Sterling-denominated money market interest rates.

### c) Trade receivables

Trade receivables consist of the following:

(£'000)

| **Trade receivables – Current** | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade receivables | **40,187** | 34,299 |
| Less: Allowance for doubtful trade receivables | **-** | - |
| **Total** | **40,187** | 34,299 |

### d) Other financial assets

Other financial assets consist of the following:

(£'000)

| **Other financial assets – Current** | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Advance against Investments | **15,000** | 5,500 |
| Employee loans and advances | **194** | 131 |
| Security deposits | **1** | 7 |
| Sub lease receivable* | **-** | 70 |
| Interest receivable | **165** | - |
| **Total** | **15,360** | 5,708 |

(£'000)

| **Other financial assets – Non-Current** | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Restricted cash with bank ** | **18,200** | 18,200 |
| **Total** | **18,200** | 18,200 |

* Sub lease receivable relates to monies owned on the St Vincent Street premises in Glasgow (as per IFRS 16)..

** Money ring-fenced as part of FCA requirement for a liquidity backstop in a deposit account and is not available for working capital requirements

**e) Other financial liabilities**

Other financial liabilities consist of the following:

(£'000)

| **Other financial liabilities – Current** | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Accrued payroll | **4,671** | 6,268 |
| **Total** | **4,671** | 6,268 |

**f) Financial instruments by category**

The carrying value of financial instruments by categories as at 31 December 2022 is as follows:

(£'000)

| **Financial assets** | Fair value through profit or loss | Amortised cost | Total carrying value |
|---|---|---|---|
| Cash and cash equivalents | **-** | **18,301** | **18,301** |
| Trade receivables | **-** | **40,187** | **40,187** |
| Investments | **16,000** | **-** | **16,000** |
| Unbilled receivables | **-** | **22,449** | **22,449** |
| Other financial assets | **-** | **33,560** | **33,560** |
| **Total** | **16,000** | **114,497** | **130,497** |
| **Financial liabilities** | | | |
| Trade payables | **-** | **79,868** | **79,868** |
| Lease liability | **-** | **7,850** | **7,850** |
| Other financial liabilities | **-** | **4,671** | **4,671** |
| **Total** | **-** | **92,389** | **92,389** |

## Notes forming part of the Financial Statements

The carrying value of financial instruments by categories as at 31 December 2020 is as follows:

(£'000)

| Financial assets | Fair value through profit or loss | Amortised cost | Total carrying value |
|---|---|---|---|
| Cash and cash equivalents | - | 572 | 572 |
| Trade receivables | - | 34,299 | 34,299 |
| Investments | 21,500 | - | 21,500 |
| Unbilled receivables | - | 19,444 | 19,444 |
| Other financial assets | | 23,908 | 23,908 |
| **Total** | 21,500 - | 78,223 | 99,723 |
| **Financial liabilities** | | | |
| Trade payables | - | 83,436 | 83,436 |
| Finance lease liability | - | 8,275 | 8,275 |
| Other financial liabilities | - | 6,268 | 6,268 |
| **Total** | - | 97,979 | 97,979 |

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at 31 December 2022 and 2021 approximate the fair value. The difference between carrying amounts and fair values of earmarked balances with banks, other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented. Fair value measurement of lease liabilities is not required.

£65.9 million of the trade payables balances represents amounts due to related undertaking (2021: £60 million).

### g) Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required:

**As at 31 December 2022**

(£'000)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Mutual fund units | **16,000** | **-** | **-** | **16,000** |
| **Total** | **16,000** | **-** | **-** | **16,000** |

**As at 31 December 2021**

(£'000)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Mutual fund units | 21,500 | - | - | 21,500 |
| **Total** | 21,500 | - | - | 21,500 |

The Company has not disclosed the fair values of financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair value.

**h) Financial risk management**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

**i Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company looks to mitigate the market risk by agreeing terms predominantly in the functional currency, securing fixed price borrowings and liquid investment.

**(a) Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have a potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.

The Company's transactions are mainly in GBP, hence its exposure to foreign currency exchange rate risk is limited.

**(b) Interest rate risk**

The Company is not significantly exposed to interest rate risk.

**ii. Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled on a continuous basis by analysing credit limits and creditworthiness of customers to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investments, cash and cash equivalents and other financial assets. Investments include an amount of £31,500,000 held as mutual funds. None of the other financial instruments of the Company result in a material concentration of credit risk.

**(a) Exposure to credit risk**

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was £191,336,000 and £189,955,000 as at 31 December 2022 and 31 December 2021, respectively, being the total of the carrying amount of balances with banks with high quality credit rating, investments, trade receivables, unbilled receivables, contract assets and other financial assets.

The Company's exposure to credit risk with regards to trade receivables, unbilled receivables and contract assets is influenced mainly by the individual characteristics of each customer in relation to the industry practices and business environment in which they operate. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 365 days for its customers after which they are in default (credit impaired). To manage this risk, the Company has a robust Credit Management process

## Notes forming part of the Financial Statements

in place. The Company has adopted a policy of dealing only with creditworthy counterparties. The Company's exposure to the counterparties is continuously monitored and necessary changes to the credit terms are made. None of the customer balances have been written off and no customer balances have been credit impaired at the reporting date.

The following customers form more than 10% of outstanding trade receivables, unbilled receivables and contract assets as at 31 December 2022 and 31 December 2021:

(£'000)

| | As at 31 December 2022 | | As at 31 December 2021 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Customer A | **14,936** | **12.10** | 36,009 | 25.01 |
| Customer B | **42,306** | **34.26** | 40,057 | 27.82 |
| Customer C | **51,238** | **41.50** | 46,911 | 32.58 |

**Geographic concentration of credit risk**

Geographic concentration of trade receivables (gross and net of allowances), unbilled receivables and contract assets is as follows:

| | As at 31 December 2022 | | As at 31 December 2021 | |
|---|---|---|---|---|
| | Gross % | Net % | Gross % | Net % |
| United Kingdom | **100** | **100** | 100 | 100 |

Geographical concentration of trade receivables, unbilled receivables and contract assets is allocated based on the location of the customers.

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. The expected credit loss allowance is based on the ageing of the days the receivables are due and are as follows:

**As at 31 December 2022**

(£'Mn)

| | Weighted average loss rate | Gross carrying amount* | Provision balance adjusted | Net Amount | Loss amount | Credit impaired |
|---|---|---|---|---|---|---|
| **Ageing** | | | | | | |
| Not Due | **0%** | **28.45** | **-** | **28.45** | **-** | **-** |
| 1-90 days | **0%** | **2.15** | **-** | **2.15** | **-** | **-** |
| 91-180 days | **0%** | **-** | **-** | **-** | **-** | **-** |
| 181-272 days | **0%** | **-** | **-** | **-** | **-** | **-** |
| 273-364 days | **100%** | **-** | **-** | **-** | **-** | **-** |
| >365 days | **100%** | **-** | **-** | **-** | **-** | **-** |
| **TOTAL** | | **30.60** | **-** | **30.60** | **-** | **-** |

**As at 31 December 2021(Restated)****

(£'Mn)

| | Weighted average loss rate | Gross carrying amount* | Provision balance adjusted | Net Amount | Loss amount | Credit impaired |
|---|---|---|---|---|---|---|
| **Ageing** | | | | | | |
| Not Due | 0% | 29.44 | - | 29.44 | - | - |
| 1-90 days | 0% | 1.81 | - | 1.81 | - | - |
| 91-180 days | 0% | - | - | - | - | - |
| 181-272 days | 0% | - | - | - | - | - |
| 273-364 days | 100% | - | - | - | - | - |
| >365 days | 100% | - | - | - | - | - |
| **TOTAL** | | 31.25 | - | 31.25 | - | - |

* Gross carrying amount excludes inter-company receivables and is net of money received & credit memos that are pending application

** In the prior year the "Provision balance adjusted" column included credit notes that had been issued during that year. These should have been offset against the gross receivable as they do not constitute an expected credit loss provision but rather a reduction in the amounts contractually due from customers. The comparative has been restated to offset these credit notes against the related receivable balances. This also includes a re-ageing of £1.76Mn of credit notes from "91-180 days" to "Not due", to offset the receivables to which they relate. This restatement has not impacted any primary statements or other notes for the year ended 31 December 2021.

### iii. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at 31 December 2022:

(£'000)

| | Due 1st year | Due 2nd year | Due 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| **Non derivative financial liabilities:** | | | | | |
| Trade payables | **79,868** | **-** | **-** | **-** | **79,868** |
| Lease liability | **3,075** | **2,610** | **2,590** | **-** | **8,275** |
| Other financial liabilities | **4,671** | **-** | **-** | **-** | **4,671** |
| **Total** | **87,614** | **2,610** | **2,590** | **-** | **92,814** |

## Notes forming part of the Financial Statements

The tables below provide details regarding the contractual maturities of significant financial liabilities as at 31 December 2021:

(£'000)

| | Due 1st year | Due 2nd year | Due 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| **Non derivative financial liabilities:** | | | | | |
| Trade payables | 83,436 | - | - | - | 83,436 |
| Lease liability | 4,377 | 2,180 | 1,827 | - | 8,384 |
| Other financial liabilities | 6,268 | - | - | - | 6,268 |
| **Total** | 94,081 | 2,180 | 1,827 | - | 98,088 |

### i) Equity instruments

The authorised, issued, subscribed and fully paid-up share capital consist of the following:

(£'000)

| | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|
| **a) Authorised** | | |
| Ordinary equity shares 2,000,000 of £1 each | **2,000** | 2,000 |
| Redeemable preference shares 50,000,000 of £1 each | **50,000** | 50,000 |
| **b) Issued, Subscribed and Paid Up** | | |
| 1,000,001 ordinary equity shares of £1 each | **1,000** | 1,000 |

Other reserve of £42,000,000 (2021: £42,000,000) relates to a capital redemption reserve following the redemption of preference shares in previous years. This is a non-distributable reserve.

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans, long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

The Company is required by the Financial Conduct Authority (FCA) to hold sufficient resources to undertake regulated activities on behalf of its clients. As a regulated firm, the Company has a robust governance framework in place, underpinned by several governance committees which report into the Risk Management and Compliance Committee, the Board Audit Committee and ultimately to the Board of Directors. There was no revision in the regulatory capital requirement during the year and no change since the year end; it stands at £27m.

**Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having nominal value of £1 each. Each member has one vote for every share of which he is the holder. The Company may by ordinary resolution declare dividends in accordance with the respective rights of members. Every dividend shall be distributed to the appropriate shareholder pro rata according to the number of shares held by them. The Company may by ordinary resolution appropriate a sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of a dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

## 8. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset representing its right-to-use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the

commencement date over the shorter of lease term or its useful life. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses an incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

**Company as a lessor**

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. .

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 Revenue from contracts with customers to allocate the consideration in the contract.

## Notes forming part of the Financial Statements

The details of the right-of-use asset held by the Company are as follows:

(£'000)

| | Additions for the year ended December 31, 2022 | Net Carrying amount as at December 31, 2022 |
|---|---|---|
| Buildings | **4,265** | **7,396** |
| Office equipment | **-** | **258** |
| **Total** | **4,265** | **7,654** |

(£'000)

| | Additions for the year ended December 31, 2021 | Net Carrying amount as at December 31, 2021 |
|---|---|---|
| Buildings | 1,032 | 7,405 |
| Office equipment | - | 399 |
| **Total** | 1,032 | 7,804 |

Depreciation on right-of-use asset is as follows:

(£'000)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Buildings | **4,096** | 4,056 |
| Vehicles | **-** | 1 |
| Office equipment | **142** | 141 |
| **Total** | **4,238** | 4,198 |

Amounts recognised in the statement of profit and loss:

(£'000)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Depreciation | **4,238** | 4,198 |
| Interest on lease liability | **241** | 253 |
| Expense relation to short term lease and lease of low value asset | **120** | 63 |
| **Total** | **4,599** | 4,514 |

(£'000)

| Amount recognised in statement of cash flow**:** | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Total cash outflow for leases | **4,862** | 4,667 |

The Company has no lease term extension options as at 31 December 2022. The present value of the future cash outflows for such extension period was £5.09 million as at 31 December 2021.

Lease contracts entered into by the Company largely relate to buildings taken on to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent.

## 9. NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES

### a) Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight-line basis so as to expense the cost less residual values over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of asset | Method | Useful lives |
|---|---|---|
| Leasehold improvements | Straight-line | Lease term |
| Computer equipment | Straight-line | 4 years |
| Furniture and fixtures | Straight-line | 5 years |
| Office equipment and other assets | Straight-line | 5 years |

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

Property, plant and equipment consist of the following:

(£'000)

| | Computer equipment | Leasehold improvements | Capital work in progress | Total |
|---|---|---|---|---|
| **Cost as at 1 January 2022** | **37,146** | **1,395** | **482** | **39,023** |
| Additions | **3,125** | **-** | **-** | **3,125** |
| Transfer | **-** | **-** | **(319)** | **(319)** |
| **Cost as at 31 December 2022** | **40,271** | **1,395** | **163** | **41,829** |
| Accumulated Depreciation as at 1 January 2022 | **25,652** | **943** | **-** | **26,595** |
| Depreciation for the year | **6,438** | **259** | **-** | **6,697** |
| **Accumulated Depreciation as at 31 December 2022** | **32,090** | **1,202** | **-** | **33,292** |
| **Net carrying amount as at 31 December 2022** | **8,181** | **193** | **163** | **8,537** |

## Notes forming part of the Financial Statements

(£'000)

| | Computer equipment | Leasehold improvements | Capital work in progress | Total |
|---|---|---|---|---|
| Cost as at 1 January 2021 | 34,426 | 1,395 | 37 | 35,858 |
| Additions | 2,720 | - | 445 | 3,165 |
| **Cost as at 31 December 2021** | 37,146 | 1,395 | 482 | 39,023 |
| Accumulated Depreciation as at 1 January 2021 | 19,091 | 657 | - | 19,748 |
| Depreciation for the year | 6,561 | 286 | - | 6,847 |
| **Accumulated Depreciation as at 31 December 2021** | 25,652 | 943 | - | 26,595 |
| **Net carrying amount as at 31 December 2021** | 11,494 | 452 | 482 | 12,428 |

### b) Other intangible assets

Intangible assets purchased are measured at cost as at the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of pre-contract costs, rights under licensing agreement and software licences.

The following table summarises the nature of intangibles and their estimated useful lives.

| Nature of intangible | Useful lives |
|---|---|
| Pre-contract costs | 10-12 years |
| Software licence | License period |
| Rights under licensing agreement | 2-5 years |

Intangible assets are amortised on a straight-line basis over the period of its economic useful life

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

Intangible assets consist of the following:

(£'000)

| | Rights under licensing agreement and software licences |
|---|---|
| Cost as at 1 January 2022 | **8,809** |
| Additions | **854** |
| **Cost as at 31 December 2022** | **9,663** |
| Accumulated amortisation as at 1 January 2022 | **5,533** |
| Amortisation for the year | **1,169** |
| **Accumulated amortisation as at 31 December 2022** | **6,702** |
| **Net carrying amount as at 31 December 2022** | **2,961** |

(£'000)

| | Rights under licensing agreement and software licences |
|---|---|
| Cost as at 1 January 2021 | 6,905 |
| Additions | 1,904 |
| **Cost as at 31 December 2021** | 8,809 |
| Accumulated amortisation as at 1 January 2021 | 4,849 |
| Amortisation for the year | 684 |
| **Accumulated amortisation as at 31 December 2021** | 5,533 |
| **Net carrying amount as at 31 December 2021** | 3,276 |

**c) Other assets**

Other assets consist of the following:

(£'000)

| **Other assets – Current** | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|
| Indirect tax recoverable | **698** | 230 |
| Prepaid expenses | **2,309** | 2,323 |
| Contract fulfilment costs * | **7,483** | 7,628 |
| | **10,490** | 10,181 |
| Contract assets | **48,481** | 77,433 |
| **Total** | **58,971** | 87,614 |

(£'000)

| **Other assets – Non -Current** | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|
| Prepaid expenses | **61** | 81 |
| Contract fulfilment costs * | **4,103** | 4,248 |
| Net pension asset – refer note 13b | **1,357** | 5,955 |
| | **5,521** | 10,284 |
| Contract assets | **12,360** | 12,799 |
| **Total** | **17,881** | 23,083 |

* Contract fulfilment costs of £9,907k and £12,996k for the years ended 31 December 2022 and 2021, respectively, have been amortised in the profit or loss.

## Notes forming part of the Financial Statements

### d) Other liabilities

(£'000)

| Other liabilities – Current | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|
| Indirect tax payable and other statutory liabilities | **7,081** | 5,694 |
| Advances received from customers | **503** | - |
| Sundry liabilities | **48** | 34 |
| **Total** | **7,632** | 5,728 |

## 10. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on an output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using the percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues includes the cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third-party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue from the sale of distinct third-party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for the supply of such third-party products is recorded either on a gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer respectively.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of the distinct performance obligations involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how a customer consumes benefits as services are rendered or who controls the asset as it is being created or the existence of an enforceable right to payment for performance to date and any alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there are billings in excess of revenue.

The billing schedules agreed with customers include periodic performance-based payments and / or milestone-based progress payments. Invoices are payable within a contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or the transaction price of an existing obligation could undergo a change. In the event the transaction price is revised for an existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

The Company generates revenue through the supply of outsourcing services to the UK Financial Services sector primarily in the Life and Pension industry.

Revenue disaggregation by nature of services is as follows:

(£'000)

| | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Consultancy services | **390,743** | 383,440 |
| **Total** | **390,743** | 383,440 |

Revenue disaggregation by industry vertical is as follows:

(£'000)

| | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Banking, financial services and insurance | **390,743** | 383,440 |
| **Total** | **390,743** | 383,440 |

## Notes forming part of the Financial Statements

Revenue disaggregation by geography is as follows:

(£'000)

| | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| United Kingdom | **390,743** | 383,440 |
| **Total** | **390,743** | 383,440 |

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event-based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is £149,203,538 out of which 34.86% is expected to be recognised as revenue in next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows:

(£'000)

| | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **90,232** | 89,387 |
| Invoices raised that were included in the contract assets balance at the beginning of the year | **(57,096)** | (44,791) |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | **27,705** | 45,636 |
| **Balance at the end of the year** | **60,841** | 90,232 |

Changes in unearned and deferred revenue are as follows:

(£'000)

| | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **600** | 532 |
| Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year | **-** | (532) |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year | **200** | 600 |
| **Balance at the end of the year** | **800** | 600 |



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## 11. COST RECOGNITION

The costs of the Company are broadly categorised into employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include remuneration, allowances, contribution to various funds and staff welfare expenses. Other operating expenses primarily include fees to external consultants, project expenses, software expenses, facility expenses, travel expenses, communication expenses, and other expenses.

**Expenses by nature**

(£'000)

| | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Employee benefit expenses | **185,296** | 176,947 |
| Project expenses | **99,227** | 105,103 |
| Software expense | **19,538** | 18,219 |
| Fees to external consultants and others | **38,024** | 26,247 |
| Facility expenses | **7,936** | 6,577 |
| Depreciation and amortisation expense | **7,866** | 7,531 |
| Right of use assets depreciation | **4,238** | 4,198 |
| Travel expenses | **1,036** | 139 |
| Communication expenses | **7,077** | 6,903 |
| Other expenses | **19,566** | 16,837 |
| **Total** | **389,804** | 368,701 |

Refer note 13 for function wise bifurcation of employee cost.

**Auditor's remuneration:**

(£'000)

| | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| As auditor * | **160** | 145 |
| As adviser | | |
| - Other assurance services | **15** | 91 |
| **Total** | **175** | 236 |

* This includes a portion of fee paid by the Company's immediate Parent Company to the auditor's associate in India.

## 12. INCOME TAXES

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**Current income taxes**

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the year end date.

Advance taxes and provisions for current income taxes are presented in the statements of financial position after off-setting advance tax paid and income tax provision.

## Notes forming part of the Financial Statements

**Deferred income taxes**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The income tax expense consists of the following:

(£'000)

| **Current tax** | **Year ended 31 December 2022** | **Year ended 31 December 2021** |
|---|---|---|
| Current tax charge | **536** | 2,951 |
| Prior period adjustment | **-** | 26 |
| | **536** | 2,977 |
| **Deferred tax** | | |
| Deferred tax expense | **216** | (1,082) |
| Deferred tax pertaining to prior periods | **(533)** | - |
| | **(317)** | (1,082) |
| **Income tax expense** | **219** | 1,895 |

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit or loss is as follows:

(£'000)

| | **Year ended 31 December 2022** | **Year ended 31 December 2021** |
|---|---|---|
| Profit before tax | **1,381** | 14,502 |
| Statutory income tax rate | **19%** | 19% |
| Expected income tax expense | **262** | 2,755 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense** | | |
| Income exempt from tax | **59** | 47 |
| Tax on income at different rates | **(646)** | (938) |
| Prior period adjustment | **533** | 26 |
| Disallowable expenses | **11** | 5 |
| **Income tax expense** | **219** | 1,895 |

In the March 2023 Spring Budget, it was announced that the main rate of UK corporation tax will increase from 19% to 25% with effect from 1 April 2023. This will have an impact on the Company's future tax charge. The deferred tax assets and liabilities at 31 December 2022 have been calculated based on these rates.

Deferred tax balance on defined benefit plan has been calculated at 25% basis the Company's intention to buy-out the plan with an insurance company to secure all benefits at an appropriate time.

Significant components of net deferred tax assets and liabilities for the year ended 31 December 2022 are as follows:

(£'000)

| | Opening balance | Recognised in profit or loss | Recognised in / other comprehensive income | Closing Balance |
|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | | |
| Property, plant and equipment and intangible assets | **2,981** | **472** | **-** | **3,453** |
| Provision for employee benefits and compensated absences | **(1,036)** | **(181)** | **1,272** | **55** |
| IFRS 16 | **63** | **-** | **-** | **63** |
| Others | **372** | **26** | **-** | **398** |
| **Total deferred tax assets / (liabilities)** | **2,380** | **317** | **1,272** | **3,969** |

(£'000)

| **As at 31 December 2022** | Assets | Liabilities | Total |
|---|---|---|---|
| Property, plant and equipment and intangible assets | **3,453** | **-** | **3,453** |
| Provision for employee benefits and compensated absences | **394** | **(339)** | **55** |
| IFRS 16 | **63** | **-** | **63** |
| Others | **398** | **-** | **398** |
| **Total deferred tax asset / (liabilities)** | **4,308** | **(339)** | **3,969** |

Significant components of net deferred tax assets and liabilities for the year ended 31 December 2021 are as follows:

(£'000)

| | Opening balance | Recognised in profit or loss | Recognised in / other comprehensive income | Closing Balance |
|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | | |
| Property, plant and equipment and intangible assets | 1,739 | 1,242 | - | 2,981 |
| Provision for employee benefits and compensated absences | (294) | (236) | (506) | (1,036) |
| IFRS 16 | 63 | - | - | 63 |
| Others | 296 | 76 | - | 372 |
| **Total deferred tax assets / (liabilities)** | 1,804 | 1,082 | (506) | 2,380 |

## Notes forming part of the Financial Statements

(£'000)

| As at 31 December 2021 | Assets | Liabilities | Total |
|---|---|---|---|
| Property, plant and equipment and intangible assets | 2,981 | - | 2,981 |
| Provision for employee benefits and compensated absences | 453 | (1,489) | (1,036) |
| IFRS 16 | 63 | - | 63 |
| Others | 372 | - | 372 |
| **Total deferred tax asset / (liabilities)** | 3,869 | (1,489) | 2,380 |

## 13. EMPLOYEE BENEFITS

**Defined benefit plans**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the date of each statement of financial position. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Past service cost, both vested and unvested, is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the statement of financial position represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

The Directors believe there is a right to recognise a pension surplus on an accounting basis under the Trust deeds and rules. The Directors do not believe that the surplus in the Pension scheme on an accounting basis will result in a surplus on an actuarial funding basis. However, the Directors are required to account for the plans based on the Group's legal right to benefit from a surplus, using long-term actuarial funding assumptions current at the reporting date, as required by IFRS and IFRIC 14. This is a technical adjustment made on an accounting basis. There is no cash benefit from the surplus.

**Defined contribution plans**

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

**Compensated absences**

Compensated absences that are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an undiscounted liability at the date of statement of financial position.

**Employee benefit expenses consist of the following:**

(£'000)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Salaries, incentives and allowances | **156,105** | 150,937 |
| Social security and pension costs | **25,926** | 23,231 |
| Staff welfare expenses | **3,265** | 2,779 |
| **Total** | **185,296** | 176,947 |



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(£'000)

| The average number of employees was as follows: | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Administration | **5,141** | 5,000 |

Employee benefit obligations consist of the following:

**a) Employee benefit obligations - Current**

(£'000)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Compensated absences | **1,575** | 1,810 |
| **Total** | **1,575** | 1,810 |

**b) Employee benefit obligations – Non - Current**

(£'000)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Net defined benefit pension asset | **1,357** | 5,955 |
| **Total** | **1,357** | 5,955 |

**Defined contribution scheme**

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total cost charged to the profit and loss account of £11,186,622 (2021: £11,248,627) represents contributions payable to these schemes.

**Employee benefit plans**

The following table sets out the details of the defined benefit retirement plans and the amount recognised in the financial statements.

The Company operates a defined benefit pension scheme for the benefit of certain employees. The scheme is closed to new joiners. During 2007/8 certain employees transferred under Transfer of Undertaking (Protection of Employment) TUPE to Tata Consultancy Services Limited (TCS). Limited. Therefore, the pension scheme is a group scheme. As a majority of staff remained within the Company and consolidated accounts including TCS are not available in the UK, the pension scheme has been reported fully in these financial statements.

The plan closed to future accrual on 04 April 2014 with current active members receiving a deferred pension in the plan.

The pension scheme assets are held in a separate trustee administered fund to meet long term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation.

Costs and liabilities of the scheme are based on actuarial valuations. The latest full actuarial valuation was carried out as of 31 March 2021 and updated to 31 December 2022 by a qualified independent actuary.

The Company contributes to the scheme expenses and makes contributions to achieve the scheme secondary funding target of self-sufficiency.

## Notes forming part of the Financial Statements

The movement in the present value of defined benefit obligations during the year were as follows:

(£'000)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Plan liabilities at the beginning of the year | **37,889** | 40,967 |
| Interest costs | **676** | 506 |
| Actuarial loss on liabilities | **(14,786)** | (2,679) |
| Benefits paid from plan assets | **(701)** | (905) |
| **Plan liabilities at the end of the year** | **23,078** | 37,889 |

The movement in the fair value of scheme assets during the year was as follows:

(£'000)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Fair value of assets at the beginning of the year | **43,844** | 44,479 |
| Actuarial return on assets | **(19,203)** | (225) |
| Employer contributions | **495** | 495 |
| Benefits paid | **(701)** | (905) |
| **Fair value of assets at the end of the year** | **24,435** | 43,844 |

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

(£'000)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Fair value of assets | **24,435** | 43,844 |
| Present value of scheme liabilities | **(23,078)** | (37,889) |
| **Net pension asset** | **1,357** | 5,955 |

The analysis of the scheme assets at the balance sheet date was as follows:

(£'000)

| | Fair value of assets | |
|---|---|---|
| | As at December 31, 2022 | As at December 31, 2021 |
| Bonds | **1,376** | 15,858 |
| Cash | **2,420** | 2,382 |
| Diversified Growth Funds | **10,960** | 12,312 |
| Liability Driven Investment | **9,679** | 13,292 |
| **Total** | **24,435** | 43,844 |

The amounts charged to the profit and loss account in the year were:

(£'000)

| | Year ended December 31, 2022 | Year ended 31 December 2021 |
|---|---|---|
| Current scheme expenses | **115** | 121 |
| **Total** | **115** | 121 |

Other finance cost comprises:

(£'000)

| | Year ended December 31, 2022 | Year ended 31 December 2021 |
|---|---|---|
| Interest on plan liabilities | **676** | 506 |
| Expected return on assets in the plan | **(786)** | (553) |
| **Total** | **(110)** | (47) |

The amount recognised in the other comprehensive income is:

(£'000)

| | Year ended December 31, 2022 | Year ended 31 December 2021 |
|---|---|---|
| Actual return less interest on pension scheme assets | **(19,874)** | (657) |
| Change in the assumptions underlying the present value of the scheme liabilities | **14,786** | 2,679 |
| Total before adjustment for tax | **(5,088)** | 2,022 |
| Adjustment for tax | **1,272** | (506) |
| **Total (loss) / gain recognised in the statement of comprehensive income** | **(3,816)** | 1,516 |

The cumulative amount of actuarial gains and losses recognised in other comprehensive income since the creation of the pension scheme is £1,419,500 (December 2021: £5,235,000).

The main assumptions used by the actuary were:

(% p.a.)

| | 31 December 2022 % p.a. | 31 December 2021 % p.a. |
|---|---|---|
| Discount rate | **4.70** | 1.80 |
| Rate of increase of pensions in payment | **2.65** | 2.80 |
| Retail Price Index (RPI) inflation | **3.20** | 3.40 |

The Company has updated its approach since the prior year to setting its CPI inflation assumptions in light of the RPI reform consultation published on the 25th November 2020 by the UK Chancellor and UK Statistics Authority.

Based on the discount of 4.70% the estimate duration of the defined benefit obligation as at December 2022 is 15 years.

Estimated contributions to be made to the plan by the Company in the year ending 31 December 2023 amount to £495k. This estimate is in line with the annual employer contribution of £495k, made up of funding contributions of £375k and scheme expenses of £120k, that was approved by the Board in April 2019.

## Notes forming part of the Financial Statements

### Risks associated with the pension scheme

The defined benefit scheme exposes the Company to various risks, with the key risks set out below:

**Asset volatility:** the plan's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields, however the plan invests significantly in Diversified Growth Funds ('DGFs'). These assets are expected to outperform corporate bonds in the long-term but provide volatility and risk in the short-term.

**Changes in bond yields:** a decrease in corporate bond yields would increase the plan's defined benefit obligation, however this would be offset by an increase in the value of the plan's LDI assets. Although the LDI assets are linked with gilt yields, there is still expected to be a strong correlation with corporate bond yields.

**Inflation risk:** a significant proportion of the plan's defined benefit obligation is linked to inflation, therefore higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place). The majority of the plan's LDI assets are also correlated with inflation and therefore changes to inflation would have minor impacts on the plan's funding.

**Life expectancy:** if plan members live longer than expected, the plan's benefits will need to be paid for longer, increasing the plan's defined benefit obligation.

The trustees manage risks in the plan through the following strategies:

- Diversification: investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.
- Investment strategy: the trustees are required to review their investment strategy on a regular basis.

### Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions while holding other assumptions constant would have affected the defined benefit obligation by the amounts shown below.

(£'000)

| | December 31, 2022 Increase | December 31, 2022 Decrease | December 31, 2021 Increase | December 31, 2021 Decrease |
|---|---|---|---|---|
| Discount rate (0.5% movement) | **(1,615)** | **1,846** | (3,410) | 4,168 |
| RPI Inflation (0.5% movement) | **692** | **(923)** | 1,137 | (1,516) |
| Assumed life expectancy (1 year) | **462** | **-** | 1,137 | - |

### Assumptions

The mortality assumptions have been updated based on the preliminary results of the 2022 actuarial valuation (but using a best estimate assumption) and are consistent with the previous period.

### Expected Lifetime at 31 December 2022

The expected lifetime of a participant who is age 60 and the expected lifetime (from age 60) of a participant who will be aged 60 in 20 years are shown in years below

| Age | Males | Females |
|---|---|---|
| **60** | 26.2 | 28.3 |
| **60 in 20 years** | 27.4 | 29.4 |

Movement in related deferred tax liability:

(£'000)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Related deferred tax liability at beginning of year | **(1,489)** | (651) |
| Recognised through profit and loss account | **(93)** | (332) |
| Recognised through statement of comprehensive income | **1,272** | (506) |
| **Related deferred tax liability at end of year** | **(310)** | (1,489) |

Projected benefits payable in future years from the end of the current year:

(£'000)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| 1st following year | **561** | 486 |
| 2nd following year | **607** | 484 |
| 3rd following year | **809** | 551 |
| 4th following year | **810** | 723 |
| 5th following year | **895** | 724 |
| Years 6 to 10 | **6,053** | 5,001 |

The movement in the surplus during the year was:

(£'000)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Surplus in the plan at the beginning of the year | **5,955** | 3,512 |
| Current service costs | **(115)** | (121) |
| Contributions paid | **495** | 495 |
| Other finance income | **110** | 47 |
| Actuarial gain / (loss) | **(5088)** | 2,022 |
| **Surplus in the plan at the end of the year** | **1,357** | 5,955 |

## 14. DIRECTORS REMUNERATION

Remuneration in respect of directors during the year was as follows:

(£'000)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Emoluments (excluding pension contributions) | **433** | 528 |
| Company contributions to defined contribution schemes | **13** | 12 |
| | **446** | 540 |

During the period, no directors (2021: none) participated in defined benefit pension schemes and one director (period ended 31 December 2021: one) participated in money purchase pension schemes.

## Notes forming part of the Financial Statements

The emoluments disclosed in the notes to these accounts are in respect of the directors with qualifying services for the Company and in relation to those directors comprises their total emoluments in respect of services to the Company.

(£'000)

| Highest paid director's remuneration: | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Aggregate amount of emoluments (excluding pension contributions) | **360** | 458 |
| Pension contributions to defined contribution schemes | **13** | 12 |
| | **373** | 470 |

## 15. COMMITMENTS AND CONTINGENCIES

### Commitments

The Company has contractually committed £25,484 and £672,215 as at 31 December 2022 and 2021, respectively, for purchase of property, plant and equipment.

### Contingencies

The Company has no material contingencies to the best knowledge of the directors as at 31 December 2022 and 31 December 2021.

## 16. RELATED PARTY TRANSACTIONS

The Company's principal related parties consist of its holding company Tata Consultancy Services Limited (TCS Limited), its subsidiaries, key managerial personnel, directors and their dependents. All transactions are conducted on normal commercial terms and settled through cash payments / receipts. None of the balances are secured. No expense has been recognised in the current or prior period for bad or doubtful debts in respect of amounts owed by related parties.

(£'000)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Services received from TCS Limited | **93,153** | 100,476 |
| Services provided to TCS Limited | **11,402** | 3,676 |
| Expenses recharged to TCS Limited | **5,529** | 1,269 |
| Expenses recharged by TCS Limited | **2,445** | 2,581 |
| Dividend paid to TCS Limited | **-** | 5,000 |
| Services received from TCS Ireland Limited | **471** | 117 |

(£'000)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Amounts due from TCS Limited | **9,084** | 3,286 |
| Amounts owed to TCS Limited | **65,629** | 59,964 |
| Amounts owed to TCS Ireland Limited | **169** | 117 |

Tata Communications Limited ("TCOM") is fellow subsidiary of TCS Limited and Titan Company Limited ("TITAN") is associate of holding company of TCS Limited. The following transactions and balances are all conducted on an arm's length basis and settled through cash payments.

(£'000)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Services received from TCOM | **913** | 1,404 |
| Services received from TITAN | **-** | 3 |

(£'000)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Services received from TITAN | **86** | - |

There are no amounts owed to or due from TITAN as at 31 December 2022.

## 17. SUBSEQUENT EVENTS

There are no adjusting or non-adjusting post balance sheet event that require disclosure.

## 18. PARENT UNDERTAKINGS

The Company's immediate parent undertaking and controlling entity is Tata Consultancy Services Limited ("TCS"), a Company incorporated in India which is registered as a foreign company in the United Kingdom. The registered office is 9th Floor, Nirmal Building, Nariman Point, Mumbai, 400 021, India. The Company's ultimate parent undertaking and controlling entity is Tata Sons Private Limited whose registered office is Bombay House, 24 Homi Mody Street, Mumbai, 400 001, India. The smallest and largest company accounts in which these results are consolidated are TCS and Tata Sons Private Limited respectively.



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# TATA AMERICA INTERNATIONAL CORPORATION

**(Company Registration Number: 13-2805758)**

## FINANCIAL STATEMENTS

**For the year ended**
**March 31, 2023**

# FINANCIAL STATEMENTS OF TATA AMERICA INTERNATIONAL CORPORATION

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# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF**
**TATA AMERICA INTERNATIONAL CORPORATION**

**Report on the Audit of the Financial Statements**

## Opinion

We have audited the financial statements of Tata America International Corporation ("the Company"), which comprise the statement of financial position as at March 31, 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board ('IFRS Standards').

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 those charged with governance 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.

Mumbai, India
Date: May 19, 2023

**For KPMG**
Chartered Accountants

## Statement of Financial Position

(in millions of USD)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 8 | **0.57** | 0.90 |
| Investments | 9(a) | **46.58** | 36.50 |
| Trade receivables | | | |
| Billed | 10 | **401.57** | 330.55 |
| Unbilled | | **6.19** | 1.83 |
| Other financial assets | 11(a) | **1.75** | 1.44 |
| Other assets | 16(c) | **9.24** | 7.28 |
| **Total current assets** | | **465.90** | 378.50 |
| **Non-current assets** | | | |
| Investments | 9(b) | **3.54** | 3.73 |
| Other financial assets | 11(b) | **1.27** | 1.20 |
| Deferred tax assets (net) | 20 | **10.49** | 12.44 |
| Property, plant and equipment | 16(a) | **24.58** | 24.26 |
| Intangible asset[1] | 16(b) | **-** | - |
| Right-of-use assets | 15 | **80.37** | 96.27 |
| Other assets | 16(c) | **0.13** | - |
| **Total non-current assets** | | **120.38** | 137.90 |
| **TOTAL ASSETS** | | **586.28** | 516.40 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade payables | | **181.74** | 181.10 |
| Lease liabilities | | **17.13** | 16.68 |
| Other financial liabilities | 12 | **88.15** | 39.41 |
| Unearned and deferred revenue | | **1.50** | 3.45 |
| Employee benefit obligations | 21(a) | **13.40** | 13.68 |
| Provisions | | **0.01** | - |
| Income tax liabilities (net) | | **8.64** | 6.13 |
| Other liabilities | 16(d) | **0.25** | 2.88 |
| **Total current liabilities** | | **310.82** | 263.33 |
| **Non-current liabilities** | | | |
| Lease liabilities | | **75.85** | 92.15 |
| Employee benefit obligations | 21(b) | **0.03** | 0.03 |
| **Total non-current liabilities** | | **75.88** | 92.18 |
| **TOTAL LIABILITIES** | | **386.70** | 355.51 |
| **Equity** | | | |
| Share capital | 14 | **0.20** | 0.20 |
| Share premium | | **1.26** | 1.26 |
| Retained earnings | | **198.12** | 159.43 |
| **TOTAL EQUITY** | | **199.58** | 160.89 |
| **TOTAL LIABILITIES AND EQUITY** | | **586.28** | 516.40 |

[1]The net carrying amount of intangible asset as at March 31, 2023 and March 31, 2022 is less than USD 0.01 million.

**See accompanying notes to financial statements**

## Statement of Profit or Loss and Other Comprehensive Income

(in millions of USD)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Revenue** | 17 | **67.73** | 51.44 |
| **Commission - agency services** | 17 | **542.34** | 456.60 |
| **TOTAL REVENUE** | | **610.07** | 508.04 |
| **Expenses** | | | |
| Employee benefits expenses | 21 | **326.59** | 284.26 |
| Depreciation and amortisation expense | 16(a) & 15 | **22.37** | 22.18 |
| Other expenses | 18 | **112.13** | 82.31 |
| **Total expenses** | | **461.09** | 388.75 |
| **OPERATING PROFIT** | | **148.98** | 119.29 |
| **Other income / (expense)** | | | |
| Finance and other income | 19(a) | **14.10** | 14.10 |
| Finance costs (net) | 19(b) | **(3.28)** | (3.52) |
| Other (losses) / gains (net) | 19(c) | **0.04** | 0.04 |
| **Other income / (expense) (net)** | | **10.85** | 10.62 |
| **PROFIT BEFORE TAXES** | | **159.83** | 129.91 |
| Income tax expense | 20 | **40.95** | 33.41 |
| **PROFIT FOR THE YEAR** | | **118.88** | 96.50 |
| **OTHER COMPREHENSIVE INCOME (OCI)** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Net change in fair value of investments in equity shares carried at fair value through OCI | | **(0.19)** | (0.59) |
| **TOTAL OTHER COMPREHENSIVE LOSSES** | | **(0.19)** | (0.59) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **118.69** | 95.91 |

**See accompanying notes to financial statements**

## Statement of Changes in Equity

(in millions of USD, except share data)

| | Number of shares | Equity Share capital | Share premium | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **BALANCE AS AT APRIL 1, 2021** | 20,000 | 0.20 | 1.26 | 158.52 | 159.97 |
| Profit for the year | - | - | - | 96.50 | 96.50 |
| Other comprehensive income / (Losses) | - | - | - | (0.59) | (0.59) |
| **TOTAL COMPREHENSIVE INCOME** | - | - | - | 95.91 | 95.91 |
| Dividend (including tax on dividend of USD 14.25 million) | - | - | - | (95.00) | (95.00) |
| **BALANCE AS AT MARCH 31, 2022** | 20,000 | 0.20 | 1.26 | 159.43 | 160.87 |
| **BALANCE AS AT APRIL 1, 2022** | **20,000** | **0.20** | **1.26** | **159.43** | **160.87** |
| Profit for the year | **-** | **-** | **-** | **118.88** | **118.88** |
| Other comprehensive income / (Losses) | **-** | **-** | **-** | **(0.19)** | **(0.19)** |
| **TOTAL COMPREHENSIVE INCOME** | **-** | **-** | **-** | **118.69** | **118.69** |
| Dividend (including tax on dividend of USD 12 million) | **-** | **-** | **-** | **(80.00)** | **(80.00)** |
| **BALANCE AS AT MARCH 31, 2023** | **20,000** | **0.20** | **1.26** | **198.12** | **199.58** |

**See accompanying notes to financial statements**

## Statement of Cash Flows

(in millions of USD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit for the year | **118.88** | 96.50 |
| **Adjustment to reconcile profit or loss to net cash generated from operating activities:** | | |
| Depreciation expense | **22.37** | 22.18 |
| Income tax expense | **40.95** | 33.41 |
| Bad debts and advances written (back)off, allowances for doubtful trade receivables and advances (net) | **0.91** | (0.03) |
| Dividend accrued on mutual fund | **(0.07)** | - |
| Net gain on lease modification | **(0.03)** | - |
| **Operating profit before working capital changes** | **183.01** | 152.06 |
| **Net change in:** | | |
| Trade receivables | | |
| Billed | **(71.82)** | (91.07) |
| Unbilled | **(4.36)** | (1.02) |
| Other financial assets | **(0.33)** | 2.13 |
| Other assets | **(2.08)** | (0.43) |
| Trade payables and provisions | **0.64** | 107.84 |
| Unearned and deferred revenue | **(1.95)** | 1.08 |
| Other financial liabilities | **49.04** | (3.62) |
| Other liabilities | **(2.91)** | (4.26) |
| **Cash generated from operations** | **149.24** | 162.71 |
| Taxes paid (net of refunds) | **(36.49)** | (29.22) |
| **Net cash generated from operating activities** | **112.74** | 133.49 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payment for purchase of investments | **(521.00)** | (362.50) |
| Proceeds from disposal/redemption of investments | **511.00** | 335.00 |
| Payment for purchase of property, plant and equipment | **(6.49)** | (1.32) |
| **Net cash generated used in investing activities** | **(16.49)** | (28.82) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Repayment of lease liability | **(16.58)** | (14.70) |
| Dividend paid (including tax on dividend) | **(80.00)** | (95.00) |
| **Net cash used in financing activities** | **(96.58)** | (109.70) |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | **(0.33)** | (5.03) |
| Cash and cash equivalents at the beginning of the year | **0.90** | 5.93 |
| **Cash and cash equivalents at the end of the year** | **0.57** | 0.90 |
| **SUPPLEMENTARY CASH FLOW INFORMATION** | | |
| Interest paid | **3.28** | 3.52 |
| Interest Received | **0.13** | 0.45 |

**See accompanying notes forming part of the financial statements**

## Notes to Financial Statements

### 1. CORPORATE INFORMATION

Tata America International Corporation ("the Company") entered into a sales and marketing service agreement with Tata Consultancy Services Limited [TCS or the parent company] effective 1st April 2018, wherein the Company acts as non-exclusive sales and marketing service provider to market its services in the US. The Company's functions included sales, pre-sales and marketing activities, market research, identifying & pursuing customers, etc.

Additionally, the Company enters into contracts with customers for provision of consulting-led integrated portfolio of information technology (IT) and IT-enabled services and sub-contracts the execution of such work to its parent company TCS, an Indian Corporation.

The Company is incorporated and domiciled in the Unites States of America. The address of its corporate office is Tata America International Corporation, 101, Park Avenue, 26th floor, New York 10178. As at March 31, 2023, Tata Consultancy Services Ltd owned 100 percent of the Company's equity share capital.

The financial statements were approved by the Board of Directors and authorized for issue on May 19, 2023.

### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB).

### 3. BASIS OF PREPARATION

The financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortized cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional currency of the company is United States Dollar (USD). Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

### 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the recognition and measurement principles of International Financial Reporting Standards (IFRS) requires management to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

**a. Revenue Recognition**

Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**b. Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**c. Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**d. Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**e. Provision and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to assess contingent liabilities. Contingent liabilities are recognized when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

**f . Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.



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## Notes to Financial Statements

### 5. NATURE AND PURPOSE OF RESERVES

**a. Retained earnings**

This reserve represents undistributed accumulated earnings of the Company as on the date of statement of financial position.

**b. Share premium**

Share premium is used to record the premium on issue of shares.

### 6. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies[1]

Amendments to IAS 8 Definition of Accounting Estimates[1]

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

Amendments to IFRS 16 Lease Liability in a sale and Leaseback[2]

Amendments to IAS 1 Non-current Liabilities with Covenants[2]

Amendments to IAS 1 Classification of Liabilities[2]

[1]Effective for annual periods beginning on or after January 1, 2023.

[2]Effective for annual periods beginning on or after January 1, 2024.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

**IFRS 16- Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The company does not expect this amendment to have any significant impact in its financial statements.

**IAS 1 – Non-current Liabilities with Covenants**

In October 2022, IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The company does not expect the amendments to have any significant impact on its classification of non-current liabilities in its statement of financial position

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

## 7. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

Tata America International Corporation considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortized cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognized by the Company are recognized at the proceeds received net of direct issue cost.

## Notes to Financial Statements

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

### 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

(in millions of USD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash at banks | **0.57** | 0.90 |
| **Total** | **0.57** | 0.90 |

### 9. INVESTMENTS

Investments consist of the following:

**(a) Investments – Current**

(in millions of USD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Investments carried at fair value through profit or loss** | | |
| Mutual fund units | **46.58** | 36.50 |
| **Total** | **46.58** | 36.50 |

**(b) Investments – Non-current**

(in millions of USD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Investments designated at fair value through OCI (FVT OCI)** | | |
| Equity shares | **17.50** | 17.50 |
| Less : Permanent impairment FVTOCI Investments | **(13.96)** | (13.77) |
| **Total** | **3.54** | 3.73 |

The Company impaired USD 0.19 million in March 31, 2023 (USD 0.59 million in March 31, 2022) out of its total USD 7.5 million investment in FCM, LLC, based on the losses incurred till date and visibility on its earning capability in future years.

The movement in fair value of investments carried / designated at fair value through OCI is as follows:

(in millions of USD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **3.73** | 4.32 |
| Net loss arising impairement on investments in equities carried at fair value through other comprehensive income. | **(0.19)** | (0.59) |
| **Balance at the end of the year** | **3.54** | 3.73 |

## 10. TRADE RECEIVABLES - BILLED

Trade receivables consist of the following:

(in millions of USD)

| **Trade receivables - Billed - Current** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables - Billed | **405.17** | 343.77 |
| Less: Allowance for doubtful trade receivables - Billed | **(3.60)** | (13.22) |
| **Total** | **401.57** | 330.55 |

Trade receivables include balances with related parties (Refer note 23).

## 11. OTHER FINANCIAL ASSETS

Other financial assets consist of the following:

**(a) Other financial assets - Current**

(in millions of USD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Employee loans and advances | **0.21** | 0.22 |
| Volume discount receivable* | **1.50** | 1.09 |
| Others | **0.04** | 0.13 |
| **Total** | **1.75** | 1.44 |

*Volume discount receivable include balances with related parties (Refer note 23)

**(b) Other financial assets – Non-current**

(in millions of USD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Security deposits | **0.46** | 0.45 |
| Utility deposits | **0.81** | 0.75 |
| **Total** | **1.27** | 1.20 |

## Notes to Financial Statements

### 12. OTHER FINANCIAL LIABILITIES

Other financial liabilities consist of the following:

**Other financial liabilities – Current**

(in millions of USD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Capital creditors | **0.65** | 0.37 |
| Liabilities towards customer contracts | **2.58** | 1.81 |
| Accrued payroll | **38.67** | 35.83 |
| Security deposits | **-** | 0.00 |
| Liability towards related party * | **46.25** | 1.40 |
| **Total** | **88.15** | 39.41 |

* Liability towards related party is due to assignment agreement where customer paid the money to the Company instead of TCS on account of which the Company is now liable to pay TCS the said amount.

### 13. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying value of financial instruments by categories as at March 31, 2023 is as follows:

(in millions of USD)

| | Fair value through Profit or Loss | Fair value through Other Comprehensive Income | Amortised cost | Total carrying value |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | **-** | **-** | **0.57** | **0.57** |
| Trade receivables | | | | |
| Billed | **-** | **-** | **401.57** | **401.57** |
| Unbilled | **-** | **-** | **6.19** | **6.19** |
| Investments | **46.58** | **3.54** | **-** | **50.12** |
| Other financial assets | **-** | **-** | **3.02** | **3.02** |
| **Total** | **46.58** | **3.54** | **411.35** | **461.47** |
| **Financial liabilities** | | | | |
| Trade payables | **-** | **-** | **181.74** | **181.74** |
| Lease liabilities | **-** | **-** | **92.98** | **92.98** |
| Other financial liabilities | **-** | **-** | **88.15** | **88.15** |
| **Total** | **-** | **-** | **362.87** | **362.87** |

The carrying value of financial instruments by categories as at March 31, 2022 is as follows:

(in millions of USD)

| | Fair value through Profit or Loss | Fair value through Other Comprehensive Income | Amortised cost | Total carrying value |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | - | - | 0.90 | 0.90 |
| Trade receivables | | | | |
| Billed | - | - | 330.55 | 330.55 |
| Unbilled | - | - | 1.83 | 1.83 |
| Investments | 36.50 | 3.73 | - | 40.23 |
| Other financial assets | - | - | 2.64 | 2.64 |
| **Total** | 36.50 | 3.73 | 335.92 | 376.15 |
| **Financial liabilities** | | | | |
| Trade payables | - | - | 181.10 | 181.10 |
| Lease liabilities | - | - | 108.82 | 108.82 |
| Other financial liabilities | - | - | 39.41 | 39.41 |
| **Total** | - | - | 329.33 | 329.33 |

Carrying amounts of cash and cash equivalents, trade receivables and trade payables as at March 31, 2023 and 2022 approximate the fair value due to their nature. Carrying amounts of other financial assets and other financial liabilities which are subsequently measured at amortised cost also approximate the fair value due to their nature in each of the periods presented. Fair value measurement of lease liabilities is not required.

**Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 in that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The cost of unquoted investments included in level 3 of fair value hierarchy approximate their fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.

The following table summarizes financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

(in millions of USD)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **As at March 31, 2023** | | | | |
| **Financial assets** | | | | |
| Mutual fund units | **46.58** | **-** | **-** | **46.58** |
| Equity shares | **-** | **-** | **3.54** | **3.54** |
| **Total** | **46.58** | **-** | **3.54** | **50.12** |

## Notes to Financial Statements

(in millions of USD)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **As at March 31, 2022** | | | | |
| **Financial assets** | | | | |
| Mutual fund units | 36.50 | - | - | 36.50 |
| Equity shares | - | - | 3.73 | 3.73 |
| **Total** | 36.50 | - | 3.73 | 40.23 |

Reconciliation of level 3 fair value measurement is as follows:

(in millions of USD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **3.73** | 4.32 |
| Disposals during the year | **-** | - |
| Impairment in value of investments | **(0.19)** | (0.59) |
| **Balance at the end of the year** | **3.54** | 3.73 |

**(a) Financial risk management**

Tata America International Corporation is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities.

***i. Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

***(a) Foreign currency exchange rate risk***

The Company is not significantly exposed to foreign currency exchange rate risk.

***(b) Interest rate risk***

The Company is not significantly exposed to interest rate risk.

***ii. Credit risk***

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investment, cash and cash equivalents and other financial assets. Cash and cash equivalents include an amount of USD 0.53 million held with a bank in USA having high quality credit rating which are individually in excess of 10 percent or more of the company's total cash and cash equivalents as at March 31, 2023. None of the other financial instruments of the company result in material concentration of credit risk.

**Exposure to credit risk**

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was USD 462.41 million and USD 376.76 million as at March 31, 2023 and 2022, respectively, being the total of the carrying amount of balances with banks, investments, trade receivables, unbilled receivables, contract assets and other financial assets.

Customers contributing to more than 10 percent of outstanding trade receivable, unbilled receivables and contract assets as at March 31, 2023 and 2022 respectively are as follows:

(in millions of USD)

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Total trade receivable and contract assets** | **Percentage** | Total trade receivable and contract assets | Percentage |
| Parent Company | **326.86** | **81.40%** | 269.01 | 80.79% |

***Geographic concentration of credit risk***

Geographic concentration of trade receivables (gross and net of allowances) and contract assets is as follows:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| India | **79.98%** | 80.79% |
| Americas | **20.01%** | 19.11% |
| Others | **0.01%** | 0.10% |

Geographical concentration of trade receivables (gross and net of allowances) and contract assets is allocated based on the location of the customers.

The allowances for lifetime expected credit loss on trade receivables for the year ended March 31, 2023 and 2022 was USD 0.80 million and USD 0.01 million respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

(in millions of USD)

| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **13.22** | 18.11 |
| Allowance for doubtful receivables | **0.80** | 0.01 |
| Amounts written off during the year | **(10.42)** | (4.90) |
| **Balance at the end of the year** | **3.60** | 13.22 |

***Liquidity risk***

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

## Notes to Financial Statements

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(in millions of USD)

| March 31, 2023 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | **181.74** | **-** | **-** | **-** | **181.74** |
| Lease liabilities | **19.85** | **17.52** | **43.37** | **22.81** | **103.56** |
| Other financial liabilities | **88.15** | **-** | **-** | **-** | **88.15** |
| **Total** | **289.74** | **17.52** | **43.37** | **22.81** | **373.45** |

(in millions of USD)

| March 31, 2022 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | 181.10 | - | - | - | 181.10 |
| Lease liabilities | 19.88 | 19.55 | 47.00 | 36.12 | 122.55 |
| Other financial liabilities | 39.41 | - | - | - | 39.41 |
| **Total** | 240.39 | 19.55 | 47.00 | 36.12 | 343.06 |

## 14. EQUITY INSTRUMENTS

The authorized, issued, subscribed and fully paid up share capital consist of the following:

(in millions of USD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(a) Authorised** | | |
| Equity shares of USD 10 each (20,000 shares and 20,000 shares) | **0.20** | 0.20 |
| | **0.20** | 0.20 |
| **(b) Issued, Subscribed and Fully paid up** | | |
| Equity shares of USD 10 each (20,000 shares and 20,000 shares) | **0.20** | 0.20 |
| **Total** | **0.20** | 0.20 |

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

Fully paid equity shares, which have a par value of USD 10.00 each carry one vote per share and have a right to dividend. Dividend can be declared out of retained earnings. In the event of liquidation of the Company, the holders of shares are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

## 15. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognizes the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**Company as a lessor**

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 – Revenue from contracts with customers to allocate the consideration in the contract.

The details of the right-of-use asset held by the Company is as follows:

(in millions of USD)

| | Additions for the year ended March 31, 2023 | Net carrying amount as at March 31, 2023 |
|---|---|---|
| Buildings | **0.67** | **80.37** |
| **Total** | **0.67** | **80.37** |

## Notes to Financial Statements

(in millions of USD)

| | Additions for the year ended March 31, 2022 | Net carrying amount as at March 31, 2022 |
|---|---|---|
| Buildings | 25.48 | 96.27 |
| **Total** | 25.48 | 96.27 |

Depreciation on right-of-asset is as follows:

(in millions of USD)

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Buildings | **16.47** | 15.82 |
| **Total** | **16.47** | 15.82 |

Interest on lease liabilities is USD 3.25 and USD 3.33 million for the year ended on March 31, 2023 and 2022 respectively.

The Company incurred USD 0.80 and USD 1.05 million for the year ended March 31, 2023 and 2022 respectively towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow for leases is USD 20.03 and USD 19.08 million for the year ended March 31, 2023 and 2022 respectively, including cash outflow for short-term leases and leases of low-value assets.

The Company does not have lease term extension options that are not reflected in the measurement of lease liabilities.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

### 16. NON-FINANCIAL ASSETS AND LIABILITIES

**a Property, plant and equipment**

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of Asset | Useful life (in years) |
|---|---|
| Buildings | 20 years |
| Leasehold improvements | Lease term |
| Computer equipment | 4 years |
| Furniture, fixtures, Plant and Machinery, office equipment and other assets | 2-10 years |

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognized in profit or loss.

Property, plant and equipment consist of the following:

(in millions of USD)

| | Freehold land | Buildings | Leasehold improvements | Computer equipments | Plant and machinery | Furniture and fixtures | Office equipments and other assets | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost as at April 1, 2022** | **3.31** | **11.84** | **15.73** | **14.35** | **1.48** | **15.09** | **17.17** | **78.98** |
| Additions* | **-** | **-** | **1.14** | **0.95** | **-** | **0.05** | **0.39** | **2.54** |
| Disposals | **-** | **-** | **-** | **1.90** | **-** | **-** | **-** | **1.90** |
| **Cost as at March 31, 2023** | **3.31** | **11.84** | **16.88** | **13.41** | **1.48** | **15.13** | **17.58** | **79.63** |
| **Accumulated depreciation as at April 1, 2022** | **-** | **7.11** | **10.80** | **12.03** | **0.67** | **11.97** | **13.58** | **56.17** |
| Disposals | **-** | **-** | **-** | **1.90** | **-** | **-** | **-** | **1.90** |
| Depreciation for the year | **-** | **0.70** | **1.41** | **1.28** | **0.15** | **1.13** | **1.23** | **5.90** |
| **Accumulated depreciation as at March 31, 2023** | **-** | **7.82** | **12.21** | **11.41** | **0.83** | **13.10** | **14.78** | **60.16** |
| **Net carrying amount as at March 31, 2023** | **3.31** | **4.02** | **4.67** | **1.99** | **0.65** | **2.03** | **2.80** | **19.47** |
| Capital work-in-progress | | | | | | | | **5.11** |
| **Total** | | | | | | | | **24.58** |

*USD 2.54 million has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2023.

(in millions of USD)

| | Freehold land | Buildings | Leasehold improvements | Computer equipments | Plant and machinery | Furniture and fixtures | Office equipments and other assets | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost as at April 1, 2021** | 3.31 | 11.84 | 19.67 | 14.22 | 1.48 | 14.22 | 17.46 | 82.20 |
| Additions* | - | - | 0.08 | 1.22 | - | 1.14 | 0.14 | 2.58 |
| Disposals | - | - | 4.02 | 1.08 | - | 0.27 | 0.43 | 5.80 |
| **Cost as at March 31, 2022** | 3.31 | 11.84 | 15.73 | 14.35 | 1.48 | 15.09 | 17.17 | 78.98 |
| **Accumulated depreciation as at April 1, 2021** | - | 6.41 | 13.31 | 11.67 | 0.52 | 11.04 | 12.65 | 55.61 |
| Disposals | - | - | 4.02 | 1.08 | - | 0.27 | 0.43 | 5.80 |
| Depreciation for the year | - | 0.70 | 1.51 | 1.44 | 0.15 | 1.20 | 1.36 | 6.36 |
| **Accumulated depreciation as at March 31, 2022** | - | 7.11 | 10.80 | 12.03 | 0.67 | 11.97 | 13.58 | 56.17 |
| **Net carrying amount as at March 31, 2022** | 3.31 | 4.73 | 4.93 | 2.32 | 0.81 | 3.12 | 3.59 | 22.82 |
| Capital work-in-progress | | | | | | | | 1.45 |
| **Total** | | | | | | | | 24.26 |

*USD 2.58 million has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2022.



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## Notes to Financial Statements

**b. Intangible assets**

Intangible assets purchased are measured at cost as at the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any. Intangible assets consist of software licenses. Following table summarises the nature of intangibles and their estimated useful lives:

| Type of asset | Useful lives |
|---|---|
| Software license | 4 years |

Intangible assets are amortised on a straight-line basis over the period of its economic useful life.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

**c. Other assets**

Other assets consist of the following:

**i. Other assets – Current**

(in millions of USD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advances to suppliers | **0.05** | 0.06 |
| Indirect tax recoverable | **4.87** | 4.75 |
| Prepaid expenses | **3.22** | 1.41 |
| Contract assets | **0.80** | 0.61 |
| Contract fullfillment costs | **0.29** | 0.26 |
| Others | **0.01** | 0.19 |
| **Total** | **9.24** | 7.28 |

Contract fulfillment costs is USD 0.27 million and USD 0.23 million for the years ended March 31, 2023 and March 31, 2022, respectively, have been amortised in the profit or loss. Refer note 10 for changes in contract assets.

**ii. Other assets –Non Current**

(in millions of USD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Contract assets | **0.13** | - |
| **Total** | **0.13** | - |

**d. Other liabilities**

Other liabilities consist of the following:

**Other liabilities – Current**

(in millions of USD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advance received from customers | **0.20** | 0.01 |
| Indirect tax payable and other statutory liabilities | **0.04** | 2.85 |
| Others | **0.01** | 0.02 |
| **Total** | **0.25** | 2.88 |

## 17. REVENUE RECOGNITION

The Company, a wholly owned subsidiary of Tata Consultancy Services Limited, India, primarily operates as a sales and marketing entity for the holding company. The Company is engaged in the business of promoting, marketing and delivery of software services and products, information technology and information technology enabled services, in the US to third parties. The Company also earns some revenue from providing IT services, consulting and business solutions, directly to customers.

Whenever the Company acts in the capacity of a sales and marketing agent it recognizes revenue for the agreed commission based on the commercial arrangement it has entered with the holding company. Such contracts have a single performance obligation which is the promise to transfer the marketing and promotional services. The revenue is recognized over time by utilizing the month as unit of measurement. The Company has applied the practical expedient to recognize revenue for services over the term of the agreement in proportion to the amount it has right to invoice the customer.

Where the Company enters into a contract with a customer to provide IT services directly to the customer, the Company controls the services to be provided to the customer, and has therefore, determined that it is acting in the capacity of a 'principal' for the said transactions. Accordingly, the Company recognizes revenue at the gross amount of consideration.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc for time and material and job contracts; straight lined over period for fixed price maintenance contracts; using percentage of completion method for other fixed price contracts; on delivery in case of sale of software and transfer of control in case of sale of hardware.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer.

Judgement is required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation identified in contract. Transaction price could either be a fixed amount consideration or variable consideration such as volume discounts and is adjusted for the effects of the time value of money, if the contract includes a significant financing component, and any consideration payable to the customer, unless it is a payment for a distinct product or service from the customer.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

## Notes to Financial Statements

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognizes an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

Revenue and Commission – agency services disaggregation by nature of services and geography is as follows:

(in millions of USD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Consultancy Services | **67.73** | 51.44 |
| Commission - agency services | **542.34** | 456.60 |
| **Total** | **610.07** | 508.04 |

(in millions of USD)

| **Geography** | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| America - Consultancy services | **67.73** | 51.44 |
| India - Commission | **542.34** | 456.60 |
| **Total** | **610.07** | 508.04 |

Geographical revenue is allocated based on the location of the customers.

Consultancy services revenue disaggregation by industry vertical is as follows:

(in millions of USD)

| **Industry Vertical** | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Banking, Financial Services and Insurance | **4.80** | 2.89 |
| Manufacturing | **38.86** | 23.62 |
| Energy and Utilities | **12.91** | 13.47 |
| Hi-Tech Industry Practice | **2.69** | 1.65 |
| Others | **8.47** | 9.81 |
| **Total** | **67.73** | 51.44 |

Agency commission revenue disaggregation by industry vertical is as follows:

(in millions of USD)

| **Industry Vertical** | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Hi-Tech Industry Practice | **542.34** | 456.60 |
| **Total** | **542.34** | 456.60 |

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied (or partially satisfied) performance obligations the Company has applied the practical expedient in IFRS 15 and not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is USD 115.86 million out of which 50.25 percent is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract asset are as follows:

(in millions of USD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **0.61** | 0.00 |
| Invoices raised that were included in the contract assets balance at the beginning of the year | **(0.18)** | - |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | **0.50** | 0.61 |
| **Balance at the end of the year** | **0.93** | 0.61 |

Changes in unearned and deferred revenue are as follows:

(in millions of USD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **3.45** | 2.38 |
| Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year | **(2.13)** | (1.66) |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year | **0.18** | 2.73 |
| **Balance at the end of the year** | **1.50** | 3.45 |

## 18. COST RECOGNITION

Costs and expenses are recognized when incurred and have been classified according to their primary functions in the following categories:

### Cost of revenue

These costs primarily include employee compensation of personnel engaged in providing services, travel expenses, fees to external consultants, cost of equipment and software licenses, depreciation and amortization of production related equipment and software, facility expenses, communication expenses and other project related expenses.

### Selling, general and administrative expenses

Selling costs primarily include employee compensation for sales and marketing personnel, travel expenses, advertising, business promotion expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances, facility expenses for sales and marketing offices and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortization expenses of non-production equipment and software, facility expenses for administrative offices, communication expenses, fees to external consultants and other general expenses.



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## Notes to Financial Statements

**Expenses by function**

(in millions of USD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Cost of revenue | **62.33** | 40.30 |
| Selling, general and administrative expenses | **398.77** | 348.45 |
| **Total** | **461.09** | 388.75 |

Costs and expenses are recognized when incurred and have been classified according to their nature.

The costs of the Company are broadly categorized in employee benefit expenses, depreciation expense and other expenses. Employee benefit expenses include salaries, incentives and allowances, contributions to provident and other funds and staff welfare expenses. Other expenses mainly include sub-contracting cost, facility expenses, travel expenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivable and advances (net) and other expenses. Other expenses is an aggregation of costs which are individually not material such as fees to external consultants, commission and brokerage, recruitment and training, entertainment, etc.

Refer Note 21 for employee benefit expenses.

**Other expenses by nature**

(in millions of USD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Sub-contacting cost | **0.67** | 0.45 |
| Facility expenses | **8.29** | 7.80 |
| Travel expenses | **21.75** | 5.54 |
| Communication expenses | **3.36** | 3.30 |
| Bad debts and advances written (back) off, allowance for doubtful trade receivable and advances (net) | **0.91** | (0.03) |
| Other expenses | **77.14** | 65.25 |
| **Total** | **112.13** | 82.31 |

## 19. OTHER INCOME

### a. Finance and other income

Dividend income is recorded when the right to receive payment is established. Interest income is recognized using effective interest method.

(in millions of USD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Dividend received from mutual funds | **0.30** | - |
| Rental revenue | **13.67** | 13.65 |
| Interest received | **0.13** | 0.45 |
| **Total** | **14.10** | 14.10 |

**b. Finance Costs (net)**

(in millions of USD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest on loans other than banks* | - | 0.02 |
| Other interest expense | **0.03** | 0.17 |
| Interest on lease liabilities | **3.25** | 3.33 |
| **Total** | **3.28** | 3.52 |

*The Interest on loans other than banks for Mar 31, 2023 is less than USD 0.01 million.

**c. Other (losses) / gains (net)**

(in millions of USD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Net foreign exchange gains / (losses) | **(0.03)** | (0.02) |
| Others | **0.07** | 0.06 |
| **Total** | **0.04** | 0.04 |

## 20. INCOME TAXES

Income tax expense comprises current and prior period tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

**Current income taxes**

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where Tata America International Corporation intends and has the right to settle the asset and liability on a net basis.

**Deferred income taxes**

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not as business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

## Notes to Financial Statements

The income tax expense consists of the following:

(in millions of USD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Current Tax** | | |
| Current tax expense for current year | **37.33** | 33.40 |
| Current tax expenses / (benifit) pertaining to prior years | **1.67** | (0.32) |
| | **39.00** | 33.08 |
| **Deferred tax** | | |
| Deferred tax expense / (benefit) for current year | **1.95** | 0.33 |
| | **1.95** | 0.33 |
| **Total** | **40.95** | 33.41 |

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statements of profit or loss is as follows:

(in millions of USD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit before taxes | **159.83** | 129.91 |
| Statutory income tax rate | **21.00%** | 21.00% |
| Expected income tax expense | **33.56** | 27.28 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense** | | |
| Income exempt from tax | **(4.74)** | (3.14) |
| State tax (net of federal tax benefit) | **9.93** | 9.22 |
| Tax pertaining to prior years | **1.67** | (0.32) |
| Others (net) | **0.52** | 0.37 |
| **Total income tax expense** | **40.95** | 33.41 |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:

(in millions of USD)

| | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment | **0.46** | **1.30** | **1.76** |
| Provision for employee benefits | **3.88** | **(0.13)** | **3.75** |
| Receivables, financial assets at amortised cost | **3.73** | **(2.72)** | **1.01** |
| Leases | **5.50** | **(0.06)** | **5.44** |
| Others | **(1.13)** | **(0.34)** | **(1.47)** |
| **Total deferred tax asset / (liabilities)** | **12.44** | **(1.95)** | **10.49** |

Gross deferred tax assets and liabilities are as follows:

(in millions of USD)

| As at March 31, 2023 | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment | **1.76** | **-** | **1.76** |
| Provision for employee benefits | **3.75** | **-** | **3.75** |
| Receivables, financial assets at amortised cost | **1.01** | **-** | **1.01** |
| Leases | **5.44** | **-** | **5.44** |
| Others | **-** | **(1.47)** | **(1.47)** |
| **Total deferred tax asset / (liabilities)** | **11.96** | **(1.47)** | **10.49** |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

(in millions of USD)

| | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment | (0.84) | 1.30 | 0.46 |
| Provision for employee benefits | 3.80 | 0.08 | 3.88 |
| Receivables, financial assets at amortised cost | 4.98 | (1.25) | 3.73 |
| Leases | 5.00 | 0.50 | 5.50 |
| Others | (0.17) | (0.96) | (1.13) |
| **Total deferred tax asset / (liabilities)** | 12.77 | (0.33) | 12.44 |

Gross deferred tax assets and liabilities are as follows:

(in millions of USD)

| As at March 31, 2022 | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment | 0.46 | | 0.46 |
| Provision for employee benefits | 3.88 | - | 3.88 |
| Receivables, financial assets at amortised cost | 3.73 | - | 3.73 |
| Leases | 5.50 | - | 5.50 |
| Others | - | (1.13) | (1.13) |
| **Total deferred tax asset / (liabilities)** | 13.57 | (1.13) | 12.44 |

**IFRIC 23 Interpretation Uncertainty over Income Tax Treatment**

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.



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## Notes to Financial Statements

**Application of IFRIC 23**

The Company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no instances of any uncertain tax treatment in the past on that basis it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

### 21. EMPLOYEE BENEFITS

**Defined contribution plans**

Contributions to defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits.

The Company has a 401(k) plan with profit sharing feature. Eligible employees may elect to defer up to 50 percent of their total compensation each year, not to exceed the annual limitations established by the Internal Revenue Code. The Company's contributions were USD 5.80 million and USD 5.85 million for the years ended March 31, 2023 and March 31, 2022 respectively.

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognized for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Compensated absences**

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as undiscounted liability at the date of statement of financial position. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at the present value of the defined benefit obligation at the date of financial position.

Employee benefit expenses consists of the following:

(in millions of USD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Salaries, incentives and allowances | **298.54** | 261.27 |
| Contribution to provident and other funds | **17.67** | 17.76 |
| Staff welfare expenses | **10.38** | 5.23 |
| **Total** | **326.59** | 284.26 |

Employee benefit obligations consist of the following:

**(a) Employee benefit obligations – Current**

(in millions of USD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Compensated absences | **13.39** | 13.67 |
| Other employee benefit obligations | **0.01** | 0.01 |
| **Total** | **13.40** | 13.68 |

**(b) Employee benefit obligations – Non-current**

(in millions of USD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Other employee benefit obligations | **0.03** | 0.03 |
| **Total** | **0.03** | 0.03 |

## 22. COMMITMENTS AND CONTINGENCIES

- **Capital commitments**

The Company has contractually committed (net of advances) USD 1.47 million and USD 2.86 million as at March 31, 2023 and 2022 respectively, for purchase of property, plant and equipment.

- **Contingencies**

In October 2014, Epic Systems Corporation (referred to as Epic) filed a legal claim against the Company in the Court of Western District Madison, Wisconsin alleging unauthorised access to and download of their confidential information and use thereof in the development of the Company's product MedMantra. In April 2016, the Company received an unfavourable jury verdict awarding damages of USD 940 million to Epic which was thereafter reduced by the Trial Court to USD 420 million. Pursuant to reaffirmation of the District Court Order in March 2019, the Company filed an appeal in the Appeals Court to fully set aside the Order. Epic also filed a cross appeal challenging the reduction by the District Court judge of USD 100 million award and USD 200 million in punitive damages. On August 20, 2020, the Appeals Court (a) vacated the award of USD 280 million in punitive damages considering the award to be constitutionally excessive and remanded the case back to District Court with instructions to reassess and reduce the punitive damages award to at most USD 140 million, (b) affirmed the District Court's decision vacating the jury's award of USD 100 million in compensatory damages for alleged use of "other confidential information" by the Company, and, (c) affirmed the District Court's decision upholding the jury's award of USD 140 million in compensatory damages for use of the comparative analysis by the Company. Considering all the facts and various legal precedence, on a conservative and prudent basis, the parent Company provided USD 165 million towards this legal claim in its statement of profit or loss for three month period ended September 30, 2020. On April 8, 2021, Epic approached the Supreme Court seeking review of the Order of the Appeals Court which was denied by the Supreme Court on March 21, 2022. On April 21, 2022, Epic invoked payment of USD 140 million out of USD 440 million Letter of Credit provided as security, towards compensatory damages awarded by the District Court and confirmed by the Appeals Court, already provided for in the earlier years by parent Company. On July 1, 2022, the District Court passed an Order affirming the punitive damages at USD 140 million. The Company has filed an appeal on November 16, 2022, in the Appeals Court to reduce the punitive damages awarded by the District Court. Pursuant to encashment of the Letter of Credit towards compensatory damages, the value of Letter of Credit made available to Epic stands reduced to USD 152 million. Any obligation out of this litigation will be fulfilled by the parent Company. Accordingly, Tata America International Corporation has no potential liability arising out of this litigation.

## 23. RELATED PARTY TRANSACTIONS

The Company's principal related parties consist of its holding company TCS and its subsidiaries of TCS and the Key Management Personnel. The ultimate holding company of Tata America International Corporation is Tata Sons Private Limited. The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enters into transactions in the ordinary course of business.

## Notes to Financial Statements

Balances with related parties are as follows:

(in millions of USD)

| | | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Trade receivables and contract assets** | **Tata Consultancy Services Limited** | **326.87** | 269.02 |
| | **Subsidiaries of Tata Consultancy Services Limited** | | |
| | TCS (Philippines) Inc. | **0.01** | 0.01 |
| | TCS Argentina SA | **0.00*** | 0.00* |
| | TCS Canada Inc. | **0.26** | 0.27 |
| | TCS China Co. Ltd. | **-** | 0.02 |
| | TCS de Espana SA | **0.00*** | 0.00* |
| | TCS do Brazil Lida. | **0.00*** | 0.00* |
| | TCS e-Serve International Ltd | **0.09** | 1.73 |
| | TCS Chile S.A | **-** | 0.03 |
| | TCS PT Indonesia | **0.00*** | 0.02 |
| | TCS Luxembourg S.A. | **-** | 0.00* |
| | TCS Portuaal Unlpessoal Lda | **0.00*** | 0.01 |
| | TCS Uruguay S.A. | **-** | 0.00* |
| **Loans, other financial assets and other assets** | **Tata Consultancy Services Limited** | **1.47** | 1.06 |
| | **Subsidiaries of Tata Consultancy Services Limited** | | |
| | TCS China Co. Lid. | **0.00*** | - |
| | TCS de Mexico SA de CV | **0.01** | 0.01 |
| | TCS Deutschland GmbH | **0.02** | 0.02 |
| | TCS do Brazil Lida. | **0.00*** | 0.00* |
| | TCS e-Serve International Ltd | **0.14** | 0.08 |

## Notes to Financial Statements

(in millions of USD)

| | | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities** | **Tata Sons Private Limited, its subsidiaries and associates** | | |
| | Tata Sons Private Limited | **0.17** | 0.13 |
| | Tata Communications (Americas) Inc. | **-** | 0.02 |
| | **Tata Consultancy Services Limited** | **167.59** | 170.61 |
| | **Subsidiaries of Tata Consultancy Services Limited** | | |
| | TCS Portugal Unipessoal Lda | **(0.01)** | - |
| | TCS (Philippines) Inc. | **0.00*** | - |
| | TCS Asia Pacific Ple Lid | **0.00*** | 0.00* |
| | TCS Canada Inc. | **0.06** | 0.25 |
| | TCS China Co. Lid. | **(0.02)** | - |
| | TCS de Mexico SA de CV | **(0.05)** | 0.26 |
| | TCS do Brazil Lida. | **0.05** | 0.05 |
| | TCS Italia srl | **-** | 0.00* |
| | TCS Netherlands B.V. | **0.18** | 0.52 |
| | TCS Solution Center SA | **0.00*** | - |
| | TCS Switzerland Ltd. | **(0.09)** | 1.03 |
| | TCS Uruguay S.A. | **-** | 0.00* |
| | TCS Japan Limited | **(0.00)*** | 0.00* |
| | TCS de Espana SA | **-** | 0.00* |
| | TCS Luxembourg S.A. | **(0.00)*** | - |
| | TCS de Espana SA | **(0.00)*** | - |
| | TCS Deutschland GmbH | **(0.00)*** | - |

## Notes to Financial Statements

Transactions with related parties are as follows:

(in millions of USD)

| | | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Revenue from operations** | **Tata Consultancy Services Limited** | **542.34** | 456.60 |
| **Other income** | **Tata Sons Private Limited, its subsidiaries and associates** | | |
| | Tata Steel International | **0.01** | 0.01 |
| | **Tata Consultancy Services Limited** | **13.66** | 13.64 |
| | **Subsidiaries of Tata Consultancy Services Limited** | | |
| | TCS e-Serve International Ltd | **0.13** | 0.10 |
| **Purchases of goods and services** | **Tata Consultancy Services Limited** | **23.93** | 16.20 |
| | **Subsidiaries of Tata Consultancy Services Limited** | | |
| | TCS Canada Inc. | **0.01** | - |
| | TCS France SA | **(0.02)** | - |
| | Tata Communications (America) Inc. | **(0.02)** | - |
| **Purchases of goods and services (reimbursements)** | | | |
| | **Tata Consultancy Services Limited** | **64.97** | 31.86 |
| | **Subsidiaries of Tata Consultancy Services Limited** | | |
| | TCS Portugal Unipessoal Lda | **-** | 0.00* |
| | TCS Canada Inc. | **0.21** | (0.02) |
| | TCS de Espana SA | **-** | (0.00)* |
| | TCS de Mexico SA de CV | **0.05** | 0.05 |
| | TCS Deutschland GmbH | **-** | (0.01) |
| | TCS do Brazil Ltda. | **0.11** | 0.14 |
| | TCS e-Serve International Ltd | **(0.67)** | (0.74) |
| | TCS France SA | **-** | (0.00)* |
| | TCS Italia srl | **0.00*** | (0.00)* |
| | TCS Netherlands B.V. | **(0.00)*** | (0.00)* |
| | TCS Solution Center SA | **0.00*** | - |
| | TCS Switzerland Ltd. | **0.45** | 1.13 |
| | TCS Uruguay S.A. | **0.00*** | 0.00* |
| | TCS Sverige AB | **-** | (0.00)* |
| | TCS Belgium S.A./N.V. | **-** | (0.00)* |
| | TCS Luxembourg S.A. | **(0.01)** | (0.00)* |
| | CMC Amercias Inc. | **-** | - |

(in millions of USD)

| | | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Brand equity contribution** | **Tata Sons Private Limited, its subsidiaries and associates** | | |
| | Tata Sons Private Limited | **0.17** | 0.13 |
| **Dividend paid** | **Tata Consultancy Services Limited** | **80.00** | 95.00 |
| **Compensation to Key Management Personnel** | | | |
| | Short-term benefits | **1.08** | - |

*Amount is less than USD 0.01 million.

## 24. DIVIDENDS

Dividends paid during the year ended March 31, 2023 and March 31, 2022 include an amount of USD 4,000 (Total Dividend USD 80 million) and USD 4,750 (Total Dividend USD 95 million) per equity share towards interim dividends respectively.

## 25. SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the balance sheet date through May 19, 2023 the date on which the financials were available for issue and determined that there is no material event to be disclosed.

# TATA CONSULTANCY SERVICES CANADA INC.

**(Company Registration Number: 88775 0719)**

## FINANCIAL STATEMENTS

**For the year ended**
**March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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# INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS AND SHAREHOLDER OF
TATA CONSULTANCY SERVICES CANADA INC.**

## Opinion

We have audited the financial statements of Tata Consultancy Services Canada Inc. (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of profit and loss and other comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Financial Statements"* section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## Auditor's 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 auditor's 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 Canadian generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



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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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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.

- Communicate with those charged with governance 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.

Chartered Professional Accountants, Licensed Public Accountants

Place: Toronto, Canada
Date: May 26, 2023

## Statement of Financial Position

(in millions of CAD)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7(a) | **64.92** | 88.42 |
| Bank deposits | | **45.00** | - |
| Trade receivables | | | |
| Billed | 7(b) | **262.66** | 184.24 |
| Unbilled | | **95.82** | 73.49 |
| Other financial assets | 7(c) | **16.66** | 10.27 |
| Other assets | 9(b) | **33.41** | 26.73 |
| **Total current assets** | | **518.47** | 383.14 |
| **Non-current assets** | | | |
| Income tax assets (net) | | **-** | 0.22 |
| Deferred tax assets (net) | 13 | **5.69** | 3.71 |
| Property, plant and equipment | 9(a) | **6.16** | 6.08 |
| Intangible asset[1] | | **0.01** | - |
| Right of use assets | 8 | **1.45** | 2.37 |
| Other assets | 9(b) | **2.45** | 3.42 |
| **Total Non-current assets** | | **15.76** | 15.80 |
| **TOTAL ASSETS** | | **534.23** | 398.96 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade payables | | **144.92** | 123.12 |
| Lease liabilities | | **1.36** | 1.34 |
| Other financial liabilities | 7(d) | **83.68** | 60.42 |
| Unearned and deferred revenue | | **18.60** | 18.94 |
| Employee benefit obligations | 14 | **33.54** | 32.30 |
| Provisions | 9(d) | **0.11** | 0.01 |
| Income tax liabilities (net) | | **0.59** | 0.00 |
| Other liabilities | 9(c) | **25.27** | 22.83 |
| **Total current liabilities** | | **308.07** | 258.96 |
| **Non-current liabilities** | | | |
| Lease liabilities | | **0.77** | 2.09 |
| **Total non-current liabilities** | | **0.77** | 2.09 |
| **Total liabilities** | | **308.84** | 261.04 |
| **Equity** | | | |
| Share capital | 7(h) | **7.07** | 7.07 |
| Retained earnings | | **218.32** | 130.84 |
| **Total equity** | | **225.39** | 137.91 |
| **TOTAL LIABILITIES AND EQUITY** | | **534.23** | 398.96 |

[1]the net carrying amount of intangible asset as at March 31, 2022 is less than CAD 0.01 million

See accompanying notes to financial statements

## Statement of Profit or Loss and Other Comprehensive Income

(in millions of CAD)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Revenue** | 10 | **1,684.22** | 1,327.08 |
| **Expenses** | | | |
| Employee benefits expenses | 14 | **761.25** | 631.56 |
| Cost of equipment and software licenses | | **0.28** | 0.45 |
| Depreciation and amortization expense | 8, 9(a) | **3.49** | 2.72 |
| Other expenses | 11 | **741.49** | 583.71 |
| **TOTAL EXPENSES** | | **1,506.51** | 1,218.43 |
| **OPERATING PROFIT** | | **177.71** | 108.64 |
| **Other income** | | | |
| Finance income | 12(a) | **2.05** | 0.49 |
| Finance costs | | **(0.10)** | (0.09) |
| Other gains | 12(b) | **7.08** | 0.75 |
| **OTHER INCOME (NET)** | | **9.03** | 1.15 |
| **PROFIT BEFORE TAXES** | | **186.74** | 109.79 |
| Income tax expense | 13 | **49.26** | 28.40 |
| **PROFIT FOR THE YEAR** | | **137.48** | 81.39 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **137.48** | 81.39 |

See accompanying notes to financial statements

## Statement of Changes in Equity

(in millions of CAD, except share data)

| | Number of shares | Share capital | Retained earnings | Total Equity |
|---|---|---|---|---|
| **Balance as at April 1, 2021** | 1,100 | 7.07 | 159.45 | 166.52 |
| Profit for the year | - | - | 81.39 | 81.39 |
| **Total comprehensive income** | - | - | 81.39 | 81.39 |
| Dividend (including tax on dividend of CAD 16.5 million) (Refer note 17) | - | - | (110) | (110) |
| **Balance as at March 31, 2022** | 1,100 | 7.07 | 130.84 | 137.91 |
| **Balance as at April 1, 2022** | **1,100** | **7.07** | **130.84** | **137.91** |
| Profit for the year | **-** | **-** | **137.48** | **137.48** |
| **Total comprehensive income** | **-** | **-** | **137.48** | **137.48** |
| Dividend (including tax on dividend of CAD 7.50 million) (Refer note 17) | **-** | **-** | **(50)** | **(50)** |
| **Balance as at March 31, 2023** | **1,100** | **7.07** | **218.32** | **225.39** |

See accompanying notes to financial statements



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## Statement of Cash Flows

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| **Profit for the year** | **137.48** | 81.39 |
| **Adjustment to reconcile profit to net cash generated from operating activities** | | |
| Depreciation and amortization expenses (Refer note 8, 9(a)) | **3.49** | 2.72 |
| Income tax expense (Refer note 13) | **49.26** | 28.40 |
| Net loss on lease modification | **(0.01)** | - |
| Bad debts and advances written (back)/off, allowances for doubtful trade receivables and advances (net) (Refer note 11) | **0.42** | (0.03) |
| Unrealised foreign exchange Gain/(loss) | **0.94** | 0.14 |
| | **191.58** | 112.62 |
| **Net change in** | | |
| Trade receivables | | |
| Billed | **(78.83)** | (33.54) |
| Unbilled | **(22.34)** | (12.37) |
| Other financial assets | **(6.39)** | (4.55) |
| Other assets | **(5.72)** | (13.24) |
| Trade payables | **21.80** | 64.74 |
| Unearned and deferred revenue | **(0.35)** | 7.69 |
| Other financial liabilities | **23.07** | 13.31 |
| Other liabilities and provisions | **3.78** | 4.23 |
| **Cash generated from operations** | **126.60** | 138.89 |
| Taxes paid (net of refunds) | **(50.43)** | (30.25) |
| **Net cash generated from operating activities** | **76.16** | 108.64 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payment for purchase of property, plant and equipment | **(2.39)** | (2.33) |
| Proceeds from bank deposits | **-** | 50.00 |
| Investment in bank deposit | **(45.00)** | - |
| **Net cash generated from/(used in) investing activities** | **(47.39)** | 47.67 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Dividend paid (including tax on dividend) | **(50.00)** | (110.00) |
| Repayment of lease liabilities | **(1.33)** | (1.30) |
| **Net cash used in financing activities** | **(51.33)** | (111.30) |
| **Net change in cash and cash equivalents** | **(22.56)** | 45.01 |
| Cash and cash equivalents at the beginning of the year | **88.42** | 43.55 |
| Exchange difference on translation of foreign currency cash and cash equivalents | **(0.94)** | (0.14) |
| **Cash and cash equivalents at the end of the year (Refer note 7(a))** | **64.92** | 88.42 |
| **SUPPLEMENTARY CASH FLOW INFORMATION** | | |
| Interest paid | **0.10** | 0.09 |
| Interest received | **1.81** | 0.58 |

See accompanying notes to financial statements

# Notes forming part of the Financial Statements

## 1. CORPORATE INFORMATION

Tata Consultancy Services Canada Inc. ("the Company") a Toronto based Canadian corporation, is an information technology (IT) consulting, services and business process outsourcing organization. The Company provides services in the area of IT application development and maintenance, asset-based solutions, IT infrastructure management, engineering and industrial services and business process outsourcing. The Company is a wholly owned subsidiary of Tata Consultancy Services Limited ("TCS Limited") and Tata Sons Private Limited is the ultimate parent company.

The Company is incorporated under the *Canada Business Corporations* Act and is domiciled in Canada. The address of its corporate office is 400 University Avenue, 25th Floor Toronto, Ontario M5G 1S5, Canada. The financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorized for issue on May 26, 2023.

## 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB").

## 3. BASIS OF PREPARATION

These financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortized cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows has been prepared under the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional currency of the Company is the Canadian Dollar ("CAD"). The functional currency of the Company is the currency of the primary economic environment in which the entity operates. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on each dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

These financial statements include corresponding figures for the year ended and as at March 31, 2022.

## 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

**a. Revenue Recognition**

Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**b. Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**c. Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**d. Provision and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to assess contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**e. Employee benefits**

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

**f. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## 5. NATURE AND PURPOSE OF RESERVES

**Retained earnings**

This reserve represents undistributed accumulated earnings of the Company as on the date of statement of financial position

# Notes forming part of the Financial Statements

## 6. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRS that have been issued but are not yet effective:

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendment to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a single Transaction[1] |
| Amendments to IFRS 16 | Lease Liability in a sale and Leaseback[2] |
| Amendments to IAS 1 | Non-current Liabilities with Covenants[2] |

[1]Effective for annual periods beginning on or after January 1, 2023.

[2] Effective for annual periods beginning on or after January 1, 2024.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

**IFRS 16- Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 1 – Non-current Liabilities with Covenants**

In October 2022, IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Company does not expect the amendments to have any significant impact on its classification of non-current liabilities in its statement of financial position.

## 7. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

# Notes forming part of the Financial Statements

**a. Cash and cash equivalents**

Cash and cash equivalents consist of the following:

(in millions of CAD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash at banks | **2.51** | 0.74 |
| Bank deposits (original maturity less than three months) | **62.41** | 87.68 |
| **Total** | **64.92** | 88.42 |

**b. Trade receivables - Billed**

Trade receivables - Billed consist of the following:

**Trade receivables - Billed - Current**

(in millions of CAD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables - Billed | **263.76** | 184.94 |
| Less: Allowance for doubtful trade receivables - Billed | **(1.10)** | (0.68) |
| **Total** | **262.66** | 184.25 |

**c. Other financial assets**

Other financial assets consist of the following:

**Other financial assets – Current**

(in millions of CAD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Interest receivable | **0.29** | 0.06 |
| Employee loans and advances (net of allowances of CAD 0.05 million) | **6.80** | 4.04 |
| Security deposits | **0.01** | 0.01 |
| Volume discount receivable | **9.57** | 6.17 |
| **Total** | **16.66** | 10.27 |

**d. Other financial liabilities**

Other financial liabilities consist of the following:

**Other financial liabilities – Current**

(in millions of CAD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Capital creditors | **0.40** | 0.21 |
| Liabilities towards customer contracts | **29.14** | 17.99 |
| Accrued payroll | **54.14** | 42.22 |
| **Total** | **83.68** | 60.42 |

**e. Financial instrument by category**

The carrying value of financial instruments by categories as at March 31, 2023 is as follows:

(in millions of CAD)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **64.92** | **64.92** |
| Bank deposits | **45.00** | **45.00** |
| Trade receivables | | |
| Billed | **262.66** | **262.66** |
| Unbilled | **95.82** | **95.82** |
| Other financial assets | **16.66** | **16.66** |
| **Total** | **485.05** | **485.05** |
| **Financial liabilities** | | |
| Trade payables | **144.92** | **144.92** |
| Lease liabilities | **2.14** | **2.14** |
| Other financial liabilities | **83.68** | **83.68** |
| **Total** | **230.74** | **230.74** |

The carrying value of financial instruments by categories as at March 31, 2022 is as follows:

(in millions of CAD)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 88.42 | 88.42 |
| Trade receivables | | |
| Billed | 184.25 | 184.25 |
| Unbilled | 73.49 | 73.49 |
| Other financial assets | 10.27 | 10.27 |
| **Total** | 356.43 | 356.43 |
| **Financial liabilities** | | |
| Trade payables | 123.12 | 123.12 |
| Lease liabilities | 3.42 | 3.42 |
| Other financial liabilities | 60.42 | 60.42 |
| **Total** | 186.96 | 186.96 |

Carrying amounts of cash and cash equivalents, trade receivables and trade payables as at March 31, 2023 and March 31, 2022 approximate the fair value due to their nature. Carrying amounts of other financial assets and other financial liabilities which are subsequently measured at amortised cost also approximate the fair value due to their nature in each of the periods presented. Fair value measurement of lease liabilities is not required.

## Notes forming part of the Financial Statements

**f. Fair value hierarchy**

The disclosures relating to fair value hierarchy of financial assets and liabilities have not been made, the Company does not have any such financial assets and liabilities.

**g. Financial risk management**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities.

***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the entity. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10 percent against the functional currency of the Company.

The following analysis has been worked out based on the net exposures for the Company as at the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2023:

(in millions of CAD)

| | USD | Others[1] | Total |
|---|---|---|---|
| Financial assets | **99.16** | **1.60** | **100.76** |
| Financial liabilities | **13.07** | **0.37** | **13.44** |

10 percent appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in decrease / increase in the Company's profit before taxes by approximately CAD 8.73 million and equity approximately by CAD 6.44 million for the year ended March 31, 2023.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2022:

(in millions of CAD)

| | USD | Others[1] |
|---|---|---|
| Financial assets | 49.98 | 0.54 |
| Financial liabilities | 6.87 | 0.60 |

10 percent appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in decrease / increase in the Company's profit before taxes by approximately CAD 4.31 million and equity approximately by CAD 3.17 million for the year ended March 31, 2022.

[1]Others include currencies such as Australian Dollar, South Korean Won, Great Britain Pound, Euro and Swiss Franc, Singapore Dollar, Hong Kong Dollar.



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- **Interest rate risk**

The Company's investments are primarily in fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

***Credit risk***

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivable, unbilled receivables, cash and cash equivalents, bank deposits and other financial assets. Cash and cash equivalent include an amount of CAD 64.92 million held with a bank having high credit ratings which are in excess of 10 percent or more of the Company's total cash and cash equivalent as at March 31, 2023 (CAD 88.42 million as at March 31, 2022). None of the other financial instruments of the Company result in material concentration of credit risk.

- **Exposure to credit risk**

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was CAD 511.34 million and CAD 373.52 million as at March 31, 2023 and March 31, 2022 respectively, being the total of the carrying amount of balances with banks, trade receivables, unbilled receivables, contract assets and other financial assets.

Customers contributing to more than 10 percent of outstanding trade receivable (gross and net of allowances), unbilled receivables and contract assets as at March 31, 2023 and March 31, 2022 respectively are as follows:

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Gross%** | **Net%** | Gross% | Net% |
| Customer E | **24.13** | **24.20** | 14.47 | 14.50 |
| Customer B | **11.78** | **11.81** | 13.79 | 13.83 |
| Customer F | **10.50** | **10.53** | 13.89 | 13.93 |

- **Geographic concentration of credit risk**

The Company's cash and cash equivalents, trade receivables and contract assets are allocated based on the location of the customer and are substantially held in the Americas.
The allowance charged and written back for lifetime expected credit loss on trade receivables for the years ended March 31, 2023 and 2022 was CAD 0.42 million and CAD 0.03 million, respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **0.68** | 0.71 |
| Change during the year | **0.42** | (0.03) |
| Bad debts written off | **(0.01)** | - |
| **Balance at the end of the year** | **1.09** | 0.68 |

***Liquidity risk***

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per the requirements. The Company consistently generates sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

## Notes forming part of the Financial Statements

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(in millions of CAD)

| March 31, 2023 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Total |
|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | |
| Trade payables | **144.92** | **-** | **-** | **144.92** |
| Lease liabilities | **1.42** | **0.78** | **-** | **2.20** |
| Other financial liabilities | **83.68** | **-** | **-** | **83.68** |
| **Total** | **230.01** | **0.78** | **-** | **230.79** |

(in millions of CAD)

| March 31, 2022 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Total |
|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | |
| Trade payables | 123.12 | - | - | 123.12 |
| Lease liabilities | 1.43 | 1.38 | 0.75 | 3.56 |
| Other financial liabilities | 60.42 | - | - | 60.42 |
| **Total** | 184.96 | 1.38 | 0.75 | 187.10 |

### h. Equity instruments

The issued, subscribed and fully paid up share capital consist of the following:

(in millions of CAD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Issued, Subscribed and Fully paid up** | | |
| 1,100 common shares (March 31, 2022: 1,100 common shares) | **7.07** | 7.07 |
| **Total** | **7.07** | 7.07 |

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

## 8. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception is comprised of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses an incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The details of the right-of-use assets held by the Company are as follows:

(in millions of CAD)

| | Additions for the year ended March 31, 2023 | Net carrying amount as at March 31, 2023 |
|---|---|---|
| Buildings | **0.05** | **1.43** |
| Computer equipment | **-** | **0.02** |
| **Total** | **0.05** | **1.45** |

(in millions of CAD)

| | Additions for the year ended March 31, 2022 | Net carrying amount as at March 31, 2022 |
|---|---|---|
| Buildings | 0.09 | 2.34 |
| Computer equipment | - | 0.03 |
| Total | 0.09 | 2.37 |

# Notes forming part of the Financial Statements

Depreciation on right-of-asset is as follows:

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Buildings | **0.97** | 0.97 |
| Computer equipment | **0.01** | 0.01 |
| **Total** | **0.98** | 0.98 |

Interest on lease liabilities is CAD 0.10 million and CAD 0.13 million for the year ended on March 31, 2023 and March 31, 2022 respectively.

The Company incurred CAD 0.33 million and CAD 0.29 million for the year ended March 31, 2023 and March 31, 2022 towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow for leases is CAD 1.76 million and CAD 1.72 million for the year ended March 31, 2023 and March 31, 2022, including cash outflow for short term and low value leases. The Company has no lease term extension options.

Lease contracts entered by the Company pertain for buildings and office equipment taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

## 9. NON-FINANCIAL ASSETS AND LIABILITIES

### a. Property, plant and equipment

Property, plant and equipment are stated at cost comprised of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| **Type of Asset** | **Useful lives** |
|---|---|
| Leasehold improvements | Lease term |
| Computer equipment | 4 years |
| Furniture and fixtures | 5 years |
| Office equipment | 5 years |
| Electrical installation | 10 years |

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

Property, plant and equipment consist of the following:

(in millions of CAD)

| | Leasehold Improvements | Computer equipment | Electrical installation | Furniture and fixtures | Office equipment | Total |
|---|---|---|---|---|---|---|
| **Cost as at April 1, 2022** | **7.37** | **2.73** | **0.05** | **1.25** | **2.05** | **13.45** |
| Additions | **0.88** | **1.31** | **0.00** | **0.17** | **0.14** | **2.50** |
| **Cost as at March 31, 2023** | **8.25** | **4.03** | **0.06** | **1.42** | **2.19** | **15.95** |
| **Accumulated depreciation as at April 1, 2022** | **4.38** | **1.44** | **0.01** | **0.97** | **1.04** | **7.84** |
| Depreciation for the year | **1.45** | **0.71** | **-** | **0.09** | **0.26** | **2.51** |
| **Accumulated depreciation as at March 31, 2023** | **5.83** | **2.15** | **0.01** | **1.06** | **1.30** | **10.35** |
| **Net carrying amount as at March 31, 2023** | **2.42** | **1.88** | **0.04** | **0.35** | **0.89** | **5.60** |
| Capital work-in-progress[1] | | | | | | **0.56** |
| **Total** | | | | | | **6.16** |

[1]CAD 2.50 million has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2023.

(in millions of CAD)

| | Leasehold Improvements | Computer equipment | Electrical installation | Furniture and fixtures | Office equipment | Total |
|---|---|---|---|---|---|---|
| Cost as at April 1, 2021 | 5.67 | 1.76 | 0.02 | 1.00 | 0.89 | 9.34 |
| Additions | 1.70 | 0.98 | 0.03 | 0.25 | 1.16 | 4.12 |
| Disposals | - | (0.01) | - | - | - | (0.01) |
| Cost as at March 31, 2022 | 7.37 | 2.73 | 0.05 | 1.25 | 2.05 | 13.45 |
| Accumulated depreciation as at April 1, 2021 | 3.34 | 0.99 | - | 0.93 | 0.85 | 6.11 |
| Depreciation for the year | 1.04 | 0.46 | 0.01 | 0.04 | 0.19 | 1.74 |
| Eliminated on disposals of assets | - | (0.01) | - | - | - | (0.01) |
| Accumulated depreciation as at March 31, 2022 | 4.38 | 1.44 | 0.01 | 0.97 | 1.04 | 7.84 |
| Net carrying amount as at March 31, 2022 | 2.99 | 1.29 | 0.04 | 0.28 | 1.01 | 5.61 |
| Capital work-in-progress[1] | | | | | | 0.47 |
| Total | | | | | | 6.08 |

[1]CAD 4.12 million has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2022.

## Notes forming part of the Financial Statements

**b. Other assets**

Other assets consist of the following:

**Other assets - Current**

(in millions of CAD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advances to suppliers | **0.02** | - |
| Prepaid expenses | **8.65** | 10.87 |
| Contract asset | **23.81** | 13.68 |
| Contract fulfillment costs | **0.04** | 0.08 |
| Others | **0.89** | 2.10 |
| **Total** | **33.41** | 26.73 |

Contract fulfillment costs of CAD 0.08 million and CAD 0.02 million for the years ended March 31, 2023 and March 31, 2022, respectively, have been amortised in the profit or loss. Refer note 10 for changes in contract assets.

**Other assets – Non-current**

(in millions of CAD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Prepaid expenses | **0.01** | 0.01 |
| Contract asset | **2.44** | 3.41 |
| **Total** | **2.45** | 3.42 |

**c. Other liabilities**

Other liabilities consist of the following:

**Other liabilities - Current**

(in millions of CAD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advance received from customers | **0.95** | 0.63 |
| Indirect tax payable and other statutory liabilities | **24.32** | 22.20 |
| **Total** | **25.27** | 22.83 |

**d. Provision**

Provision consist of the following:

**Provision - Current**

(in millions of CAD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for foreseeable loss | **0.11** | 0.01 |
| **Total** | **0.11** | 0.01 |

Refer note 10 for policy on onerous contract

## 10. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ("POC method") of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from related parties is recognised based on transaction price which is at arm's length.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

## Notes forming part of the Financial Statements

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence whichever is less. The assessment of these criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there are billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or the transaction price of an existing obligation could undergo a change. In the event the transaction price is revised for an existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Revenue disaggregation by nature of service is as follows:

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Consultancy services | **1,683.46** | 1,326.45 |
| Sale of equipment and software licenses | **0.76** | 0.63 |
| **Total** | **1,684.22** | 1,327.08 |

Revenue disaggregation by industry vertical is as follows:

**Industry Vertical**

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Banking, Financial Services and Insurance | **1,093.37** | 887.31 |
| Communication, Media & Technology | **182.48** | 137.27 |
| Others | **408.37** | 302.50 |
| **Total** | **1,684.22** | 1,327.08 |

Revenue disaggregation by geography is as follows:

**Geography**

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Americas | **1,665.24** | 1,317.45 |
| Rest of the world | **18.98** | 9.63 |
| **Total** | **1,684.22** | 1,327.08 |



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## Notes forming part of the Financial Statements

**Information about major customers**

Customers representing 10 percent or more of the Company's total revenue for the year ended March 31, 2023 and 2022 are:

| | Year ended March 31, 2023 | | Year ended March 31, 2022 | |
|---|---|---|---|---|
| | Gross% | Net% | Gross% | Net% |
| Customer E | **24.13** | **24.20** | 14.47 | 14.50 |
| Customer B | **11.78** | **11.81** | 13.79 | 13.83 |
| Customer F | **10.50** | **10.53** | 13.89 | 13.93 |

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event-based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations, other than those meeting the exclusion criteria mentioned above is CAD 725.84 million out of which 61.80 percent is expected to be recognised as revenue in the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows:

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **17.08** | 7.98 |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | **20.34** | 16.31 |
| Invoice raised that was included in the contract asset balance at the beginning of the period | **(11.35)** | (7.19) |
| Adjustments during the year | | |
| Translation exchange difference | **0.19** | (0.01) |
| **Balance at the end of the year** | **26.26** | 17.08 |

Changes in unearned and deferred revenue are as follows:

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **18.95** | 11.25 |
| Revenue recognised that was included in the contract liability balance at the beginning of the period | **(18.37)** | (11.20) |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year | **18.04** | 18.94 |
| Other movement during the year | | |
| Translation exchange difference | **(0.00)** | (0.05) |
| **Balance at the end of the year** | **18.61** | 18.95 |

# Notes forming part of the Financial Statements

## 11. COST RECOGNITION

Costs and expenses are recognized when incurred and have been classified according to their nature.

The costs of the Company are broadly categorized into employee benefit expenses, cost of equipment and software license, depreciation and other expenses. Employee benefit expenses include salaries, incentives, allowances, contribution to various funds and staff welfare expenses. Other expenses mainly include sub-contracting cost, fees to external consultants, facility expenses, travel expenses, communication expenses, bad debts, cost paid for shared services, royalty paid and other expenses. Other expenses is an aggregation of costs which are individually not material such as marketing, education recruitment and training expense, printing and stationery, bank charges, insurance etc

Refer note 14 for employee benefit expenses.

Other expenses consist of the following:

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Sub-contracting cost | **577.99** | 464.49 |
| Fees to external consultants | **118.73** | 85.99 |
| Facility expenses | **1.18** | 1.23 |
| Travel expenses | **10.43** | 4.48 |
| Communication expenses | **3.76** | 3.11 |
| Bad debts and advances written off / (back), allowance for doubtful trade receivable and advances (net) | **0.42** | (0.03) |
| Marketing expenses | **2.65** | 0.84 |
| Education, recruitment and training expenses | **2.03** | 1.92 |
| Cost paid for shared services | **18.49** | 16.41 |
| Royalty paid | **3.48** | 2.94 |
| Other expenses | **7.01** | 5.09 |
| **Total** | **741.49** | 583.71 |

## 12. OTHER INCOME

### a. Finance income

Finance income consist of the following:

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest income on bank deposits | **2.05** | 0.49 |
| **Total** | **2.05** | 0.49 |

**b. Other gains / (loss) (net)**

Other gains / (loss) (net) consist of the following:

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Net foreign exchange gain / (loss) | **5.15** | (0.45) |
| Others | **1.93** | 1.19 |
| **Total** | **7.08** | 0.75 |

## 13. INCOME TAXES

Income tax expense comprises current tax expenses and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**Current income taxes**

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the Company intends and has the right to settle the asset and liability on a net basis.

**Deferred income taxes**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Income tax expense consist of the following:

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Current tax** | | |
| Current tax expense for current year | **51.34** | 29.24 |
| Current tax (benefit) pertaining to prior years | **(0.10)** | (0.51) |
| | **51.24** | 28.74 |

## Notes forming part of the Financial Statements

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Deferred tax** | | |
| Deferred tax (benefit) for current year | **(2.08)** | (0.34) |
| Deferred tax expense pertaining to prior years | **0.10** | - |
| | **(1.98)** | (0.34) |
| **Total** | **49.26** | 28.40 |

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statements of profit or loss is as follows:

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit before taxes | **186.74** | 109.79 |
| Statutory income tax rate | **26.30%** | 26.31% |
| Expected income tax expense | **49.12** | 28.89 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense** | | |
| Tax pertaining to prior years | **-** | (0.51) |
| Non-deductible items and others | **0.14** | 0.02 |
| **Total income tax expense** | **49.26** | 28.40 |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:

(in millions of CAD)

| | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment | **(0.02)** | **0.04** | **0.02** |
| Net asset adjustment for tax purpose on purchase of Canadian Branch | **0.27** | **(0.02)** | **0.25** |
| Lease liabilities | **0.34** | **(0.10)** | **0.24** |
| Others including volume discount payable | **3.12** | **2.06** | **5.18** |
| **Total deferred tax assets / (liabilities)** | **3.71** | **1.98** | **5.69** |

Gross deferred tax assets and liabilities are as follows:

(in millions of CAD)

| | Assets | Liabilities | Net |
|---|---|---|---|
| **As at March 31, 2023** | | | |
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment | **0.02** | **-** | **0.02** |
| Net asset adjustment for tax purpose on purchase of Canadian Branch | **0.25** | **-** | **0.25** |
| Lease liabilities | **0.24** | **-** | **0.24** |
| Others including volume discount payable | **5.18** | **-** | **5.18** |
| **Total deferred tax assets / (liabilities)** | **5.69** | **-** | **5.69** |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

(in millions of CAD)

| | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment | 0.02 | (0.04) | (0.02) |
| Net asset adjustment for tax purpose on purchase of Canadian Branch | 0.29 | (0.02) | 0.27 |
| Lease liabilities | 0.43 | (0.08) | 0.34 |
| Others including volume discount payable | 2.63 | 0.49 | 3.12 |
| **Total deferred tax assets / (liabilities)** | 3.37 | 0.34 | 3.71 |

Gross deferred tax assets and liabilities are as follows:

(in millions of CAD)

| | Assets | Liabilities | Net |
|---|---|---|---|
| **As at March 31, 2022** | | | |
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment | - | 0.02 | (0.02) |
| Net asset adjustment for tax purpose on purchase of Canadian Branch | 0.27 | - | 0.27 |
| Lease liabilities | 0.34 | - | 0.34 |
| Others including volume discount payable | 3.12 | - | 3.12 |
| **Total deferred tax assets / (liabilities)** | 3.73 | 0.02 | 3.71 |

# Notes forming part of the Financial Statements

**IFRIC 23 Interpretation Uncertainty over Income Tax Treatment**

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

**Application of IFRIC 23**

The company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no instances of any uncertain tax treatment in the past and on that basis, it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

## 14. EMPLOYEE BENEFIT

**Defined contribution plans**

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Compensated absences**

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the date of statement of financial position.

**Registered Retirement Savings Plan**

The Company has a Registered Retirement Savings Plan ("RRSP") for local staff of Canada referred to as Employer Sponsored RRSP. Under such plan, as per written instruction of each employee a fixed percentage of their base salary per pay cycle is deducted as employee contribution to the plan and employer also matches the employee contribution with a cap of 4 percent of the base salary of the employee. The Company's contribution was CAD 8.71 million and CAD 8.02 million for the years ended March 31, 2023 and March 31, 2022 respectively.

Employee cost consist of the following:

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Salaries, incentives and allowances | **706.61** | 588.67 |
| Contribution to RRSP and other funds | **37.92** | 32.74 |
| Staff welfare expenses | **16.72** | 10.15 |
| **Total** | **761.25** | 631.56 |

Employee benefit obligations consist of the following:

**Employee benefit obligation – Current**

(in millions of CAD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Compensated absences | **33.25** | 32.16 |
| Other employee benefit obligations | **0.29** | 0.14 |
| **Total** | **33.54** | 32.30 |

## 15. COMMITMENTS AND CONTINGENCIES

**Capital commitments**

The Company has contractually committed (net of advances) CAD 0.45 million and CAD 1.03 million as at March 31, 2023 and March 31, 2022 respectively, for purchase of property, plant and equipment.

**Contingencies**

The contingencies as of March 31, 2023 and March 31, 2022 were Nil.

## 16. RELATED PARTY TRANSACTIONS

The Company's principal related parties consist of its holding company TCS Limited, the subsidiaries of TCS Limited and the Key Management Personnel. The ultimate holding company is Tata Sons Private Limited. The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enters into transactions in the ordinary course of business.

Transactions with related parties are as follows:

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| ***Revenue from operations*** | | |
| **Tata Sons Private Limited, its subsidiaries and associates** | | |
| Jaguar Land Rover Canada ULC | **0.10** | 0.10 |
| Tata Global Beverages Canada Inc. | **0.03** | 0.04 |
| Tata Communications (Canada) Limited | **2.60** | 2.79 |
| **Tata Consultancy Services Limited** | **282.17** | 144.49 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata America International Corporation | **0.01** | - |
| Tata Consultancy Services Asia Pacific Pte Ltd. | **0.29** | 0.40 |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **0.13** | - |
| Tata Consultancy Services Deutschland GmbH | **1.67** | 1.61 |
| Tata Consultancy Services Netherlands BV | **0.57** | 0.38 |
| Tata Consultancy Services Switzerland Ltd. | **5.60** | 2.91 |
| TCS Belgium S.A./N.V. | **0.12** | - |

## Notes forming part of the Financial Statements

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| TCS France SAS | **0.45** | - |
| TCS Ireland Limited | **1.47** | 0.50 |
| Tata Consultancy Services Sverige AB | **0.03** | - |
| ***Purchases of goods and services (including reimbursements)*** | | |
| **Tata Sons Private Limited, its subsidiaries and associates** | | |
| Jaguar Land Rover Limited | **(0.19)** | 0.19 |
| Tata Communications (Canada) Limited | **2.80** | 1.39 |
| **Tata Consultancy Services Limited** | **654.78** | 532.34 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| MGDC S.C. | **0.00** | 0.01 |
| Tata America International Corporation | **(0.27)** | 0.01 |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **7.10** | 4.35 |
| Tata Consultancy Services Deutschland GmbH | **-** | (0.02) |
| Tata Consultancy Services Do Brasil Ltda | **0.30** | 0.07 |
| TCS Belgium S.A./N.V. | **(0.01)** | - |
| Tata Consultancy Services Netherlands BV | **0.06** | 0.16 |
| TCS Uruguay S. A. | **4.88** | 4.67 |
| Tata Consultancy Services Switzerland Ltd. | **0.06** | 0.10 |
| Tata Consultancy Services (China) Co., Ltd. | **(0.04)** | 0.16 |
| Tata Consultancy Services Luxembourg S.A. | **0.14** | 0.55 |
| Tata Consultancy Services (Portugal), Unipessoal Limitada | **0.83** | 0.07 |
| TCS Ireland Limited | **0.08** | - |
| Tata Consultancy Services France | **(0.00)** | - |
| TCS Solution Center S.A. | **0.10** | 0.14 |
| Tata Consultancy Services Asia Pacific Pte Ltd. | **(0.13)** | - |
| **Sale of property, plant and equipment** | | |
| Tata Consultancy Services Limited | **-** | - |
| ***Brand equity contribution*** | | |
| **Tata Sons Private Limited, its subsidiaries and associates** | | |
| Tata Sons Private Limited | **3.48** | 2.94 |
| ***Dividend paid*** | | |
| **Tata Consultancy Services Limited** | **50.00** | 110.00 |

## Notes forming part of the Financial Statements

Balances receivable/payable from/to related parties are as follows:

(in millions of CAD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| ***Trade receivables, and contract assets*** | | |
| **Tata Sons Private Limited, its subsidiaries and associates** | | |
| Jaguar Land Rover Canada ULC | **0.02** | 0.03 |
| Tata Communications (Canada) Limited | **0.77** | 0.56 |
| **Tata Consultancy Services Limited** | **97.00** | 39.85 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata America International Corporation | **0.09** | 0.31 |
| Tata Consultancy Services Asia Pacific Pte Ltd. | **0.14** | 0.20 |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **0.00** | 0.04 |
| Tata Consultancy Services Deutschland GmbH | **0.23** | 0.10 |
| Tata Consultancy Services Netherlands BV | **0.31** | 0.03 |
| Tata Consultancy Services Sverige AB | **0.01** | - |
| TCS Belgium S.A./N.V. | **0.05** | - |
| Tata Consultancy Services Switzerland Ltd. | **0.94** | 0.53 |
| TCS France SAS | ***0.19*** | 0.01 |
| ***Other financial assets and other assets*** | | |
| **Tata Consultancy Services Limited** | **17.77** | 16.81 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| TCS Uruguay S. A. | **0.10** | 0.09 |
| Tata Consultancy Services (China) Co., Ltd. | **0.05** | 0.01 |
| Tata Consultancy Services Luxembourg S.A. | **0.03** | 0.02 |
| Tata Consultancy Services De Mexico S.A., De C.V. | **0.05** | - |
| Tata Consultancy Services Asia Pacific Pte Ltd. | **0.13** | - |
| ***Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities*** | | |
| **Tata Sons Private Limited, its subsidiaries and associates** | | |
| Tata Sons Private Limited | **3.48** | 2.94 |
| Tata Communications (Canada) Limited | **0.72** | 0.31 |
| Jaguar Land Rover Limited | **-** | 0.19 |
| **Tata Consultancy Services Limited** | **104.00** | 99.29 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata America International Corporation | **0.35** | 0.33 |
| Tata Consultancy Services Asia Pacific Pte Ltd. | **0.01** | - |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **1.65** | 1.34 |
| Tata Consultancy Services Deutschland GmbH | **(0.02)** | 0.01 |
| Tata Consultancy Services Do Brasil Ltda | **0.07** | - |

## Notes forming part of the Financial Statements

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Tata Consultancy Services Netherlands BV | **(0.00)** | 0.01 |
| Tata Consultancy Services Switzerland Ltd. | **0.39** | 0.14 |
| TCS Solution Center S.A. | **-** | 0.14 |
| TCS Uruguay S. A. | **0.45** | 0.53 |
| Tata Consultancy Services Luxembourg S.A. | **0.00** | 0.18 |
| Tata Consultancy Services (Portugal), Unipessoal Limitada | **0.23** | 0.07 |

(in millions of CAD)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| ***Compensation to Key Management Personnel*** | | |
| Short-term benefits | **0.57** | 0.47 |
| Professional fees | **0.01** | 0.01 |

### 17. DIVIDEND

Dividend (including tax on dividend) paid during the year ended March 31, 2023 include an amount of CAD 45,454.5 (March 31, 2022: CAD 45,454.5) per equity share towards interim dividend and in March 31, 2022: CAD 54,545.5 per equity share towards final dividend for the year ended March 31, 2023.

### 18. SUBSEQUENT EVENT

The Company has evaluated subsequent events from the balance sheet date through May 26, 2023 the date on which the financials were available for issue and determined that there is no material event to be disclosed.

# Tata Consultancy Services UK Limited

**Registered number: 08055387**

## DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

**for the year ended**

**31 December 2022**

# COMPANY INFORMATION

## Board of Directors

**S.Sankaranarayanan**

Director

**R.Krishnan**

Director

**Company Registration Number**

08055387

## Registered Office

75 Bayham Street
London
NW1 0AA

## Independent auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

# FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

# DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report together with the financial statements of Tata Consultancy Services UK Limited ('the company') for the year ended 31 December 2022.

## Directors

The directors who served during the year were:

S Sankaranarayanan

R Krishnan

## Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the statement of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

## Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 12 May 2023 and signed on its behalf.

______________________________

**S Sankaranarayanan**

*Director*

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF**
**TATA CONSULTANCY SERVICES UK LIMITED**
**For the year ended 31 December 2022**

## Opinion

We have audited the financial statements of Tata Consultancy Services UK limited (the 'company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland, (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

## Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## 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 Auditor's 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 ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

*How the audit was considered capable of detecting irregularities including fraud*

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company through discussions with directors and other management at the planning stage and during the audit;

- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; and'
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company including the Companies Act 2006, and taxation legislation;

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting bank statements throughout the period for any potential undisclosed litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process;
- reviewed journal entries throughout the period to identify unusual transactions, particularly in relation to expenditure;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior period; and
- carried out substantive testing to check the occurrence and cut-off of expenditure.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

## Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Wax (Senior statutory auditor)
for and on behalf of
**Buzzacott LLP**
Statutory Auditor

130 Wood Street
London
EC2V 6DL

15 May 2023

## Statement of comprehensive income
## For the year ended 31 December 2022

(Amount in GBP)

| | 12 months ended 31 December 2022 | 7 months ended 31 December 2021 |
|---|---|---|
| Administrative expenses | **49,212** | 19,415 |
| **OPERATING PROFIT** | **49,212** | 19,415 |
| Interest receivable and similar income | **2,322** | 121 |
| **PROFIT BEFORE TAX** | **51,534** | 19,536 |
| Tax on profit | **63,664** | - |
| **PROFIT FOR THE FINANCIAL YEAR** | **115,198** | 19,536 |

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 19.7 to 19.8 form part of these financial statements.

## Statement of financial position
## As at 31 December 2022

(Amount in GBP)

| | Note | 31 December 2022 | 31 May 2021 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Debtors Within One Year | 4 | **69,568** | 5,995 |
| Cash at bank and in hand | | **2,801,768** | 2,752,516 |
| | | **2,871,336** | 2,758,511 |
| Creditors: Amounts falling due within one year | 5 | **(422)** | (2,795) |
| **NET CURRENT ASSETS** | | **2,870,914** | 2,755,716 |
| **Total assets less current liabilities** | | **2,870,914** | 2,755,716 |
| **NET ASSETS** | | **2,870,914** | 2,755,716 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | | **1** | 1 |
| Other reserves | | **5,090** | 5,090 |
| Profit and loss account | | **2,865,823** | 2,750,625 |
| | | **2,870,914** | 2,755,716 |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 May 2023.

**S Sankaranarayanan**

*Director*

The notes on pages 19.7 to 19.8 form part of these financial statements.

## Notes to the Financial Statements for the year ended 31 December 2022

### 1. GENERAL INFORMATION

Tata Consultancy Services UK Limited is a private company limited by shares, incorporated in England and Wales.

The address of the company's registered office is 75 Bayham Street, London, England, NW1 0AA. The registration number is 08055387.

### 2. ACCOUNTING POLICIES

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, 'The Financial Re porting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied:

**2.2 Going concern**

Although the company has ceased trading, the directors do not currently Intend to wind up company within 12 months of the date of approval of these financial statements. The directors remain confident that the company has adequate resources to meet their liabilities as they fall due for the foreseeable future and will have continued financial support, if required, from the parent company, Tata Consultancy Services Limited.

**2.3 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.4 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**2.5 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.6 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.7 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

## Notes to the Financial Statements for the year ended 31 December 2022

### 3. EMPLOYEES

The average monthly number of employees, including directors, during the period was 0 (year ended 31 May 2021: 0).

### 4. DEBTORS

(Amount in GBP)

| | 31 December 2022 | 31 May 2021 |
|---|---|---|
| Other debtors | **69,568** | 5,995 |
| | **69,568** | 5,995 |

### 5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

(Amount in GBP)

| | 31 December 2022 | 31 May 2021 |
|---|---|---|
| Amounts owed to group undertakings | **2** | 2 |
| Corporation tax | **-** | 93 |
| Accruals and deferred income | **420** | 2,700 |
| | **422** | 2,795 |

### 6. INCLUSION IN GROUP FINANCIAL STATEMENTS

The smallest and largest entity for which group accounts are prepared, which include the company, is Tata Consultancy Services Limited {'TCS'). These consolidated accounts can be found at www.tcs.com. The registered office of TCS is 9th Floor, Nirmal Building, Nariman Point, Mumbai, 400 021, India.



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# TATA CONSULTANCY SERVICES IRELAND LIMITED

## (Registration Number: 683660)

## ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the period ended**
**December 31, 2022**

# ANNUAL REPORT AND FINANCIAL STATEMENTS
## For the year ended December 31, 2022

# DIRECTORS' AND OTHER INFORMATION
## For the year ended December 31, 2022

## Directors

### Amit Kapur

Director
(Indian national, British resident)

### Pradeep Manohar Gaitonde

Director
(Indian national, French resident)

### Kunchitham Krithivasan

Director
(Indian national, Indian resident)

## Company secretary

### Hariharan Subramanian

Company secretary
(Indian national, British resident)

## Auditor

KPMG
Chartered Accountants
Dockgate, Dock Road
Galway

### Bankers

Citibank Europe plc, Ireland branch
1 North Wall Quay, Dublin 1

## Registered Office

29 Earlsfort Terrace
Dublin 2 D02 AY28

### Registered number

683660

# DIRECTORS' REPORT
## For the year ended December 31, 2022

**Principal activities and business review including principal risks and uncertainties**

Tata Consultancy Services Ireland Limited ("the Company") was incorporated on 2 December, 2020 as a subsidiary of Tata Consultancy Services limited India to insource approximately 1500 associates and selected assets of Pramerica Systems Ireland Limited (subsidiary of Prudential Financial Inc ,US) based in Letterkenny, Ireland. The Company became operational in December 2020.

The business purpose of the Company is to provide its main customer, Prudential Financial Inc with a range of IT business, digital and technology services, while also expanding the Company's nearshore capabilities to provide the multifunctional, digital services and solutions to other customers in Ireland, the UK, Europe and the US.

The principal key performance indicators used by management to monitor performance are as follows:-

- Actual financial results versus forecasts
- Regulatory filings
- Employee turnover
- Customer satisfaction
- Operational efficiencies

**Principal risks and uncertainties**

The principal risks and uncertainties facing the company are as follows:

- the movement in currency rates between USD and EUR.
- current attrition levels and increase in labour costs in the local market.

The company and its parent have a strong management team in place to address and manage these risks.

**Results and dividends**

Profit on ordinary activities before taxation for the year ended December 31, 2022 amounted to EUR 8,124,647 (December 31, 2021 EUR 2,916,328).

The directors do not recommend the payment of a dividend.

**Future developments**

The company is expected to increase its level of operations throughout 2023.

**Events since the end of the financial year**

There have been no significant events affecting the company since the balance sheet date.

**Financial Risk Management**

The Company is exposed to financial risk through both its financial assets and liabilities. The most important components of this financial risk for the Company are credit risk, foreign exchange risk, interest rate risk and liquidity risk.

**Risk Management Framework**

The Company's internal organisational and management structure and its system of internal financial reporting to the board of directors is the basis for identifying the predominant source and nature of the differing risks facing the entity.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk is controlled by the company by ensuring credit limits and the credit worthiness of customers are monitored on an ongoing basis.

The company has identified the credit risks associated with the cash and deposits it has placed with third party banking institutions.

**Liquidity Risk**

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost, the Company maintains a significant proportion of its funds in liquid form and maintains sufficient liquidity even at unexpected levels of demand.

**Interest Rate Risk**

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in interest rates. Based on current company operations it is not envisaged that the entity is exposed to significant interest rate risk.

**Foreign exchange risk**

The Company conducts business in foreign countries with certain transactions denominated in currencies other than the functional currency of the Company (euros). The purpose of the Company's foreign currency management is to manage the effect of exchange rate fluctuations on transactions denominated in foreign currencies (US dollars).

**Accounting Records**

The directors believe that they have complied with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at TCS Drive, Letterkenny Business and Technology Park, Letterkenny, Co Donegal, F92 W8CY.

The names of the persons who were directors and secretary at any time during the period ended 31 December, 2022 are set out below.

1. **Amit Kapur (Appointed 02/12/2020)**
   (Director)
2. **Pradeep Manohar Gaitonde (Appointed 02/12/2020)**
   (Director)
4. **Hariharan Subramanian (Appointed 18/01/2022)**
   (Company secretary)
5. **Kunchitham Krithivasan (Appointed 02/12/2020)**
   (Director)

**Directors' and secretary's interests**

The directors and secretary who held office at 31 December, 2022 had no disclosable interests in the shares, debentures or loan stock of the Company or group companies.

**Political contribution**

The Company made no political contributions or incurred any political expenditure during the period.

**Directors Compliance Statement**

The directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014 and Tax Laws.

The directors confirm that:

- A compliance policy statement has been drawn up setting out the Company's policies with regard to such compliance;
- Appropriate arrangements or structures that are designed to secure material compliance with the company's relevant obligations have been put in place; and
- A review of the arrangements and structures referred to above has been conducted during the financial period ended 31 December, 2022.

**Relevant audit information**

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

**Audit Committee**

The company has decided not to establish an audit committee for the following reasons:

- the company's parent company has an Audit Committee in place;
- internal audits are carried out; and
- the company has a risk department in place.

**Going concern**

Management has made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the possible impacts in relation to COVID 19, which is at least, but not limited to, twelve months from the end of the reporting period. Based on the analysis they have concluded that the Company has sufficient resources to continue as a going concern.

**Statutory Auditors**

During the period, KPMG Chartered Accountants, were appointed as auditor and, in accordance with Section 383(2) of the Companies Act, will continue in office.

For and on behalf of the board of directors of
**Tata Consultancy Services Ireland Limited**

| | |
|---|---|
| **Pradeep Manohar Gaitonde** | **Amit Kapur** |
| Director | Director |
| Mumbai | United Kingdom |
| Date: 28 March, 2023 | |

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS REPORT AND FINANCIAL STATEMENTS

## For the year ended December 31, 2022

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year giving a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the company for the financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union and applicable law.

Under Company law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial period and the profit or loss of the company for the financial period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements;
- assess the Company's ability to continue as a going concern dislcosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company, or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

For and on behalf of the board of directors of
**Tata Consultancy Services Ireland Limited**

| | |
|---|---|
| **Pradeep Manohar Gaitonde** | **Amit Kapur** |
| Director | Director |
| Mumbai | United Kingdom |

Date: 28 March, 2023



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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATA CONSULTANCY SERVICES IRELAND LIMITED

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Tata Consultancy Services Ireland Limited ('the Company') for the year ended December 31, 2022 set out on pages 20.9 to 20.35, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and related notes, including the summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2022 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

## Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

## Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

**Respective responsibilities and restrictions on use**

## Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's 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 auditor's 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 ISAs (Ireland) 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.

A fuller description of our responsibilities is provided on IAASA's website at

*https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financialstatements/.*

## The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Brian MacSweeney**
for and on behalf of
**KPMG**
Chartered Accountants, Statutory Audit Firm
Dockgate, Dock Road, Galway
**H91 V6RR**

Date: 29 March, 2023

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amount in EUR)

| | Note | For the period January 1, 2022 to December 31, 2022 | For the period December 2, 2020 to December 31, 2021 |
|---|---|---|---|
| Revenue | 6 | **140,058,227** | 92,063,108 |
| Cost of sales | 7 | **(110,201,087}** | (66,900,592) |
| **Gross Profit** | | **29,857,140** | 25,162,516 |
| Other income | 8 (a) | **1,319,200** | 882,196 |
| Selling, general and administrative expenses | 7 | **(23,035,960)** | (23,125,181) |
| **Operating profit** | | **8,140,380** | 2,919,531 |
| Finance cost | 9 | **(15,733)** | (3,203) |
| **Net finance costs** | | **(15,733)** | (3,203) |
| **Profit before taxes** | | **8,124,647** | 2,916,328 |
| Income tax expense | 10 | **(979,670)** | (400,102) |
| **Profit for the period** | | **7,144,977** | 2,516,226 |
| Other comprehensive income | | **-** | - |
| **Total comprehensive income for the period** | | **7,144,977** | 2,516,226 |

**The accompanying notes form an integral part of the financial statements.**

## STATEMENT OF CHANGES IN EQUITY

(Amount in EUR)

| | Share capital | Retained earnings | Total Equity |
|---|---|---|---|
| **Balance as at December 2, 2020** | - | - | - |
| Transactions with owners of the company | | | - |
| Issue of ordinary shares | 25,000,000 | - | 25,000,000 |
| Total comprehensive income for the year | | | |
| Profit for the period | - | 2,516,226 | 2,516,226 |
| **Balance as at December 31, 2021** | 25,000,000 | 2,516,226 | 27,516,226 |

(Amount in EUR)

| | Share capital | Retained earnings | Total Equity |
|---|---|---|---|
| **Balance as at January 1st, 2022** | **25,000,000** | **2,516,226** | **27,516,226** |
| Transactions with owners of the company | | | |
| Issue of ordinary shares | **-** | **-** | **-** |
| Total comprehensive income for the year | | | |
| Profit for the period | **-** | **7,144,977** | **7,144,977** |
| **Balance as at December 31, 2022** | **25,000,000** | **9,661,204** | **34,661,204** |

**The accompanying notes form an integral part of the financial statements.**

## STATEMENT OF FINANCIAL POSITION

(Amount in EUR)

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments | 12(b) | **1** | 1 |
| Deferred tax assets (net) | 10 | **360,700** | 222,417 |
| Property, plant and equipment | 13(a) | **3,997,548** | 5,192,667 |
| Other intangible assets | 13(b) | **-** | - |
| Other assets | 13(c) | **591,443** | 1,391,111 |
| **Total non-current assets** | | **4,949,692** | 6,806,191 |
| **Current assets** | | | |
| Cash and cash equivalents | 12(a) | **11,636,567** | 4,377,281 |
| Trade and other receivables | 12(c) | **42,319,049** | 30,608,532 |
| Other financial assets | 12(d) | **533,848** | 5,263 |
| Income tax assets (net) | | **334,035** | 51,986 |
| Other assets | 13(c) | **3,488,242** | 1,447,679 |
| **Total current assets** | | **58,311,741** | 36,490,741 |
| **TOTAL ASSETS** | | **63,261,433** | 43,296,932 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade payables | 12(e) | **18,487,720** | 7,951,791 |
| Other financial liabilities | 12(f) | **4,687,999** | 3,647,701 |
| Deferred income | | **1,603,777** | 398,653 |
| Employee benefit obligations | 11 | **697,874** | 1,317,486 |
| Provisions | 13(e) | **925** | 5,642 |
| Other liabilities | 13(d) | **3,121,934** | 2,459,433 |
| **Total current liablities** | | **28,600,229** | 15,780,706 |
| **TOTAL LIABILITIES** | | **28,600,229** | 15,780,706 |
| **Equity** | | | |
| Share capital | 12(j) | **25,000,000** | 25,000,000 |
| Retained earnings | | **9,661,204** | 2,516,226 |
| **Total equity** | | **34,661,204** | 27,516,226 |
| **TOTAL LIABILITIES AND EQUITY** | | **63,261,433** | 43,296,932 |

**The accompanying notes form an integral part of the financial statements.**

## STATEMENT OF CASH FLOWS

(Amount in EUR)

| | Note | For the period January 1, 2022 to December 31, 2022 | for the period December 2, 2020 to December 31, 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the period | | **7,144,977** | 2,516,226 |
| **Adjustments to reconcile profit or loss to net cash provided by operating activities** | | | |
| Depreciation and amortization expenses | 13(a & b) | **1,338,843** | 2,290,643 |
| Income tax expense | | **979,670** | 400,102 |
| Gain on disposal of property, plant and equipment | | **(6,368)** | (25,958) |
| Finance cost | | **15,733** | 3,203 |
| Unrealised exchange gain | | **(1,369,001)** | (421,062) |
| **Operating profit before working capital changes** | | **8,103,854** | 4,763,154 |
| **Net change in** | | | |
| Trade receivables | | **(11,710,517)** | (30,608,532) |
| Other financial assets | | **(528,585)** | (5,263) |
| Other assets | | **(1,240,897)** | (2,838,790) |
| Trade and other paybles | | **10,535,929** | 7,951,791 |
| Other financial liabilities | | **1,040,298** | 3,647,701 |
| Unearned and deferred revenues | | **1,205,124** | 398,653 |
| Employee benefit obligations | | **(619,612)** | 1,317,486 |
| Other liabilities and provisions | | **657,785** | 2,465,075 |
| **Cash generated/ (used In) from operating activities** | | **7,443,379** | (12,908,725) |
| Taxes paid (net of refunds) | | **(1,400,000)** | (674,504) |
| **Net cash generated/ (used in) from operating activities** | | **6,043,379** | 13,583,229) |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | **(172,361)** | (7,529,831) |
| Purchase of intangible asset | | **-** | (17) |
| Disposal of property, plant and equipment | | **35,000** | 72,500 |
| Payment towards subscription of shares in wholly owned subsidiaries | | **-** | (1) |
| **Net cash used in investing activities** | | **(137,361)** | (7,457,349) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of share capital | | **-** | 25,000,000 |
| Finance cost | | **(15,733)** | (3,203) |
| **Net cash (used In)/ generated from financing activities** | | **(15,733)** | 24,996,797 |
| **Net change in cash and cash equivalents** | | **5,890,285** | 3,956,219 |
| Cash and cash equivalents, beginning of the period | | **4,377,281** | - |
| Exchange difference on translation of foreign currency cash and cash equivalents | | **1,369,001** | 421,062 |
| **Cash and cash equivalents, end of the period** | 12(a) | **11,636,567** | 4,377,281 |

**The accompanying notes form an integral part of the financial statements.**

## 1. CORPORATE INFORMATION

Tata Consultancy Services Ireland Limited ("the Company") provides IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions. This is delivered through its unique Location-Independent Agile delivery model recognised as a benchmark of excellence in software development.

The Company was incorporated on 2 December, 2020 in Ireland as a subsidiary of Tata Consultancy Services Limited India to insource approximately 1500 associates and selected assets of Pramerica Systems Ireland Limited (subsidiary of Prudential Financials Inc ,US) based in Letterkenny, Ireland . The Company became operational in December 2020. The registered address of the company is 29 Earlsfort Terrace, Dublin 2 D02 AY28. Tata Consultancy Services Ireland Limited is a 100% subsidiary of Tata Consultancy Services Limited. The business address of the company is TCS Drive, Letterkenny Business & Technology Park, Letterkenny, Co Donegal, Ireland F92 W8CY.

The Company's immediate parent undertaking and controlling entity is Tata Consultancy Services Limited ("TCSL"), a company incorporated in India, which is registered as an external company in Ireland. The registered office is 9th Floor, Nirmal Building, Nariman Point, Mumbai, 400 021, India. The Company's ultimate parent undertaking and controlling entity is Tata Sons Private Limited whose registered office is Bombay House, 24 Homi Mody Street, Mumbai 400 001.

## 2. STATEMENT OF COMPLIANCE

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union.

## 3. BASIS OF PREPARATION

These financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows have been prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional and reporting currency of the Company is EURO ("EUR").

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

**Consolidation exemption**

The Company has a wholly owned subsidiary, Tata Consultancy Services Bulgaria EOOD. In preparation of these financial statements, the Company is exempt by virtue of section 300 of Companies Act 2014 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual and undertaking and not about its group.

## Notes forming part of the Financial Statements

### 4. Nature and purpose of reserves

**a) Retained earnings**

This reserve represents undistributed accumulated earnings of the Company as on the date of statement of financial position.

### 5. Recent accounting standards

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective

| | |
|---|---|
| Amendments to IAS 1 | : Classification of Liabilities as Current or Non-current[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | : Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | : Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | : Deferred Tax related to Assets and Liabilities arising from a Single transaction[1] |
| Amendments to IAS 16 | : Lease Liability in a sale and Leaseback[1] |
| Amendments to IAS 1 | : Non-current Liabilities with Covenants[2] |

[1]Effective for annual periods beginning on or after January 1, 2023.

[2]Effective for annual periods beginning on or after January 1, 2024.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

**IFRS 16- Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 1- Non-current Liabilities with Covenants**

In October 2022, IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liabllity. The company does not expect the amendments to have any significant impact on its classification of non-current liabilities in its statement of financial position.

## 6. REVENUE RECOGNITION

The Company earns revenue primarily from providing information technology, consultancy services and business solutions for its customers. The Company offers a consulting-led, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the entity expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

  Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Transaction price attributed in case of contracts with subsidiary is arrived at on the basis of arm's length price. Revenue also excludes taxes collected from customers.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in

## Notes forming part of the Financial Statements

the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

Revenue disaggregation by nature of services is as follows:

(Amount in EUR)

| | For the period January 1, 2022 to December 31, 2022 | For the period December 2, 2020 to December 31, 2021 |
|---|---|---|
| Revenue from consultancy services | **140,058,227** | 92,063,108 |
| **Total** | **140,058,227** | 92,063,108 |

Revenue disaggregation by industry vertical is as follows:

(Amount in EUR)

| | For the period January 1, 2022 to December 31, 2022 | For the period December 2, 2020 to December 31, 2021 |
|---|---|---|
| **Industry Vertical** | | |
| Banking, financial services and insurance | **97,663,366** | 82,059,965 |
| Manufacturing | **15,851,609** | 1,424,671 |
| Retail and consumer business | **2,569,173** | 971,425 |
| Communication, media and technology | **1,504,660** | 362,859 |
| Energy & Utilities | **459,430** | 14,169 |
| Hi-Tech Industry Practice | **2,546,392** | 209,351 |
| Life Sciences & Healthcare | **15,747,401** | 6,028,608 |
| Transportation | **2,251,371** | 112,110 |
| Others | **1,416,077** | 879,950 |
| S_Governance | **48,748** | - |
| **Total** | **140,058,227** | 92,063,108 |

Revenue disaggregation by geography is as follows:

(Amount in EUR)

| | For the period January 1, 2022 to December 31, 2022 | For the period December 2, 2020 to December 31, 2021 |
|---|---|---|
| **Geography** | | |
| America | **72,981,357** | 80,738,729 |
| UK | **64,323,567** | 11,110,241 |
| Europe | **2,751,217** | 214,138 |
| India | **1,597** | - |
| Asia Pacific | **489** | - |
| **Total** | **140,058,227** | 92,063,108 |

The Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially

## Notes forming part of the Financial Statements

satisfied) performance obligations is EUR 99,679,182 out of which 48.13% is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets is given below:

(Amount in EUR)

| | For the period January 1, 2022 to December 31, 2022 | For the period December 2, 2020 to December 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **215,041** | - |
| Invoices raised that were included in the contract assets balance at the beginning of the year | **(129,870)** | - |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | **1,336,604** | 212,194 |
| Translation exchange difference | **(33,639)** | 2,847 |
| **Balance at the end of the year** | **1,388,136** | 215,041 |

Changes in unearned and deferred revenue is as given below:

(Amount in EUR)

| | For the period January 1, 2022 to December 31, 2022 | For the period December 2, 2020 to December 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **398,653** | - |
| Revenue recognised that was Included in the unearned and deferred revenue at the beginning of the year | **(401,751)** | - |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year | **1,590,953** | 397,694 |
| Translation exchange difference | **15,922** | 959 |
| **Balance at the end of the year** | **1,603,777** | 398,653 |

### 7. COST RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories:

**Cost of sales**

These costs primarily include employee compensation of personnel engaged in providing services, travel expenses, fees to external consultants, cost of equipment and software licences, depreciation and amortisation of production related equipment and software, facility expenses, communication expenses and other project related expenses.

**Selling, general and administrative expenses**

Selling costs primarily include employee compensation for sales and marketing personnel, travel expenses, advertising, business promotion expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances, facility expenses for sales and marketing offices and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortisation expenses of non-production equipment and software, facility expenses for administrative offices, communication expenses, fees to external consultants and other general expenses.



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(Amount in EUR)

| Expenses by function | For the period January 1, 2022 to December 31, 2022 | For the period December 2, 2020 to December 31, 2021 |
|---|---|---|
| Cost of sales | **110,201,087** | 66,900,592 |
| Selling, general and administrative expenses | **23,035,960** | 23,125,181 |
| **Total** | **133,237,047** | 90,025,773 |

## 8. OTHER INCOME

### a) Other gains (net)

(Amount in EUR)

| | For the period January 1, 2022 to December 31, 2022 | For the period December 2, 2020 to December 31, 2021 |
|---|---|---|
| Gain disposal of property, plant and equipment | **6,368** | 25,958 |
| Net foreign exchange Gain | **1,308,491** | 856,238 |
| Interest from banks | **4,341** | - |
| **Total** | **1,319,200** | 882,196 |

## 9. FINANCE COSTS

Finance costs consist of the following:

(Amount in EUR)

| | For the period January 1, 2022 to December 31, 2022 | For the period December 2, 2020 to December 31, 2021 |
|---|---|---|
| Interest on bank overdrafts and loans | **15,733** | **3,203** |
| **Total** | **15,733** | **3,203** |

## 10. INCOME TAX

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

**Current income taxes**

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period. Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

**Deferred income taxes**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

## Notes forming part of the Financial Statements

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The income tax expense consists of the following:

(Amount in EUR)

| | For the period January 1, 2022 to December 31, 2022 | For the period December 2, 2020 to December 31, 2021 |
|---|---|---|
| **Current Tax** | | |
| Current tax expenses for current year | **1,117,952** | 622,519 |
| Current tax (benefit) / expense pertaining to prior years | **-** | - |
| | **1,117,952** | 622,519 |
| **Deferred tax** | | |
| Deferred tax credit for current year | **(138,282)** | (222,417) |
| **Total tax expense** | **979,670** | 400,102 |

The reconciliation of estimated income tax expense at the statutory income tax rate to income tax expense reported in statement of profit or loss and other comprehensive income is as follows:

(Amount in EUR)

| | For the period January 1, 2022 to December 31, 2022 | For the period December 2, 2020 to December 31, 2021 |
|---|---|---|
| **Current tax expenses** | | |
| Income before taxes | **8,124,647** | 2,916,328 |
| Statutory tax rate | **12.50%** | 12.50% |
| Expected income tax expense | **1,015,581** | 364,541 |
| **Temporary disallowed expenses** | | |
| Impact of higher tax rate | **5,599** | 14,533 |
| Capital allowances versus depreciation | **(107,652)** | 23,005 |
| Expenses adjustments | **66,142** | (1,977) |
| **Total tax expense** | **979,670** | 400,102 |

Note: Income is taxable at Irish corporate tax rate which is 12.5% except income from leased office which taxable at higher tax rate i.e. 25%

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2022 are as follows:

(Amount in EUR)

| | Opening balance | Recognised through profit and loss | Closing balance as on December, 2022 |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Deferred tax assets in relation to: | | | |
| Property, plant and equipments | **157,980** | **167,128** | **325,109** |
| Others | **64,437** | **(28,846)** | **35,591** |
| **Total deferred tax asset (net)** | **222,417** | **138,282** | **360,700** |

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2021 are as follows:

(Amount in EUR)

| | Opening balance | Recognised through profit and loss | Closing balance as on December, 2022 |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Deferred tax assets in relation to: | | | |
| Property, plant and equipments | - | 157,980 | 157,980 |
| Others | - | 64,437 | 64,437 |
| **Total deferred tax asset (net)** | - | 222,417 | 222,417 |

The Company has recognised a deferred tax asset on the basis that it will be recovered through future profitability.

## 11. EMPLOYEE BENEFITS

The Company provides for amount payable to be employees for compensated absences per the company's policy, which are expected to occur within twelve months after the end of the period in which the employee render the related services are recognised as undiscounted liability at the date of statement of financial position.

Employee consist of the following:

(Amount in EUR)

| | For the Period January 1st, 2021 to December 31, 2022 | For the period December 2, 2020 to December 31, 2021 |
|---|---|---|
| Salaries & wages | **45,781,435** | 61,831,205 |
| Contributions to defined contribution plans | **2,113,149** | 2,701,257 |
| Social Security contributions | **4,698,532** | 6,120,228 |
| **Total** | **52,593,117** | 70,652,690 |

## Notes forming part of the Financial Statements

**Staff numbers**

Average number of persons employed by the company (including directors) during the year, analysed by category are as follows:

| | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Billable roles | **957** | 1,287 |
| Support staff | **78** | 84 |
| | **1,035** | 1,371 |

Employee benefit obligation consist of the following::

(Amount in EUR)

| | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| **Employee benefit obligations - current** | | |
| Compensated absences | **697,874** | 1,317,486 |
| **Total** | **697,874** | 1,317,486 |

## 12. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The company derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of Balance sheet whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance.The Company recognises lifetime expected losses for all contract assets and/ or all trade receivables that that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**a) Cash and cash equivalents**

(Amount in EUR)

| | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| Balances with bank | **11,636,567** | 4,377,281 |
| **Total** | **11,636,567** | 4,377,281 |

**b) Investments**

(Amount in EUR)

| | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| **Investments Non-current** | | |
| Investment carried at cost | | |
| Equity shares | **1** | 1 |
| | **1** | 1 |

Investments carried at cost includes investments made in Equity shares of Tata Consultancy Services Bulgaria EOOD on 31st August, 2021, which is wholly owned subsidiary of the company, having registered address Sofia Business Park, Building 3, 1st Floor, 1766 Sofia, Bulgaria.

Tata Consultancy Services Bulgaria EOOD ("the Company") provides IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions. This is delivered through its unique Location-Independent Agile delivery model recognised as a benchmark of excellence in software development.The Company will provide F&A operations supporting EU region for Xerox for the F&A consolidation / transformation initiative.

## Notes forming part of the Financial Statements

### c) Trade and other receivables

Trade receiavbles consist of the following:

(Amount in EUR)

| Trade Receivable - Current | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| Trade receivables* | **35,844,025** | 24,878,039 |
| Less: Allowance for doubtful trade receivables | **-** | - |
| | **35,844,025** | 24,878,039 |
| Unbilled receivables | **6,475,024** | 5,730,493 |
| **Total** | **42,319,049** | 30,608,532 |

* Trade receivables include balances with related party of EUR 7,499,445 as at December 31, 2022 (EUR 3,242,647 as at December 31, 2021). (Ref., Note No. 14)

### d) Other financial assets

Other financial asset consist of the following:

(Amount in EUR)

| Other financial assets - current | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| Employee advances (net of allowance) | **24,294** | 5,263 |
| Other Advance {Back-to-Back Provision for Volume Discount) | **509,554** | - |
| **Total** | **533,848** | 5,263 |

### e) Trade payables

Trade payables consist of the following:

(Amount in EUR)

| Trade payables - Current | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| Trade payables* | **12,593,077** | 5,805,294 |
| Accrued expenses | **5,894,643** | 2,146,497 |
| **Total** | **18,487,720** | 7,951,791 |

* Trade payables and Accrued expenses include balances with related party of EUR 17,417,292 as at December 31, 2022 (EUR 7,249,477 as at December 31, 2021) ( Ref., Note No. 14)

### f) Other financial liabilities - current

(Amount in EUR)

| | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| Capital creditors | **60,843** | 155,040 |
| Accrued payroll | **3,239,643** | 3,433,522 |
| Liabilities towards customer contracts | **1,387,513** | 59,139 |
| **Total** | **4,687,999** | 3,647,701 |

**g) Financial instruments by category**

The carrying value of financial assets and financial liabilities as at December 31, 2022 is as follows:

(Amount in EUR)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **11,636,567** | **11,636,567** |
| Trade receivables and other receivables | **42,319,049** | **42,319,049** |
| Other financial assets | **533,848** | **533,848** |
| **Total** | **54,489,464** | **54,489,464** |
| **Financial liabilities** | | |
| Trade payables | **18,487,720** | **18,487,720** |
| Other financial liabilities | **4,687,999** | **4,687,999** |
| **Total** | **23,175,719** | **23,175,719** |

The carrying value of financial assets and financial liabilities as at December 31, 2021 is as follows:

(Amount in EUR)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 4,377,281 | 4,377,281 |
| Trade receivables and other receivables | 30,608,532 | 30,608,532 |
| Other financial assets | 5,263 | 5,263 |
| **Total** | 34,991,076 | 34,991,076 |
| **Financial liabilities** | | |
| Trade payables | 7,951,791 | 7,951,791 |
| Other financial liabilities | 3,647,701 | 3,647,701 |
| **Total** | 11,599,492 | 11,599,492 |

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at December 31, 2022 approximate the fair value.

**h) Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**i) Financial risk management**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management

## Notes forming part of the Financial Statements

policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

- **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rate may have potential impact on the statement of financial statement, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than functional currency of the company. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The risk primarily relate to fluctuation of USD, GBP and EUR against the functional currency of the Company.

The foreign exchange rate sensitivity is calculated by aggregation of net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all currencies by 10% against the functional currency of the Company.

The following table sets forth information relating to foreign currency exposure as at December 31, 2022:

(Amount in EUR)

| | USD (equivalent EUR) | GBP (equivalent EUR) | NOK (equivalent EUR) | CHF (equivalent EUR) | CAD (equivalent EUR) |
|---|---|---|---|---|---|
| Net financial assets | **35,396,803** | **1,675,740** | **797,518** | **23,442** | **7,893** |
| Net financial liabilities | **10,161,589** | **224,388** | **1,038** | **-** | **710** |

10% depreciation / appreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services Ireland Limited Company would result in decrease / increase in the Company's profit before taxes by approximately EUR 2,751,367 for the period ended December 31, 2022.

The following table sets forth information relating to foreign currency exposure as at December 31, 2021:

(Amount in EUR)

| | USD (equivalent EUR) | GBP (equivalent EUR) |
|---|---|---|
| Net financial assets | **29,095,098** | **1,343,540** |
| Net financial liabilities | **4,017,726** | **349,603** |

- **Interest rate risk**

The Company is not exposed to interest rate risk.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, cash and cash equivalents, and other financial assets.

- **Exposure to credit risk**

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was EUR 55,877,599 as of December 31, 2022 (EUR 35,103,468 as of December 31, 2021) being the total of the carrying amount of balances with bank, bank deposit, trade receivable, unbilled receivables, contract assets and other financial assets.

The Company's exposure to customers is diversified and single customer contributes to more than 10% of outstanding trade receivables, unbilled receivables and contract assets as at December 31, 2022.

(Amount in EUR)

| Client Name | As at Dec 31, 2022 | |
|---|---|---|
| | Total Trade receivables, Unbilled revenue and Contract assets | Percentage |
| Customer A | **16,589,926** | **38%** |
| Customer B | **6,945,413** | **16%** |
| Customer C | **4,877,743** | **11%** |
| Customer D | **4,400,699** | **10%** |

The Company's exposure to customers is diversified and single customer contributes to more than 10% of outstanding trade receivables, unbilled receivables and contract assets as at December 31, 2021.

(Amount in EUR)

| Client Name | As at Dec 31, 2021 | |
|---|---|---|
| | Total Trade receivables, Unbilled revenue and Contract assets | Percentage |
| Customer A | 24,472,707 | 80% |

- **Geographic concentration of credit risk**

The Company has a geographic concentration of trade receivables (net of allowances), unbilled receivables and contract assets as given below:

| Geography | As at Dec 31, 2022 | |
|---|---|---|
| | Gross | Net |
| America | **42%** | **42%** |
| UK | **54%** | **54%** |
| Europe | **4%** | **4%** |

| Geography | As at Dec 31, 2021 | |
|---|---|---|
| | Gross | Net |
| America | 81% | 81% |
| UK | 18% | 18% |
| Europe | 1% | 1% |

## Notes forming part of the Financial Statements

Geographical concentration of trade receivables, unbilled receivables and contract assets is allocated based on the location of the customers.

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(Amount in EUR)

| Dec 31, 2022 | Due in 1st Year | Due in 2nd to 5th year | Total |
|---|---|---|---|
| **Financial liabilities** | | | |
| Trade and other payables | **18,487,720** | **-** | **18,487,720** |
| Other financial liabilities | **4,687,999** | **-** | **4,687,999** |
| **Total** | **23,175,719** | **-** | **23,175,719** |

(Amount in EUR)

| Dec 31, 2021 | Due in 1st Year | Due in 2nd to 5th year | Total |
|---|---|---|---|
| **Financial liabilities** | | | |
| Trade and other payables | 7,951,791 | - | 7,951,791 |
| Other financial liabilities | 3,647,701 | - | 3,647,701 |
| **Total** | 11,599,492 | - | 11,599,492 |

**j) Equity instruments**

(Amount in EUR)

| | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| **Authorised** | | |
| 25,000,000 ordinary shares of EUR 1 each | **25,000,000** | 25,000,000 |
| **Issued, Subscribed and Fully paid up*** | | |
| 25,000,000 ordinary shares of EUR 1 each | **25,000,000** | 25,000,000 |

*100 ordinary shares of EUR 1 each were originally issued at par to Stembridge Limited, 22 Northumberland Road, Ballsbridge,Dublin 4 on incorporation. These were transferred to Tata Consultancy Services Limited on 2 December, 2020.

* 24,999,900 ordinary shares of EUR 1 each were issued at par to Tata Consultancy Services Limited on 17 December, 2020.

### Capital management

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated.The Company is not subject to any externally imposed capital requirements.

## 13. NON-FINANCIAL ASSETS AND LIABILITIES

### a) Property, plant and equipment

The Company has taken over the running business from a vendor including the fixed assets deployed in the Business. Total Consideration paid for the all the fixed assets has been allocated to each Asset based on the value of the assets as assessed by the Company.

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of asset | Useful life (in years) |
|---|---|
| Automobiles | 4 years |
| Computer and equipment | 3-4 years |
| Furniture and fixtures | 3-5 years |
| Office equipment | 3-5 years |
| Electrical installations | 5-10 years |
| Leasehold improvements | Lease term |

Depreciation is not recorded on capital work in progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in the statement of profit or loss.

## Notes forming part of the Financial Statements

Property, plant and equipment consist of the following:

(Amount in EUR)

| Description | Land | Leasehold Improvements | Computer equipment | Furniture and fixtures | Automobiles | Office equipment | Electrical Installations | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost as at Jan 1, 2022** | **557,226** | **3,891,941** | **1,898,502** | **534,332** | **47,667** | **300,410** | **69,165** | **7,299,243** |
| Additions | **-** | **-** | **69,971** | **27,698** | **-** | **-** | **-** | **97,669** |
| Disposals | **-** | **-** | **-** | **-** | **(47,667)** | **-** | **-** | **(47,667)** |
| **Cost as at Dec 31, 2022** | **557,226** | **3,891,941** | **1,968,473** | **562,030** | **-** | **300,410** | **69,165** | **7,349,245** |
| **Accumulated depreciation as at Jan 1, 2022** | **-** | **(700,965)** | **(981,152)** | **(320,567)** | **(14,449)** | **(183,815)** | **(45,157)** | **(2,246,105)** |
| Depreciation for the year | **-** | **(676,858)** | **(420,216)** | **(144,527)** | **(4,586)** | **(79,079)** | **(13,577)** | **(1,338,843)** |
| On disposals | **-** | **-** | **-** | **-** | **19,035** | **-** | **-** | **19,035** |
| **Accumulated depreciation as at Dec 31, 2022** | **-** | **(1,377,823)** | **(1,401,368)** | **(465,094)** | **-** | **(262,894)** | **(58,734)** | **(3,565,913)** |
| **Net carrying amount as at Dec 31, 2022** | **557,226** | **2,514,118** | **567,105** | **96,936** | **-** | **37,516** | **10,431** | **3,783,332** |
| **Capital work in progress** | | | | | | | | **214,216** |
| **Total** | | | | | | | | **3,997,548** |

(Amount in EUR)

| Description | Land | Leasehold Improvements | Computer equipment | Furniture and fixtures | Automobiles | Office equipment | Electrical Installations | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost as at Dec 2, 2020** | - | - | - | - | - | - | - | - |
| Additions | 557,226 | 3,891,941 | 1,898,502 | 534,332 | 138,729 | 300,410 | 69,165 | 7,390,305 |
| Disposals | - | - | - | - | 91,062 | - | - | 91,062 |
| **Cost as at Dec 31, 2021** | 557,226 | 3,891,941 | 1,898,502 | 534,332 | 47,667 | 3 00,410 | 69,165 | 7,299,243 |
| **Accumulated depreciation as at Dec 2, 2020** | - | - | - | - | - | - | - | - |
| Depreciation for the year | - | (700,965) | (981,152) | (320,567) | (58,969) | (183,815) | (45,157) | (2,290,625) |
| On disposals | - | - | - | - | 44,520 | - | - | 44,520 |
| **Accumulated depreciation as at Dec 31, 2021** | - | (700,965) | (981,152) | (320,567) | (14,449) | (183,815) | ( 45,157) | (2,246,105) |
| **Net carrying amount as at Dec 31, 2021** | 557,226 | 3,190,976 | 917,350 | 213,765 | 33,218 | 116,595 | 24,008 | 5,053,138 |
| **Capital work in progress** | | | | | | | | 139,525 |
| **Total** | | | | | | | | 5 ,192,663 |

**b) Intangible assets**

Intangible assets, are measured at cost, less accumulated amortisation and accumulated impairment, if any. Intangible assets are amortised on a straight line basis.
Intangible assets consist of software licenses.

| Nature of intangible | Useful lives |
|---|---|
| Software licenses | Lower of licenses period and 4 years |

Intangible assets consist of the following:

| | Software Licenses |
|---|---|
| **Cost as at January 1, 2022** | **17** |
| Additions | **-** |
| Disposals | **-** |
| **Cost as at December 31, 2022** | **17** |
| **Accumulated amortisation as at January 1, 2022** | **17** |
| Amortisation | **-** |
| Disposals | **-** |
| **Accumulated amortisation as at December 31, 2022** | **(17)** |
| **Net carrying amount as at December 31, 2022** | **-** |

| | Software Licenses |
|---|---|
| **Cost as at December 2, 2020** | - |
| Additions | 17 |
| Disposals | - |
| **Cost as at December 31, 2021** | 17 |
| **Accumulated amortisation as at December 2, 2020** | - |
| Amortisation | (17) |
| Disposals | - |
| **Accumulated amortisation as at December 31, 2021** | (17) |
| **Net carrying amount as at December 31, 2021** | - |

## Notes forming part of the Financial Statements

### c) Other assets

Other assets consist of the following:

(Amount in EUR)

| Other assets - Current | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| Contract assets | **1,388,136** | 215,041 |
| Advance to suppliers | **520,103** | 38,858 |
| Prepaid expenses | **1,160,914** | 720,281 |
| Contract fulfillment cost | **79,714** | 89,619 |
| Other advances | **339,375** | 383,880 |
| **Total** | **3,488,242** | 1,447,679 |

(Amount in EUR)

| Other assets - Non - current | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| Prepaid expenses | **-** | 520,103 |
| Contract fulfillment costs | **13,273** | 8,484 |
| Other non current assets | **578,170** | 862,524 |
| | **591,443** | 1,391,111 |

### d) Other liabilities

Other liabilities consist of the following:

(Amount in EUR)

| | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| **Other liabilities - current** | | |
| Indirect tax payable and other statutory liabilities | **2,943,374** | 2,075,008 |
| Other current liabilities - Others | **21,638** | 384,425 |
| Provision for rent | **156,922** | - |
| **Total** | **3,121,934** | 2,459,433 |

**e) Provisions**

Provisions consist of the following:

(Amount in EUR)

| | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| Provision for foreseeable loss | **925** | 5,642 |
| **Total** | **925** | 5,642 |

## 14. RELATED PARTY TRANSACTIONS

Tata Consultancy Services Ireland Limited principal related parties consist of its ultimate holding company Tata Sons Private Limited, its immediate parent company Tata Consultancy Services Limited and its subsidiaries, affiliates and its key managerial personnel. The Company routinely enters into transactions with its related parties in the ordinary course of business. The company has not entered into any transaction with its key managerial personnel for the year ended 31 December, 2022.

**Transactions with related parties**

(Amount in EUR)

| Particulars | For the period Jan 1, 2022 to Dec 31, 2022 | | | |
|---|---|---|---|---|
| | With Tata Sons Private Limited (Ultimate Holding Company) | With Tata Consultancy Services Limited (Parent of Holding Company) | With Subsidiaries of Tata Consultancy Services Limited | Total |
| Revenue | **-** | **18,295,094** | **2,150,699** | **20,445,793** |
| Purchases of goods and services (including reimbursement) | **-** | **71,254,235** | **1,415,964** | **72,670,199** |
| Facility expenses | **-** | **1,787,645** | **-** | **1,787,645** |
| Brand equity contribution | **311,254** | **-** | **-** | **311,254** |

**Balances with related parties**

(Amount in EUR)

| Particulars | For the year ended Dec 31, 2022 | | | |
|---|---|---|---|---|
| | With Tata Sons Private Limited (Ultimate Holding Company) | With Tata Consultancy Services Limited (Parent of Holding Company) | With Subsidiaries of Tata Consultancy Services Limited | Total |
| Trade receivables, unbilled receivables and pre-payments (net) | **-** | **6,944,313** | **555,132** | **7,499,445** |
| Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities* | **454,277** | **16,642,280** | **320,735** | **17,417,292** |

## Notes forming part of the Financial Statements

(Amount in EUR)

| Particulars | For the period Dec 2, 2020 to Dec 31, 2021 | | | |
|---|---|---|---|---|
| | With Tata Sons Private Limited (Ultimate Holding Company) | With Tata Consultancy Services Limited (Parent of Holding Company) | With Subsidiaries of Tata Consultancy Services Limited | Total |
| Revenue | - | 4,690,841 | 152,344 | 4,843,185 |
| Purchases of goods and services (including reimbursement) | - | 10,545,339 | 59,206 | 10,604,545 |
| Facility expenses | - | 1,785,435 | - | 1,785,435 |
| Brand equity contribution | 143,022 | - | - | 143,022 |

**Balances with related parties**

(Amount in EUR)

| Particulars | For the year ended Dec 31, 2022 | | | |
|---|---|---|---|---|
| | With Tata Sons Private Limited (Ultimate Holding Company) | With Tata Consultancy Services Limited (Parent of Holding Company) | With Subsidiaries of Tata Consultancy Services Limited | Total |
| Trade receivables, unbilled receivables and pre-payments (net) | - | 3,041,267 | 201,380 | 3,242,647 |
| Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities* | 143,022 | 6,997,369 | 109,086 | 7,249,477 |

*Includes accrued expenses, trade payables, unearned revenue and volume discount liability, which arise in the normal course of business and do not have any specific terms of repayment.

### 15. DIRECTOR'S REMUNERATION

Remuneration paid/ payable to directors for the period ended 31 December 2022 is EUR Nil and 31 December 2021 is EUR Nil.

### 16. GOING CONCERN

Management have made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the possible impacts in relation to COVID 19, which is at least, but not limited to, twelve months from the end of the reporting period. Based on the analysis they have concluded that the Company has sufficient resources to continue as a going concern.

## 17. SUBSEQUENT EVENTS

There have been no circumstances of a material nature that have occurred between the financial year end and the date of approval of these financial statements that require adjustment or disclosure in the financial statements.

## 18. CONTINGENCIES

The Company has contractually committed (net of advances) for EUR 551 as at 31 December, 2022 and EUR 8,524 as at 31 December, 2021 for purchase of property, plant and equipment.

## 19. COMPARATIVE FIGURES

Transactions presented in the IFRS Financial Statements of the Company for the year ended 31 December, 2022, are not comparatives with previous period figures as it is for 13 months (December 2020 to December 2021).

## 20. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on, 23 March, 2023



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# TATA CONSULTANCY SERVICES (SOUTH AFRICA) PROPRIETARY LIMITED

**(Registration Number: 2007/031334/07)**

## ANNUAL FINANCIAL STATEMENTS

**For the year ended**
**December 31, 2022**

Audited in compliance with section 30
of the Companies Act of South Africa

Prepared under the supervision of Satyen Deo

# FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
## For the year ended December 31, 2022

# Directors' Statement of Responsibility

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the company's assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems have occurred during the year under review.

The financial statements have been prepared on the going concern basis since the directors believe that the company has adequate resources in place to continue in operation for the foreseeable future.

**Directors' approval of the annual financial statements**

The annual financial statements and directors report were approved by the Directors on March 16, 2023 and are signed on their behalf by:

**Lakshminarayanan Gomatam Seshadri**

Authorised Director

**Henry Langa Dube**

Authorised Director

# Directors' Report

The directors have pleasure in presenting their report on the activities of the Company for the year ended December 31, 2022. This financial report covers the period 1st January 2022 to 31st December 2022. Comparative figures are For the 9 months ended 31st December 2021.

**Nature of business**

The Company provides IT consultancy services.

**General review of operations**

The financial position of the Company and the results of its operations for the year under review are set out in the attached financial statements and in the opinion of the directors require no further comment. Profit after tax for the Company amounted to ZAR 77,628,310 for December 2022 (December 2021: ZAR 56,029,193).

**Dividends**

A dividend of ZAR 56,160,003 was paid during the year ended December 31, 2022 (December 2021: ZAR 72,868,833)

**Shareholder**

The current shareholder of Tata Consultancy Services (South Africa) Proprietary Limited are:

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Tata Consultancy Services (Africa) Proprietary Limited | **100%** | 100% |

**Directors and secretary**

The directors of the company during the year under review and up to the date of this report are:

Henry Langa Dube (Appointed on July 22, 2019)

Lakshminarayanan Gomatam Seshadri* (Appointed on July 22, 2019)

*Indian

**Registered office and postal address**

The registered office and postal address of the company are:

Registered Address: 39, Ferguson Road, Illovo, 2196

Postal address: P.O. Box 706, Melrose Arch, 2076

# Independent Auditor's Report

**KPMG Inc**
**KPMG Crescent**
**85 Empire Road, Parktown, 2193,**
**Private Bag 9, Parkview, 2122, South Africa**
**Telephone** **+27 (0)11 647 7111**
**Fax** **+27 (0)11 647 8000**
**Docex** **472 Johannesburg**
**Web** **http://www.kpmg.co.za**

**To The Shareholder Of Tata Consultancy Services (South Africa) Proprietary Limited**

## Opinion

We have audited the financial statements of Tata Consultancy Services (South Africa) Proprietary Limited (the Company) set out on pages 1 to 24, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 financial statements present fairly, in all material respects, the financial position of Tata Consultancy Services (South Africa) Proprietary Limited as at 31 December 2022, and its financial performance and cash flows for the year then ended then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Tata Consultancy Services (South Africa) Proprietary Limited Annual Financial Statements for the year ended 31 December 2022", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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 the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's 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 auditor's 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 ISAs 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 ISAs, 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 the directors.
- Conclude on the appropriateness of the directors' 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 auditor's 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 auditor's 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.

**KPMG Inc.**

Per DW Matthews
Chartered Accountant (SA)
Registered Auditor
Associate Director
17 March 2023

## Statement of Financial Position as at December 31, 2022 and December 31, 2021

(Amount in : ZAR)

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7(a) | **146,542,204** | 107,052,507 |
| Trade receivables | 7(b) | **447,333,803** | 393,826,841 |
| Unbilled receivables | | **7,066,202** | 5,348,932 |
| Other financial assets | 7(c) | **4,664,006** | 4,529,534 |
| Income tax assets (net) | | **25,336,951** | 19,244,799 |
| Other assets | 9(b) | **272,359,869** | 286,736,539 |
| **Total current assets** | | **903,303,035** | 816,739,152 |
| **Non-current assets** | | | |
| Trade receivables | 7(b) | **-** | 724,259 |
| Deferred tax assets (net) | 13 | **36,169,358** | 46,121,601 |
| Property, plant and equipment | 9(a) | **4,418,618** | 1,976,388 |
| Other assets | 9(b) | **-** | 1,669,229 |
| **Total non-current assets** | | **40,587,976** | 50,491,477 |
| **TOTAL ASSETS** | | **943,891,011** | 867,230,629 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Borrowings** | | | |
| Trade payables | 7(d) | **656,607,718** | 545,601,624 |
| Other financial liabilities | 7(e) | **551,109** | 1,131,492 |
| Unearned and deferred revenue | | **82,572,908** | 132,373,214 |
| Employee benefit obligations | 14 | **3,759,070** | 3,774,226 |
| Provisions | | **70,239** | (696) |
| Other liabilities | 9(c) | **24,438,689** | 29,927,798 |
| **Total current liabilities** | | **767,999,733** | 712,807,658 |
| **TOTAL LIABILITIES** | | **767,999,733** | 712,807,658 |
| **Equity** | | | |
| Share capital | 7(i) | **18,000,001** | 18,000,001 |
| Retained earnings | | **157,891,277** | 136,422,970 |
| **Total equity** | | **175,891,278** | 154,422,971 |
| **TOTAL LIABILITIES AND EQUITY** | | **943,891,011** | 867,230,629 |

**SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

## Statement of Profit or Loss and Other Comprehensive Income
## For the year ended December 31, 2022 and 9 months ended December 31, 2021

(Amount in : ZAR)

| | Note | For the year ended December 31, 2022 | For 9 months ended December 31, 2021 |
|---|---|---|---|
| **Revenue** | 10 | **2,092,508,239** | 1,481,648,973 |
| **Operating expenses** | | | |
| Employee cost | 14 | **130,011,669** | 87,339,542 |
| Other operating expenses | 11 | **1,857,183,389** | 1,303,482,641 |
| Depreciation | 9(a) | **1,310,212** | 1,010,344 |
| Bad Debts | | **1,013,807** | 13,890,432 |
| **Total operating expenses** | | **1,989,519,077** | 1,405,722,959 |
| **Operating profit** | | **102,989,162** | 75,926,014 |
| **Other income** | | | |
| Net foreign exchange losses | | **(699,187)** | (120,674) |
| Finance costs | | **(11,858)** | - |
| Finance income | 12(a) | **6,381,359** | 2,363,028 |
| **Total other income** | | **5,670,314** | 2,242,354 |
| **Profit before taxes** | | **108,659,476** | 78,168,368 |
| Income tax expense | 13 | **31,031,166** | 22,139,176 |
| **Profit for the year** | | **77,628,310** | 56,029,192 |
| Other comprehensive Income (OCI) | | **-** | - |
| **Total comprehensive income for the period** | | **77,628,310** | 56,029,192 |

**SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

## Statement of Changes in Equity
## For the year ended December 31, 2022 and 9 months ended December 31, 2021

(Amount in : ZAR)

| | Share capital | Retained earnings | Total equity |
|---|---|---|---|
| **Balance as at April 1, 2021** | 18,000,001 | 153,262,611 | 171,262,612 |
| Total comprehensive income for nine months | - | 56,029,192 | 56,029,192 |
| Dividend paid (Per share : 4.05) | - | (72,868,833) | (72,868,833) |
| **Balance as at December 31, 2021** | **18,000,001** | **136,422,970** | **154,422,971** |
| Total comprehensive income for the year | **-** | **77,628,310** | **77,628,310** |
| Dividend paid (Per share : 3.12 ) | **-** | **(56,160,003)** | **(56,160,003)** |
| **Balance as at December 31, 2022** | **18,000,001** | **157,891,277** | **175,891,278** |

**SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

## Statement of Cash Flows
## For the year ended December 31, 2022 and 9 months ended December 31, 2021

(Amount in : ZAR)

| | Note | For the year ended December 31, 2022 | For 9 months ended December 31, 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit for the year | | **77,628,310** | 56,029,191 |
| **Adjustment to reconcile profit or loss to net cash provided by operating activities:** | | | |
| Depreciation | 9(a) | **1,310,212** | 1,010,344 |
| Income tax expense | | **31,031,166** | 22,139,176 |
| Provision for foreseeable losses | | **70,935** | (121,380) |
| Provision for doubtful debts (net) | | **(2,528,111)** | 11,696,674 |
| **Operating profit before working capital changes** | | **107,512,512** | 90,754,005 |
| **Net change in:** | | | |
| Trade receivables | | **(50,254,593)** | (88,828,826) |
| Unbilled receivables | | **(1,717,270)** | 1,317,486 |
| Other financial assets | | **(134,472)** | 2,911,513 |
| Other assets | | **16,045,899** | (85,161,537) |
| Trade and other payables | | **111,006,093** | 168,348,156 |
| Other financial liabilities | | **(580,383)** | (1,695,692) |
| Unearned and deferred revenues | | **(49,800,307)** | 52,195,520 |
| Employee benefit obligations | | **(15,156)** | (645,091) |
| Other liabilities | | **(5,489,109)** | 4,816,558 |
| **Cash generated from operating activities** | | **126,573,216** | 144,012,092 |
| Taxes paid ( net of refunds) | | **(27,171,076)** | (41,787,919) |
| **Net cash generated from operating activities** | | **99,402,140** | 102,224,174 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Purchase of property, plant and equipment | | **(3,752,440)** | (315,854) |
| **Net cash used in investing activities** | | **(3,752,440)** | (315,854) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Payment of dividend | | **(56,160,003)** | (72,868,833) |
| **Net cash used in financing activities** | | **(56,160,003)** | (72,868,833) |
| **Net change in cash and cash equivalents** | | **39,489,697** | 29,039,487 |
| Cash and cash equivalents, beginning of the year | | **107,052,507** | 78,013,020 |
| **Cash and cash equivalents, end of the year** | 7(a) | **146,542,204** | 107,052,507 |

**SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

## Notes forming part of the Financial statements for the year ended December 31, 2022

### 1. CORPORATE INFORMATION

Tata Consultancy Services (South Africa) Proprietary Limited (the "Company") is registered under Companies Act of South Africa having registration number 2007/031334/07.

The Company is engaged in a wide range of information technology and consultancy services including systems hardware and software, communications and networking, hardware sizing and capacity planning, software project management solutions, technology education services and business process outsourcing.

The address of the Company's registered office is 39 Ferguson road, Illovo, 2196

The financial statements were approved and authorised for issue on March 16, 2023.

### 2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and Companies Act of South Africa. The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented.

### 3. BASIS OF PREPARATION

These financial statements have been prepared on historical cost basis except for certain financial instrument which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The company changed its accounting period last year. Accordingly this comparative financial report covers the nine month period 1st April 2021 to 31st December 2021.

The functional and reporting currency of Tata Consultancy Services (South Africa) Proprietary Limited is Rands ("ZAR").

Foreign currency transactions are translated into functional currency at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using exchange rates prevailing on the date of statement of financial position. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are included in profit or loss. Non monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

### 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of these financial statements is in conformity with the recognition and measurement principles of International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and future periods are affected.

The company uses the following critical accounting estimates in preparation of its consolidated financial statements:

**a. Revenue recognition**

Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**b. Useful lives of property, plant and equipment**

The Company reviews the carrying amount of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods. The carrying amount of property, plant and equipment as on December 31, 2022 was ZAR 4,418,617 (December 31, 2021: ZAR 1,976,388).

**c. Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**d. Valuation of deferred tax assets**

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

**e. Provisions and contingent liabilities**

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at the end of each reporting period adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

**f. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## 5. NATURE AND PURPOSE OF RESERVES

**a. Retained earnings**

This reserve represents undistributed accumulated earnings of the Company as on the date of statement of financial position.

## Notes forming part of the Financial statements for the year ended December 31, 2022

### 6. RECENT ACCOUNTING STANDARDS

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and liabilities arising from a single transaction[1] |

[1]Effective for annual periods beginning on or after January 1, 2023.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

### 7. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**Trade receivable**

Trade recoverable without a significant financing component is initially measured at transaction price.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**Derecognition**

***(i) Financial asset***

The Company derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flow in a transaction in which substantially all of the risks and rewards of the ownership of financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases the transferred assets are not derecognised.

## Notes forming part of the Financial statements for the year ended December 31, 2022

***(ii) Financial liability***

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognises financial liability when its terms are modified and cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of financial liability the difference between the carrying amount extinguished and the consideration paid (including any non cash asset transferred or liabilities assumed) is recognised in profit or loss.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

**a. Cash and cash equivalents**

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Cash in hand | **16,000** | 16,000 |
| Balances with bank | **66,526,204** | 37,036,507 |
| Short term bank deposits | **80,000,000** | 70,000,000 |
| **Total** | **146,542,204** | 107,052,507 |

**b. Trade receivables**

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Trade Receivables - Current** | | |
| Trade receivables* | **474,093,107** | 423,114,256 |
| Less: Allowance for doubtful trade receivables | **(26,759,304)** | (29,287,415) |
| **Total** | **447,333,803** | 393,826,841 |
| **Trade receivables - Non- Current** | | |
| Trade receivables | **-** | 724,259 |
| **Total** | **-** | 724,259 |

* Trade receivables include balances with related party of ZAR 48,067,443 as at December 31, 2022 (ZAR 41,460,135 as at December 31, 2021) (Refer Note No. 15)

**Movement in the provision for doubtful debt**

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **At January 1** | **29,287,415** | 17,590,741 |
| Additional (reversal)/provision during the year | **(2,528,111)** | 11,696,674 |
| Recovered during the year | **-** | - |
| Add/Less: Exchange difference | **-** | - |
| **At December 31** | **26,759,304** | 29,287,415 |

**c. Other financial assets**

Other financial asset consist of the following:

(Amount in : ZAR)

| Other financial assets - current | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Employee advances (net of allowance) | **662,417** | 463,450 |
| Premises deposits net of allowance | **3,601,218** | 3,758,236 |
| Other* | **400,371** | 307,848 |
| **Total** | **4,664,006** | 4,529,534 |

* Other include balances with related party of ZAR 94,829 as at December 31, 2022 (ZAR 114,622 as at December 31, 2021) (Refer Note No. 15)

**d. Trade payables**

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade payables* | **411,196,663** | 359,749,752 |
| Accrued expenses | **245,411,055** | 185,851,872 |
| **Total** | **656,607,718** | 545,601,624 |

* Trade payables and Accrued expenses include balances with related party of as at 609,685,350 December 31, 2022 (ZAR 524,342,471 as at December 31, 2021) (Refer Note No. 15)

**e. Other financial liabilities - current**

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Accrued payroll | **445,313** | 253,260 |
| Liabilities towards customer contracts | **105,796** | 878,232 |
| **Total** | **551,109** | 1,131,492 |

**f. Financial instruments by category**

The carrying value of financial assets and financial liabilities as at December 31, 2022 is as follows:

(Amount in : ZAR)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **146,542,204** | **146,542,204** |
| Trade receivables | **447,333,803** | **447,333,803** |
| Unbilled receivables | **7,066,202** | **7,066,202** |
| Other financial assets | **4,664,006** | **4,664,006** |
| **Total** | **605,606,215** | **605,606,215** |

## Notes forming part of the Financial statements for the year ended December 31, 2022

(Amount in : ZAR)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial liabilities** | | |
| Trade payables | **656,607,718** | **656,607,718** |
| Other financial liabilities | **551,109** | **551,109** |
| **Total** | **657,158,827** | **657,158,827** |

The fair value of financial assets and financial liabilities as at December 31, 2021 is as follows:

(Amount in : ZAR)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 107,052,507 | 107,052,507 |
| Trade receivables | 394,551,100 | 394,551,100 |
| Unbilled revenue | 5,348,932 | 5,348,932 |
| Other financial assets | 4,529,534 | 4,529,534 |
| **Total** | 511,482,073 | 511,482,073 |
| **Financial liabilities** | | |
| Trade payables | 545,601,624 | 545,601,624 |
| Other financial liabilities | 1,131,492 | 1,131,492 |
| **Total** | 546,733,116 | 546,733,116 |

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at December 31, 2022 and December 31, 2021 approximate the fair value.

**g. Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**h. Financial risk management**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

  The fluctuation in foreign currency exchange rate may have potential impact on the statement of financial statement, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than functional currency of the company. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

  The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

  The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the functional currency of the company.

  The following table sets forth information relating to foreign currency exposure as at December 31, 2022:

| | USD (equivalent ZAR) | EUR (equivalent ZAR) |
|---|---|---|
| Net financial assets | **45,401** | **59,365** |
| Net financial liabilities | **5,451,992** | **65,968** |

10% depreciation / appreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services South Africa Pty Ltd Company would result in decrease / increase in the Company's profit before taxes by approximately ZAR 541,319 for the year ended December 31, 2022

The following table sets forth information relating to foreign currency exposure as at December 31, 2021:

| | USD (equivalent ZAR) | EUR (equivalent ZAR) |
|---|---|---|
| Net financial assets | 670,536 | 79,254 |
| Net financial liabilities | 625,899 | 35,816 |

10% depreciation / appreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services South Africa Pty Ltd Company would result in decrease / increase in the Company's profit before taxes by approximately ZAR 8,808 for the period ended December 31, 2021.

- **Interest rate risk**

  Interest rate risk is the risk of changes in market interest rates affecting the overall return of the Company. The Company does not hedge its interest rate exposure. The Company's exposure to interest rate risk is limited to its balance maintained with bank.

## Notes forming part of the Financial statements for the year ended December 31, 2022

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, cash and cash equivalents, and other financial assets.

The Company considers that its receivables from related parties, has low credit risk based on the credit rating of the counter parties.

- **Exposure to credit risk**

  The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was ZAR 727,057,336 and ZAR 618,458,417 as of December 31, 2022 and December 31, 2021, respectively being the total of the carrying amount of balances with bank, bank deposit, trade receivable, unbilled receivables, contract assets and other financial assets. Balance with bank are held with banks with high credit ratings. As of December 31, 2021 there were no indications that any defaults will occur on trade receivable, unbilled revenues contract assets, or other financial assets.

  Tata Consultancy Services South Africa Pty Ltd Company's exposure to customers is diversified and single customer contributes to more than 10% of outstanding trade receivables, unbilled receivables and contract assets as at December 31, 2022 and December 2021

(Amount in : ZAR)

| Client Name | As at December 31, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|
| | **Total trade receivables and Unbilled revenue** | **Percentage** | **Total trade receivables and Unbilled revenue** | **Percentage** |
| Customer A | | | 52,678,757 | 10% |
| Customer B | **63,696,639** | **11%** | 78,725,604 | 15% |

- **Geographic concentration of credit risk**

  The Company has a geographic concentration of trade receivables (net of allowances), unbilled revenue and contract assets as given below:

| | **As of December 31, 2022** | **As of December 31, 2021** |
|---|---|---|
| Africa | **100.00%** | 100.00% |
| America | **0.00%** | 0.00% |
| UK | **0.00%** | 0.00% |
| India | **0.00%** | 0.00% |

Geographical concentration of trade receivables, unbilled receivables and contract assets is allocated based on the location of the customers.

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. The expected credit loss allowance is based on the ageing of the days the receivables are due and are as follows:

(Amount in : ZAR)

| December 31, 2022 | Weighted average loss rate % | Gross carrying amount* | Loss allowance | Credit impaired |
|---|---|---|---|---|
| **No Due** | **0.50%** | **227,802,029.80** | **(1,144,198)** | **No** |
| **1-90** | **1.42%** | **147,242,209.20** | **(2,093,508)** | **No** |
| **91-180** | **8.32%** | **18,480,386.42** | **(1,537,287)** | **No** |
| **181-272** | **84.44%** | **451,701.32** | **(381,413)** | **No** |
| **>273** | **100.00%** | **9,911,152.00** | **(9,911,152)** | **Yes** |

| December 31, 2021 | Weighted average loss rate % | Gross carrying amount* | Loss allowance | Credit impaired |
|---|---|---|---|---|
| No Due | 0.00% | 226,788,655 | (22) | No |
| 1-90 | 0.00% | 103,048,529 | (48) | No |
| 91-180 | 0.00% | 12,013,288 | (34) | No |
| 181-272 | 90.84% | - | - | No |
| >273 | 100.00% | 3,416,717 | (3,416,717) | Yes |

*Gross carrying amount excludes inter-company receivables and receivable against which specific allowance has been made.

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(Amount in : ZAR)

| | Due in 1st year | Due in 2nd to 5th year | Total |
|---|---|---|---|
| **December 31, 2022** | | | |
| **Financial liabilities** | | | |
| Trade and other payables | **656,607,718** | **-** | **656,607,718** |
| Other financial liabilities | **551,109** | **-** | **551,109** |
| **Total** | **657,158,826** | **-** | **657,158,826** |

## Notes forming part of the Financial statements for the year ended December 31, 2022

| | Due in 1st year | Due in 2nd to 5th year | Total |
|---|---|---|---|
| **December 31, 2021** | | | |
| **Financial liabilities** | | | |
| Trade and other payables | 545,601,624 | - | 545,601,624 |
| Other financial liabilities | 1,131,492 | - | 1,131,492 |
| **Total** | 546,733,116 | - | 546,733,116 |

**i. Equity instruments**

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Authorised** | | |
| 20,000,000 ordinary shares of ZAR 1 each | **20,000,000** | 20,000,000 |
| **Issued, Subscribed & Fully paid up** | | |
| 18,000,001 ordinary shares of ZAR 1 each | **18,000,001** | 18,000,001 |

The remaining unissued ordinary shares are under the unrestricted control of the directors until the forthcoming annual general meeting.

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Share holding** | **Percentage** | Percentage |
| Tata Consultancy Services (Africa) Proprietary Limited | **100%** | 100% |

**Capital management**

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

## 8. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The rightof- use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

**Operating leases**

For transition, the Company has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

The Company incurred ZAR 50,285,724 and ZAR 45,470,760 for year ended December 31, 2022 and for the period ended December 31, 2021, respectively, towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow for leases is ZAR 50,285,724 and ZAR 45,470,760 for year ended December 31, 2022, and for the period ended December 31, 2021, respectively, including cash outflow for short-term leases and leases of low-value assets.

The Company does not have lease term extension options that are not reflected in the measurement of lease liabilities.

## 9. NON-FINANCIAL ASSETS AND LIABILITIES

### a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

## Notes forming part of the Financial statements for the year ended December 31, 2022

The estimated useful lives are as mentioned below:

| Type Of Asset | Method | Useful life (in years) |
|---|---|---|
| Computer and equipment | Straight Line Method | 4 years |
| Furniture and fixtures | Straight Line Method | 5 years |
| Office equipment | Straight Line Method | 5 years |
| Electrical installations | Straight Line Method | 10 years |
| Leasehold improvements | Straight Line Method | Lease term |

Depreciation is not recorded on capital work in progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

Property, Plant and equipment consist of the following:

(Amount in : ZAR)

| | Leasehold Improvements | Computer equipment | Furniture and Fixtures | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|
| **Gross block as at January 1, 2022** | **190,000** | **12,849,855** | **281,947** | **659,359** | **61,170** | **14,042,331** |
| Additions | **-** | **2,764,498** | **-** | **221,942** | **636,686** | **3,623,126** |
| Disposals | **-** | **-** | **-** | **-** | **-** | **-** |
| **Gross block as at December 31, 2022** | **190,000** | **15,614,353** | **281,947** | **881,301** | **697,856** | **17,665,457** |
| **Accumulated depreciation as at January 1, 2022** | **190,000** | **10,984,945** | **250,352** | **623,465** | **17,180** | **12,065,942** |
| Disposals | **-** | **-** | **-** | **-** | **-** | **-** |
| Depreciation for the year | **-** | **1,243,801** | **13,979** | **26,169** | **26,263** | **1,310,212** |
| **Accumulated depreciation as at December 31, 2022** | **190,000** | **12,228,746** | **264,331** | **649,634** | **43,443** | **13,376,154** |
| **Net carrying amount as at December 31, 2022** | **-** | **3,385,607** | **17,616** | **231,667** | **654,413** | **4,289,303** |
| Capital work in progress | **-** | **17,532** | **-** | **111,783** | **-** | **129,315** |
| **Total** | | | | | | **4,418,618** |

| | Leasehold Improvements | Computer equipment | Furniture and Fixtures | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|
| **Gross block as at April 1, 2021** | 190,000 | 12,658,145 | 281,947 | 659,359 | 61,170 | 13,850,621 |
| Additions | - | 315,854 | - | - | - | 315,854 |
| Disposals | | 124,144 | - | - | - | 124,144 |
| **Gross block as at December 31, 2021** | 190,000 | 12,849,855 | 281,947 | 659,359 | 61,170 | 14,042,331 |
| **Accumulated depreciation as at April 1, 2021** | 190,000 | 10,175,000 | 219,899 | 582,272 | 12,572 | 11,179,743 |
| Disposals | | 124,144 | - | - | - | 124,144 |
| Depreciation for the period | - | 934,089 | 30,453 | 41,194 | 4,608 | 1,010,344 |
| **Accumulated depreciation as at December 31, 2021** | 190,000 | 10,984,945 | 250,352 | 623,465 | 17,180 | 12,065,943 |
| **Net carrying amount as at December 31, 2021** | - | 1,864,910 | 31,595 | 35,893 | 43,990 | 1,976,388 |
| Capital work in progress | - | - | - | - | - | - |
| **Total** | | | | | | 1,976,388 |

**b. Other assets**

Other assets consist of the following:

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Other assets - Current** | | |
| Advance to suppliers | **-** | 128,001 |
| Prepaid expenses* | **145,383,826** | 162,524,553 |
| Prepaid Rent-Others | **4,108,414** | 4,108,750 |
| Contract fulfilment cost** | **2,412,522** | 15,379,709 |
| Contract assets | **120,438,121** | 104,578,827 |
| Other current assets - others | **16,986** | 16,699 |
| **Total** | **272,359,869** | 286,736,539 |

* Prepaid expenses include balances with related party of ZAR 145,365,449 as at December 31, 2022 (ZAR 162,524,554 as at December 31, 2021) (Refer Note No. 15)

** Contract fulfilment cost of ZAR 14,149,475 for year ended December 31, 2022(ZAR Nil for the year ended December 31, 2021) has been amortized in statement of Profit and Loss.

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Other assets - Non-Current** | | |
| Contract assets - non-current | **-** | 1,669,229 |
| **Total** | **-** | 1,669,229 |

## Notes forming part of the Financial statements for the year ended December 31, 2022

### c. Other liabilities

Other liabilities consist of the following:

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Other liabilities - current** | | |
| Advance received from customers | **2,333,042** | 10,203,981 |
| Capital Creditors - current | **94,909** | - |
| Indirect tax payable and other statutory liabilities | **22,010,738** | 19,723,817 |
| **Total** | **24,438,689** | 29,927,798 |

## 10. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Transaction price attributed in case of contracts with subsidiary is arrived at on the basis of arm's length price. Revenue also excludes taxes collected from customers.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

Revenue from operations includes ZAR 19,996,652 for the year ended December 31, 2022 (for nine months ended December 31, 2021: ZAR 8,981,871) towards sale of equipment and software licences.

Revenue disaggregation by nature of services is as follows:

(Amount in : ZAR)

| | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| Revenue from consultancy services* | **2,072,511,587** | 1,472,667,102 |
| Revenue from sale of equipment and software licences | **19,996,652** | 8,981,871 |
| **Total** | **2,092,508,239** | 1,481,648,973 |

*Revenue includes recovery of expenses from Tata Consultancy Services Limited of ZAR 16,295,031 for December, 2022 (ZAR 10,374,977 for December, 2021) and TCS South Africa Branch of ZAR 225,349,028 for December, 2022 (ZAR 152,908,546 for December, 2021)



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## Notes forming part of the Financial statements for the year ended December 31, 2022

Revenue disaggregation by industry vertical is as follows:

(Amount in : ZAR)

| | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| **Industry vertical** | | |
| Banking, financial services and insurance | **1,119,352,814** | 788,611,186 |
| Communication, media and technology | **725,039,448** | 481,134,659 |
| Retail and consumer business | **122,749,614** | 101,996,951 |
| Manufacturing | **9,338,309** | 10,155,887 |
| Others | **116,028,054** | 99,750,290 |
| **Total** | **2,092,508,239** | 1,481,648,973 |

Revenue disaggregation by geography is as follows:

(Amount in : ZAR)

| | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| **Geography** | | |
| Africa | **2,083,083,468** | 1,475,610,598 |
| America | **376,423** | - |
| Europe | **2,164,799** | 4,582,693 |
| Others | **6,883,549** | 1,455,682 |
| **Total** | **2,092,508,239** | 1,481,648,973 |

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ZAR 1,310,707,028 out of which 1,031,000,120 is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

(Amount in : ZAR)

| Movement in contract assets is given below: | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| Balance at the beginning of the year | **106,248,056** | 64,289,788 |
| Invoices raised that were included in the contract assets balance at the beginning of the year | **(95,566,860)** | (60,214,810) |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | **109,756,925** | 102,173,078 |
| **Balance at the end of the year** | **120,438,121** | 106,248,056 |

(Amount in : ZAR)

| Changes in unearned and deferred revenue are as follows: | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| Balance at the beginning of the year | **132,373,214** | 80,177,695 |
| Revenue recognised that was included in the unearned and deferred revenue balance at the beginnng of the year | **(126,055,546)** | (71,466,028) |
| Increase due to invoicing during the year, excluding amounts recognised as the revenue during the year | **76,255,240** | 123,661,547 |
| **Closing balance as at December 31** | **82,572,908** | 132,373,214 |

## 11. COST RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories:

### Cost of revenue

These costs primarily include employee compensation of personnel engaged in providing services, travel expenses, fees to external consultants, cost of equipment and software licences, depreciation and amortisation of production related equipment and software, facility expenses, communication expenses and other project related expenses.

### Selling, general and administrative expenses

Selling costs primarily include employee compensation for sales and marketing personnel, travel expenses, advertising, business promotion expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances, facility expenses for sales and marketing offices and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortisation expenses of non-production equipment and software, facility expenses for administrative offices, communication expenses, fees to external consultants and other general expenses.

## Notes forming part of the Financial statements for the year ended December 31, 2022

(Amount in : ZAR)

| | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| **Expenses by function** | | |
| Cost of revenue | **1,898,442,920** | 1,330,122,089 |
| Selling, general and administrative expenses | **91,076,157** | 75,600,870 |
| **Total** | **1,989,519,077** | 1,405,722,959 |

Costs and expenses are recognized when incurred and have been classified according to their nature.

The costs of the company are broadly categorised into employee benefit expenses, depreciation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances (net) and other expenses. Other expenses is an aggregation of costs which are individually not material such as contribution to brand equity, employee cost recovery, corporate overhead allocation, commission and brokerage, recruitment and training, entertainment, etc.

(Amount in : ZAR)

| **Expenses by nature** | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| **Other operating expenses** | | |
| Project expenses | **25,806,202** | 14,027,034 |
| Facility running expenses* | **55,815,936** | 47,188,479 |
| Fees to external consultants | **1,722,588,253** | 1,214,322,555 |
| Cost of equipment and software licenses | **21,347,815** | 8,361,789 |
| Travel expenses* | **3,629,782** | 1,663,515 |
| Communication | **1,893,178** | 1,394,884 |
| Other expenses | **26,102,223** | 16,524,385 |
| **Total** | **1,857,183,389** | 1,303,482,641 |

*Facility running expenses & Travel expenses includes short term lease expenses amounting ZAR 50,285,724 for December 31, 2022 (ZAR 45,470,760 operating lease rental expenses for 9 months ended December 31, 2021).

## 12. OTHER INCOME

### a. Finance income

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

(Amount in : ZAR)

| | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| Interest on balance with bank | **6,381,191** | 2,150,438 |
| Others | **168** | 212,590 |
| **Total** | **6,381,359** | 2,363,028 |

## 13. INCOME TAXES

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

***Current income taxes***

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period. Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

***Deferred income taxes***

Deferred income taxes are provided for the temporary differences between the tax base of assets and liabilities and their reported amounts in the financial statements.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

The income tax expense consists of the following:

(Amount in : ZAR)

| | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| **Current tax** | | |
| Current tax expense for current year | **21,773,022** | 36,404,899 |
| Current tax (benefit) / expense pertaining to prior years | **(694,100)** | 252,033 |
| | **21,078,922** | 36,656,932 |
| **Deferred tax** | | |
| Deferred tax expense for current year | **8,654,952** | (14,517,756) |
| Deferred tax expense resulting from reduction in tax rate | **1,339,606** | - |
| Deferred tax expense pertaining to prior years | **(42,314)** | - |
| | **9,952,244** | (14,517,756) |
| **Total tax expense** | **31,031,166** | 22,139,176 |

## Notes forming part of the Financial statements for the year ended December 31, 2022

The reconciliation of estimated income tax expense at the Statutory income tax rate to income tax expense reported in statement of profit or loss and other comprehensive income is as follows:

(Amount in : ZAR)

| | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| **Current tax expenses** | | |
| Income before taxes | **108,659,476** | 78,168,368 |
| Statutory tax rate | **28.00%** | 28.00% |
| Expected income tax expense | **30,424,653** | 21,887,143 |
| Less: Income exempt from tax | **-** | - |
| **Tax pertaining to prior years:** | | |
| Current tax | **(694,100)** | 252,033 |
| Deferred tax | **(42,314)** | - |
| **Temporary disallowed expenses** | | |
| Deferred tax expense resulting from reduction in tax rate | **1,339,606** | - |
| Other non deductible | **3,321** | - |
| **Total tax expense** | **31,031,166** | 22,139,176 |

Significant components of net deferred tax assets and liabilities for year ended December 31, 2022 are as follows:

(Amount in : ZAR)

| | Opening balance | Recognised through profit or loss | Closing balance as December 31,2022 |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Deferred tax assets in relation to: | | | |
| Deferred revenue | **37,064,500** | **(14,769,815)** | **22,294,685** |
| Allowances for receivables, loans and advances | **(2,852,339)** | **339,291** | **(2,513,048)** |
| Provisions | **13,059,891** | **4,437,102** | **17,496,993** |
| Other Advance - Rent | **(1,150,450)** | **41,178** | **(1,109,272)** |
| **Total deferred tax asset (net)** | **46,121,602** | **(9,952,244)** | **36,169,358** |

Significant components of net deferred tax assets and liabilities for 9 months ended December 31, 2021 are as follows:

(Amount in : ZAR)

| | Opening balance | Recognised through profit or loss | Closing balance as on December 31, 2021 |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Deferred tax assets in relation to: | | | |
| Deferred revenue | 22,449,755 | 14,614,745 | 37,064,500 |
| Allowances for receivables, loans and advances | (1,713,186) | (1,139,153) | (2,852,339) |
| Provisions | 12,260,917 | 798,974 | 13,059,891 |
| Other Advance - Rent | (1,393,640) | 243,190 | (1,150,450) |
| **Total deferred tax asset (net)** | 31,603,846 | 14,517,756 | 46,121,602 |

**IFRIC 23 Interpretation uncertainty over income tax treatment**

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

**Application of IFRIC 23**

The Company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no instances of any uncertain tax treatment in the past and on that basis it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

## 14. EMPLOYEE BENEFITS

The Company provides for amount payable to be employees for compensated absences per the company's policy, which are expected to occur within twelve months after the end of the period in which the employee render the related services are recognised as undiscounted liability at the date of statement of financial position.

Employee cost consist of the following:

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Contributions to provident and other funds | **13,375,985** | 7,768,028 |
| Salaries & bonus | **115,851,090** | 79,087,948 |
| Staff welfare | **784,594** | 483,566 |
| **Total** | **130,011,669** | 87,339,542 |

Employee benefit obligation consist of the following:

(Amount in : ZAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Employee benefit obligations - current** | | |
| Compensated absences | **3,759,070** | 3,774,226 |
| **Total** | **3,759,070** | 3,774,226 |

## 15. RELATED PARTY TRANSACTIONS

Tata Consultancy Services (South Africa) Proprietary Limited principal related parties consist of its ultimate holding company Tata Sons Private Limited, its parent of holding company Tata Consultancy Services Limited, its holding Company Tata Consultancy Services (Africa) Proprietary Limited and its subsidiaries, affiliates and its key managerial personnel. The Company routinely enters into transactions with its related parties in the ordinary course of business.

## Notes forming part of the Financial statements for the year ended December 31, 2022

**Transactions with related parties**

Amount in ZAR

| Particulars | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Africa Pty Ltd., Holding Company | With Tata Consultancy Services Limited, Parent of Holding Company | With Tata Consultancy Services Limited - South Africa Branch, Holding Company | With Tata Africa Holding (SA) Pty. Ltd. subsidiary of Ultimate Holding Company | With Tata Communications Limited, subsidiary of Ultimate Holding Company | With Good Hope Palace Hotels (Pty) Ltd. | Total |
|---|---|---|---|---|---|---|---|---|
| **For the year ended December 31, 2022** | | | | | | | | |
| Revenue from sale of services and licences | **-** | **-** | **16,295,031** | **225,349,028** | **-** | **-** | **-** | **241,644,059** |
| Purchases of goods and services (including reimbursement) | **-** | **-** | **916,975,179** | **701,844,822** | **19,606** | **-** | **78,642** | **1,618,918,249** |
| Rent expense | **-** | **-** | **-** | **-** | **4,105,694** | **-** | **-** | **4,105,694** |
| Brand equity contribution | **4,631,238** | **-** | **-** | **-** | **-** | **-** | **-** | **4,631,238** |
| Dividend Paid | **-** | **56,160,003** | **-** | **-** | **-** | **-** | **-** | **56,160,003** |
| Purchase of property, plant and equipment | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **For nine months ended December 31, 2021** | | | | | | | | |
| Revenue from sale of services and licences | - | - | 10,374,977 | 152,908,546 | - | - | - | 163,283,523 |
| Purchases of goods and services (including reimbursement) | - | - | 680,364,645 | 480,297,163 | 15,585 | 1,866,952 | - | 1,162,544,345 |
| Rent expense | - | - | - | - | 3,129,775 | - | - | 3,129,775 |
| Brand equity contribution | 3,298,387 | - | - | - | - | - | - | 3,298,387 |
| Dividend Paid | - | 72,868,833 | - | - | - | - | - | 72,868,833 |
| Purchase of property, plant and equipment | - | - | - | - | - | - | - | - |

**Balances with related parties**

| Particulars | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Africa Pty Ltd., Holding Company | With Tata Consultancy Services Limited, Parent of Holding Company | With Tata Consultancy Services Limited - South Africa Branch, Holding Company | Total |
|---|---|---|---|---|---|
| **As at December 31, 2022** | | | | | |
| Trade receivables, unbilled receivables and prepayments (net) | **-** | **-** | **-** | **48,067,443** | **48,067,443** |
| Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities | **3,515,850** | **-** | **227,867,821** | **378,301,578** | **609,685,249** |
| Prepaid expenses | **-** | **-** | **55,361,107** | **90,004,341** | **145,365,448** |
| Volume Discount | **-** | **-** | **36,156** | **58,673** | **94,829** |
| **As at December 31, 2021** | | | | | |
| Trade receivables, unbilled receivables and prepayments (net) | - | - | - | 41,460,135 | 41,460,135 |
| Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities | 3,298,387 | - | 172,708,644 | 348,335,440 | 524,342,471 |
| Prepaid expenses | - | - | 109,045,060 | 53,479,494 | 162,524,554 |
| Volume Discount | - | - | 55,812 | 58,810 | 114,622 |

## 16. COMPENSATION TO KEY MANAGERIAL PERSONNEL

**Mr. Adil N. Tantra (Head of operations – South Africa)**

(Amount in : ZAR)

| Particulars | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| Basic | **-** | 1,222,069 |
| Bonus | **-** | - |
| Other contribution | **-** | 224,498 |
| **Total** | **-** | 1,446,567 |

## Notes forming part of the Financial statements for the year ended December 31, 2022

**Mr. Henry Langa Dube (Director)**

| Particulars | Year ended December 31, 2022 | 9 months ended December 31, 2021 |
|---|---|---|
| Basic | **1,926,393** | 1,268,037 |
| Bonus | **239,414** | 395,899 |
| Other contribution | **470,863** | 282,875 |
| **Total** | **2,636,670** | 1,946,811 |

### 17. GOING CONCERN

Management have made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the possible impacts in relation to COVID 19, which is at least, but not limited to, twelve months from the end of the reporting period. Based on the analysis they have concluded that the Company has sufficient resources to continue as a going concern.

### 18. SUBSEQUENT EVENTS

There have been no circumstances of a material nature that have occurred between the financial year end and the date of approval of these financial statements that require adjustment or disclosure in the financial statements except for on 23 February 2022 the minister announced the corporate income tax rate will be lowered to 27% for years of assessment commencing on or after 1 April 2022 which will impact deferred tax balance going forward.

# TCS Financial Solutions Australia Pty Limited
# General Purpose Financial Report

**ABN 20 001 899 369**

# Financial Statements And
# Independent Auditor's Report

**For the year ended**
**March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

# DIRECTORS' REPORT

The directors present their report together with the financial report of TCS Financial Solutions Australia Pty Limited ('' the Company'') for the year ended March 31, 2023 and the auditor's report theron.

## 1. Directors

The names of the directors in office at any time during or since the end of the year are:

| | |
|---|---|
| Neville Joseph Roach | Appointed October 20, 2005 |
| Natarajan Ganapathy Subramaniam | Appointed April 11, 2008 |
| Girish Ramachandran Payangatiri | Appointed November 09, 2015 |
| Venkateshwaran Srinivasan | Appointed June 12, 2017 |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

## 2. Principal activities

The principal activities of the Company during the financial year were the development and sale of specialist banking software and the provision of implementation and project management services.

No significant change in the nature of these activities occurred during the year.

## 3. Review of operations

The profit of the Company for the financial year after providing for income tax amounted to AUD 6,225,673 (2022: AUD 7,011,679).

The Company has continued its focus on its core competency of product development with further growth of its core banking product to capture greater market share of the Banking sector.

## 4. Significant changes in state of affairs

On 16 March 2023 the investment in TCS Financial Solutions Beijing Co., Ltd. was sold to Tata Consultancy Servises (China) Company Limited for AUD 7,407,029 (CNY 34,090,100). Other than noted above, there were no significant changes under review in the state of the affairs of the Company that occurred during the financial year.

## 5. Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

## 6. Dividends

AUD 8,000,000 dividend was declared and paid to TCS FNS Pty Limited (Parent Company) during the financial year. (2022: AUD 7,500,000 ).

## 7. Events subsequent to reporting date

There have been no matters which have arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## 8. Likely developments

Information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

## 9. Shares under options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

## 10. Indemnity and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

## 11. Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

## 12. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the financial year ended March 31, 2023.

This report is made out in accordance with a resolution of the directors:

**Neville J Roach**

Director

**Date: 05 June, 2023**

# LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATION ACT 2001

To the Directors of TCS Financial Solutions Australia Pty Ltd.

I declare that, to the best of my knowledge and belief, in relation to the audit of TCS Financial Solutions Australia Pty Limited for the financial year ended March 31, 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

**KPMG**

**Richard Drinnan**
Partner
Wollongong
06 June 2023

## Statement of Profit or Loss and Other Comprehensive Income

(Amount in AUD)

| | Note | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **Revenue** | 4 | **10,893,510** | 12,021,746 |
| Other income, net | 4 | **190,619** | 24,195 |
| **Expenses** | | | |
| Project expenses | | **(1,859,913)** | (2,241,405) |
| Legal and professional fees | | **(45,903)** | (59,952) |
| Facility expenses | | **(12,521)** | (13,717) |
| Other expenses, net | | **(246,144)** | (52,702) |
| **Profit before income tax expense** | | **8,919,648** | 9,678,165 |
| Income tax expense | 5 | **(2,500,836)** | (2,666,486) |
| **Net profit for the year** | | **6,418,812** | 7,011,679 |
| OTHER COMPREHENSIVE INCOME | | | |
| Foreign currency translation | | **-** | (17,959) |
| Other comprehensive (loss)/income for the year, net of tax | | **-** | (17,959) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | **6,418,812** | 6,993,720 |

SEE ACCOMPANYING NOTES (1 TO 18) FORMING PART OF THE FINANCIAL STATEMENTS.

## Statement of Financial Position

(Amount in AUD)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 7 | **9,287,912** | 3,876,859 |
| Trade and other receivables | 8 | **11,167,718** | 11,724,515 |
| Other current assets | 9 | **279,536** | 233,383 |
| **Total current assets** | | **20,735,166** | 15,834,757 |
| **Non-current assets** | | | |
| Investment in subsidiary | 11 | **-** | 7,227,539 |
| Deferred tax assets (net) | 10 | **164,479** | 98,360 |
| Income tax assets (net) | | **722,417** | - |
| **Total non-current assets** | | **886,896** | 7,325,899 |
| **Total assets** | | **21,622,062** | 23,160,656 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | **1,928,428** | 1,913,094 |
| Borrowings-Loan from related parties | | **6,027,421** | 6,027,421 |
| **Total current liabilities** | | **7,955,849** | 7,940,515 |
| **Total liabilities** | | **7,955,849** | 7,940,515 |
| **Net Assets** | | **13,666,213** | 15,220,141 |
| **Equity** | | | |
| Share capital | 13 | **4** | 4 |
| Accumulated profits | | **13,666,209** | 15,247,397 |
| Reserve | 14 | **-** | (27,260) |
| **Total equity** | | **13,666,213** | 15,220,141 |

SEE ACCOMPANYING NOTES (1 TO 18) FORMING PART OF THE FINANCIAL STATEMENTS.

## Statement of changes in Equity

(Amount in AUD)

| | Share capital | Accumulated profits | Foreign Currency Translation reserve | Total |
|---|---|---|---|---|
| Balance as at April 1, 2021 | 4 | 15,735,718 | (9,301) | 15,726,421 |
| Profit for the year | - | 7,011,679 | - | 7,011,679 |
| Other comprehensive income | - | - | (17,959) | (17,959) |
| Total comprehensive income | - | 7,011,679 | (17,959) | 6,993,720 |
| Dividend paid | - | (7,500,000) | - | (7,500,000) |
| Balance as at March 31, 2022 | **4** | **15,247,397** | **(27,260)** | **15,220,141** |
| Profit for the year | **-** | **6,418,812** | | **6,418,812** |
| Other comprehensive income | **-** | **-** | **27,260** | **27,260** |
| **Total comprehensive income** | **-** | **6,418,812** | **-** | **6,446,072** |
| Dividend paid | **-** | **(8,000,000)** | **-** | **(8,000,000)** |
| Balance as at March 31, 2023 | **4** | **13,666,209** | **-** | **13,666,213** |

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

## Statement of Cash Flows

(Amount in AUD)

| | For Year ended March 31, 2023 | For Year ended March 31, 2022 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash received from customers | **11,629,796** | 11,449,544 |
| Cash paid to suppliers, employees and others | **(2,917,716)** | (2,849,703) |
| Income tax paid | **(2,566,955)** | (2,670,951) |
| **Net cash flows generated from operating activities** | **6,145,125** | 59,28,890 |
| **Cash flows from financing activities** | | |
| Interest received | **11,129** | 13,233 |
| Proceeds from sale of Investment | **7,227,539** | - |
| Dividends paid | **(8,000,000)** | (7,500,000) |
| **Net cash flows used in financing activities** | **(761,332)** | (7,486,767) |
| Foreign Currency Translation reserve | **27,260** | - |
| Net increase/(decrease) in cash and cash equivalents | **5,383,793** | (1,557,877) |
| Cash and cash equivalents at the beginning of the financial year | **3,876,859** | 5,434,736 |
| **Cash and cash equivalents at the end of year ( Refer Note No.7)** | **9,287,912** | 3,876,859 |

SEE ACCOMPANYING NOTES (1 TO 18) FORMING PART OF THE FINANCIAL STATEMENTS.

## Notes forming part of the Financial Statements

### 1. REPORTING ENTITY

TCS Financial Solutions Australia Pty Limited (the "Company") is a Company limited by shares, incorporated and domiciled in Australia. The registered office address is TCS Financial Solutions Australia Pty Limited, Level 6, 76 Berry Street, North Sydney NSW 2060. TCS FNS Pty Ltd is the parent entity holding 100% of shares of the company. The main business of the company is to create computer software for banking and to market and license the software worldwide and to provide maintenance services.

### 2. BASIS OF PREPARATION

#### a. Basis of accounting

These financial statements are general purpose financial statements for distribution to the shareholder and for the purpose of fulfilling the requirements of the Corporations Act 2001. They have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the Corporations Act 2001.

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards Simplified Disclosures . In the prior year, the financial statements were Special purpose financial statements prepared in accordance with the recognition and measurement requirements of all applicable Australian Accounting Standards.There is no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the Company as a result of the change in the basis of preparation.

The statement of cash flows have been prepared under direct method, disclosing major classes of gross cash receipts and payments related to operating activities.The Accounting Standards require cash flows from interest ,Proceeds from sale of Investment and dividends received and paid to be disclosed separately.

The financial statements were authorised for issue by the directors on 05 June, 2023

#### b. Basis of measurement

The financial statements have been prepared on historical cost basis at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

**Current tax**

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

**Deferred tax**

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where

## Notes forming part of the Financial Statements

amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**b. Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of the financial asset or financial liability.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of any direct issue costs.

**c. Impairment**

**Financial assets (other than at fair value)**

The Company assesses at each reporting date whether a financial asset or a group of financial assets is impaired. AASB 9 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In

## Notes forming part of the Financial Statements

determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**Non-financial assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**d. Foreign currency transactions and balances**

**Functional and presentation currency**

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

**Transaction and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

**e. Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

**f. Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

## Notes forming part of the Financial Statements

**g. Revenue**

The Company earns revenue primarily from sale of computer software for banking and to market and license the software worldwide and to provide maintenance services.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on an output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using the percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues includes the cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue at the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how a customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of an enforceable right to payment for performance to date and any alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

## Notes forming part of the Financial Statements

Revenue for fixed-price contracts is recognised using the percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is an unconditional right to receive cash, and the only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

In accordance with AASB 137, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

The billing to customers follow different schedules based upon the nature and type of goods and services being transferred. The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within a contractually agreed credit period.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews any modifications to a contract in conjunction with the original contract on the basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event that the transaction price is revised for an existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

**h. Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**i. Critical accounting estimates and judgments**

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions and events specific to the Company that may be indicative of impairment triggers.

**j. Adoption of new and revised accounting standards**

Other than detailed in Note 2(a), in in the current year, the Company has not adopted any new accounting standards.

## Notes forming part of the Financial Statements

### 4. REVENUE

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Operating activities** | | |
| Consultancy revenue | **1,680,422** | 2,350,512 |
| License fees | **9,213,088** | 9,671,234 |
| **Total** | **10,893,510** | 12,021,746 |
| **Non operating activities** | | |
| Interest received | **11,129** | 13,233 |
| Other non-operating income, net * | **-** | 10,962 |
| Profit on sale of investment ( Refer Note 11) | **179,490** | - |
| **Total** | **190,619** | 24,195 |

* Other non-operting income pertains to net foreign currency gain/(loss)

Revenue disaggregation by industry vertical is as follows:

**Industry vertical**

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Banking , financial services and insurance | **10,893,510** | 12,021,746 |
| **Total** | **10,893,510** | 12,021,746 |

Revenue disaggregation by geography is as follows:

(Amount in AUD)

| **Geography** | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Asia Pacific | **1,722,298** | 2,390,013 |
| India | **9,171,212** | 9,631,733 |
| **Total** | **10,893,510** | 12,021,746 |

Geographical revenue is allocated based on the location of the customers.

**c. Investments**

(Amount in AUD)

| **Timing of revenue recognition:** | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Revenue recongnised at a point in time | **9,213,088** | 9,671,234 |
| Revenue recongnised over time | **1,680,422** | 2,350,512 |
| **Total** | **10,893,510** | 12,021,746 |



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## Notes forming part of the Financial Statements

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in AASB 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to the customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is AUD 1,835,578 out of which AUD 1,515,702 (82.57%) is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

### 5. INCOME TAX EXPENSE

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Current tax expense | **(2,566,955)** | (2,670,951) |
| Deferred tax benefit | **66,119** | 4,465 |
| **Total** | **(2,500,836)** | (2,666,486) |
| **Reconciliation of effective tax rate** | | |
| Profit before tax | **8,919,648** | 9,678,165 |
| Current tax provision @ 30% (2022: 30%) | **(2,675,895)** | (2,903,450) |
| Over/(under) provision from prior year | **193,139** | (28,328) |
| Tax at different rate | **-** | (23,969) |
| Non-assessable income | **(18,080)** | 289,262 |
| **Total** | **(2,500,836)** | (2,666,486) |

### 6. AUDITOR'S REMUNERATION

Remuneration of the auditor of TCS Financials Solutions Australia Pty Ltd for auditing the financial statements, taxation and other services

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| - For audit of the financial statements | **35,438** | 34,931 |
| **Total** | **35,438** | 34,931 |

## Notes forming part of the Financial Statements

### 7. CASH AND CASH EQUIVALENTS

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balances with banks | **1,987,912** | 1,876,859 |
| Deposit with banks | **7,300,000** | 2,000,000 |
| **Total** | **9,287,912** | 3,876,859 |

### 8. TRADE AND OTHER RECEIVABLES

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables | **683,288** | 1,065,185 |
| Allowance for impairment of receivables | **(37,137)** | (42,882) |
| Amounts due from related parties | **6,349,283** | 1,242,267 |
| Unbilled receivables | **4,171,984** | 9,459,736 |
| Other receivables | **300** | 208 |
| **Total** | **11,167,718** | 11,724,515 |

### 9. OTHER CURRENT ASSETS

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Prepayments | **217,491** | 1 21,290 |
| Contract assets | **62,045** | 80,982 |
| Other | **-** | 31,111 |
| **Total** | **279,536** | 233,383 |

## Notes forming part of the Financial Statements

Movement in contract assets is given below :

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Opening balance as on April 1,** | **80,982** | 109,880 |
| + Revenue recognised during the year | **50,866** | 61,484 |
| - Invoices raised during the year | **(89,990)** | (86,337) |
| - Translation | **20,187** | (4,045) |
| **Closing balance as on March 31,** | **62,045** | 80,982 |

## 10. DEFERRED TAX ASSETS

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-current** | | |
| Deferred tax assets (net) | 164,479 | 98,360 |
| **Total** | **164,479** | 98,360 |

Movement in deferred tax balance

(Amount in AUD)

| **March 31, 2023** | Opening | Recognised in profit & loss | Closing |
|---|---|---|---|
| Intangible | **1,260** | **(362)** | **898** |
| Doubtful debts | **7,889** | **(2,319)** | **5,570** |
| Unearned and deferred revenue | **50,243** | **75,904** | **126,147** |
| Other temporary differences | **38,968** | **(7,104)** | **31,864** |
| **Total** | **98,360** | **66,119** | **1 64,479** |

## Notes forming part of the Financial Statements

(Amount in AUD)

| March 31, 2022 | Opening | Recognised in profit & loss | Closing |
|---|---|---|---|
| Intangible | **1,778** | **(518)** | **1,260** |
| Doubtful debts | **7,995** | **(106)** | **7,889** |
| Unearned and deferred revenue | **44,436** | **5,807** | **50,243** |
| Other temporary differences | **39,687** | **(719)** | **38,968** |
| **Total** | **93,896** | **4,464** | **98,360** |

### 11. INVESTMENT IN SUBSIDIARY

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-current** | | |
| Investment in subsidiary | - | 7,227,539 |
| **Total** | - | 7,227,539 |

**Subsidiary**

(Amount in AUD)

| Name | Country of incorporation | % Equity Interest | |
|---|---|---|---|
| | | March 31, 2023 | March 31, 2022 |
| TCS Financial Solutions Beijing Co., Ltd. | China | NIL | 100% |

On 16 March 2023 the investment in TCS Financial Solutions Beijing Co., Ltd. was sold to Tata Consultancy Servises (China) Company Limited for AUD 7,407,029 (CNY 34,090,100).

## Notes forming part of the Financial Statements

### 12. TRADE AND OTHER PAYABLES

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Current** | | |
| Amounts due to related parties | **1,383,906** | 1,632,061 |
| Accrued expenses | **124,032** | 113,559 |
| Unearned and deferred revenue | **420,490** | 167,474 |
| **Total** | **1,928,428** | 1,913,094 |

Movement in unearned and deferred revenue is given below :

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Opening balance as on April 1,** | **167,474** | 148,123 |
| - revenue recognised during the year | **(167,474)** | (148,123) |
| + Invoices raised during the year | **421,326** | 166,944 |
| +/- Translation | **(837)** | 531 |
| **Closing balance as on March 31,** | **420,489** | 167,474 |

### 13. SHARE CAPITAL

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Ordinary shares** | 4 | 4 |
| Issued and fully paid | **4** | 4 |

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

There has been no movement in ordinary shares on issue during the current or previous two financial years.

Ordinary shares participate in dividends and proceeds on winding up of the Company in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

## Notes forming part of the Financial Statements

**Capital management**

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

## 14 RESERVES

### a. Foreign currency translation reserve

The foreign currency translation reserve records the exchange difference on translation of foreign controlled entities. Balance in foreign currency translation reserve as on March 31, 2023 AUD NIL and in March 31, 2022 AUD 27,260.

### b. Profit reserve

The profit reserve comprises the transfer of profit for the year. Dividend of AUD 8,000,000 distributed during the year.

### c. Dividend

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Final dividend | **8,000,000** | 7,500,000 |

## 15 CONTINGENT LIABILITIES

The Company had no contingent liabilities or assets as at March 31, 2023 (as at March 31, 2022-Nil).

## 16 RELATED PARTY TRANSACTIONS

**Transactions with related parties**

**For the year ended March 31, 2023**

(₹ in lakhs)

| Particulars | With Tata Sons Private Limited, Ultimate Holding Company | With TCS FNS Pty Limited, Holding Company | With Tata Consultancy Services Limited, Parent Company | With Tata Consultancy Services (Philippines) Inc, Fellow Subsidiary | With Tata Consultancy Services (China) Co. Ltd., Fellow Subsidiary | Total |
|---|---|---|---|---|---|---|
| Revenue from sale of services and licenses | | | 9,171,213 | | | 9,171,213 |
| Purchases of goods and services (including reimbursement) | | | 1,373,175 | 243,822 | 3,710 | 1,620,707 |
| Brand equity contribution | 4,306 | | | | | 4,306 |
| Rent paid | | | 11,303 | | | 11,303 |
| Communication expense | | | 3,600 | | | 3,600 |
| Sale of Investment | | | | | 7,407,029 | 7,407,029 |
| Dividend paid | | 8,000,000 | | | | 8,000,000 |
| Total | 4,306 | 8,000,000 | 10,559,291 | 243,822 | 7,410,739 | 26,218,158 |

## Notes forming part of the Financial Statements

**For the year ended March 31, 2022**

(₹ in lakhs)

| Particulars | With Tata Sons Private Limited, Ultimate Holding Company | With TCS FNS Pty Limited, Holding Company | With Tata Consultancy Services Limited, Parent Company | With Tata Consultancy Services (Philippines) Inc, Fellow Subsidiary | With Tata Consultancy Services (China) Co. Ltd., Fellow Subsidiary | Total |
|---|---|---|---|---|---|---|
| Revenue from sale of services and licenses | | | 9,631,733 | | | 9,631,733 |
| Purchases of goods and services (including reimbursement) | | | 1,368,693 | 620,624 | | 1,989,317 |
| Brand equity contribution | 5,975 | | | | | 5,975 |
| Rent paid | | | 13,717 | | | 13,717 |
| Dividend paid | - | 7,500,000 | | - | - | 7,500,000 |
| Total | 5,975 | 7,500,000 | 11,014,143 | 620,624 | - | 19,140,742 |

**Balances with related parties**

**As at March 31, 2023**

(₹ in lakhs)

| Particulars | With Tata Sons Private Limited, Ultimate Holding Company | With TCS FNS Pty Limited, Holding Company | With Tata Consultancy Services Limited, Parent Company | With Tata Consultancy Services (Philippines) Inc, Fellow Subsidiary | With Tata Consultancy Services (China) Co. Ltd., Fellow Subsidiary | Total |
|---|---|---|---|---|---|---|
| Trade receivables | | | 6,349,282 | | | 6,349,282 |
| Trade payables, accrued expenses | | | | | | |
| Other financial liabilities and Other liabilities | 4,306 | 923,059 | 387,127 | 65,701 | 3,714 | 1,383,907 |
| Loans from related parties | | 6,027,421 | | | | 6,027,421 |
| Unbilled receivables | | | 4,171,984 | | | 4,171,984 |
| Prepaid expenses | | | 181,978 | | | 181,978 |
| Total | 4,306 | 6,950,480 | 11,090,371 | 65,701 | 3,714 | 18,114,572 |

**As at March 31, 2022**

(₹ in lakhs)

| Particulars | With Tata Sons Private Limited, Ultimate Holding Company | With TCS FNS Pty Limited, Holding Company | With Tata Consultancy Services Limited, Parent Company | With Tata Consultancy Services (Philippines) Inc, Fellow Subsidiary | With Tata Consultancy Services (China) Co. Ltd., Fellow Subsidiary | Total |
|---|---|---|---|---|---|---|
| Trade receivables | | | 1,242,267 | | | 1,242,267 |
| Trade payables, accrued expenses | | | | | | |
| Other financial liabilities and Other liabilities | 5,975 | 1,234,424 | 183,545 | 208,118 | | 1,632,062 |
| Loans from related parties | | 6,027,421 | | | | 6,027,421 |
| Investment | | | | | 7,227,539 | 7,227,539 |
| Unbilled receivables | | | 9,459,736 | | | 9,459,736 |
| Prepaid expenses | | | 113,991 | | | 113,991 |
| Total | 5,975 | 7,261,845 | 10,999,539 | 208,118 | 7,227,539 | 25,703,016 |

## 17. EVENTS AFTER BALANCE SHEET DATE

No matters or circumstances have arisen since the end of March 31, 2023, which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## Notes forming part of the Financial Statements

### 18. DEED OF CROSS GUARANTEE

The Company has entered a deed of cross-guarantee with its parent company , TCS FNS Pty Limited.

Pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* , the Company guarantees to each creditor payment in full of any debt in the event of winding up of the companies under provisions of the Corporations Act, 2001. If a winding up occurs under the provisions of the Act, the Company will only be liable if after six months any creditor has not been paid in full.

The Company has also given similar guarantees if the Parent is wound up.

A statement of comprehensive income and statement of financial position, comprising the Company which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 31 March 2023 is set out as follows:

**Statement of Profit or Loss and Other Comprehensive Income**

(Amount in AUD)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Revenue** | **10,893,510** | 12,021,746 |
| Other income, net | **14,253** | 24,195 |
| **Expenses** | | |
| Project expenses | **(1,859,913)** | (2,241,405) |
| Cost of equipment and software licenses | **-** | - |
| Legal and professional fees | **(45,903)** | (59,952) |
| Facility expenses | **(12,521)** | (13,717) |
| Other expenses, net | **(69,828)** | (52,752) |
| **Profit before income tax expense** | **8,919,598** | 9,678,116 |
| Income tax expense | **(2,500,836)** | (2,666,532) |
| **Net profit for the year** | **6,418,762** | 7,011,583 |
| **Other comprehensive income** | | |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Foreign currency translation | **27,260** | (17,959) |
| Other comprehensive (loss)/income for the year, net of tax | **27,260** | (17,959) |
| **Total comprehensive income for the year** | **6,446,022** | 6,993,624 |

## Notes forming part of the Financial Statements

### Statement of Financial Position

(Amount in AUD)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | **9,290,762** | 3,879,759 |
| Trade and other receivables | **11,229,759** | 11,805,493 |
| Other current assets | **217,494** | 152,403 |
| **Total current assets** | **20,738,015** | 15,837,655 |
| **Non-current assets** | | |
| Investment in subsidiary | **-** | 7,227,539 |
| Deferred tax assets (net) | **164,479** | 98,360 |
| **Income tax assets (net)** | **722,415** | - |
| **Total non-current assets** | **886,894** | 7,325,899 |
| **Total assets** | **21,624,909** | 23,163,554 |
| **Current liabilities** | | |
| Trade and other payables | **1,005,368** | 690,585 |
| Income tax payable (net) | **923,059** | 1,222,508 |
| **Total current liabilities** | **1,928,427** | 1,913,094 |
| **Total liabilities** | **1,928,427** | 1,913,094 |
| **Net assets** | **19,696,482** | 21,250,460 |
| **Net assets** | | |
| Share capital | **37,258,815** | 37,258,815 |
| Accumulated profits | **(17,562,333)** | (15,981,095) |
| Reserve | **-** | (27,260) |
| **Total equity** | **19,696,482** | 21,250,460 |

## Notes forming part of the Financial Statements

### DIRECTORS' DECLARATION

1. In the opinion of the directors of TCS Financial Solutions Australia Pty Limited ('' the Company'')

   (a) the Company is not publicly accountable.

   (b) the financial statements and notes, set out on pages (6 to 20), are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the financial position of the Company as at March 31, 2023 and of its performance for the financial year ended on that date and

      (ii) complying with Australian Accounting Standards- Simplified Disclosure Requirements and the Corporations Regulations 2001; and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the Group entities identified in the Note will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

Signed in accordance with a resolution of the directors

________________________________________

Neville J Roach Director

Date: 05 June, 2023

# INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDER OF**
**TCS FINANCIAL SOLUTIONS AUSTRALIA PTY LTD.**

### Opinion

We have audited the Financial Report of TCS Financial Solutions Australia Pty Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at March 31, 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting* Standards Simplified Disclosures and the Corporations Regulations 2001.

*The Financial Report comprises:*

- Statement of financial position as at March 31, 2023
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities* for the audit of the Financial Report section of our report.

We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (Including Independence Standards) (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### Restriction on use and distribution

The Financial Report have been prepared to assist the shareholder of the Company in meeting the financial reporting responsibilities under the Corporations Act 2001. The Audit Report has been prepared to assist the Directors in relation to their Corporations Act 2001 obligations to the shareholder only. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the shareholder of the Company and should not be used by parties other than the shareholder.

We disclaim any assumption of responsibility for any reliance on these report, or on the Financial Report to which it relates, to any person other than the shareholder of the Company or for any other purpose than that for which it was prepared.

### Other Information

Other Information is financial and non-financial information in Company's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

## Notes forming part of the Financial Statements

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

**Responsibilities of the Directors for the Financial Report**

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view Accounting Standards-Simplified Disclosures and the Corporations Act 2001.
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's 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 Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

**KPMG**

**Richard Drinnan**

Partner

Wollongong

06 June 2023

# TCS FINANCIAL SOLUTIONS BEIJING CO. LTD.

**FOR THE YEAR ENDED**

**31 DECEMBER 2022**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

# INDEPENDENT AUDITOR'S REPORT

**GTCSZ (2023) NO. 110C000903**
**THE BOARD OF DIRECTORS OF**
**TCS FINANCIAL SOLUTIONS BEIJING CO. LTD.:**

## Opinion

We have audited the financial statements of TCS Financial Solutions Beijing Co. Ltd (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of income, statement of changes in equity and statement of cash flows from January 2022 to December 2022, and the notes to the financial statements.

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows from January 2022 to December 2022 in accordance with Accounting Standards for Business Enterprises.

## Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* Section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountant (Ethics Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we fulfilled our other ethical responsibilities in accordance with these requirements and the Ethics Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charge with Governance for the Financial Statement

Management of the Company is responsible for the preparation and fair presentation of the financial statement in accordance with Enterprises Accounting System, and for such internal control as management determines in necessary to enable the preparation of financial statements that are free form material misstatement, whether due to fraud or error.

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.

Those charge with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statement

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 auditor's 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 China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise form fraud or error and are considered material if, individually or in the aggregation, 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 China Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 the misstatemment resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding 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 auditor's 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 auditor's report. However, further 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, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

**Certified Public Accountants**

Registered in the People's Republic of China

Grant Thornton

Beijing, China

Date February 28, 2023

## Balance sheet as at 31 December 2022

(Expressed in RMB)

| | Note | As at 31/12/2022 | As at 31/12/2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6.1 | **5,424,127.67** | 20,301,246.49 |
| Financial assets at fair value through profit or loss | | **-** | - |
| Notes receivable | | **-** | - |
| Accounts receivable | 6.2 | **34,245,147.54** | 37,188,388.54 |
| Prepayments | | **-** | - |
| Interest receivable | | **219.18** | 123,872.19 |
| Dividends receivable | | **-** | - |
| Other receivables | 6.3 | **18,510.70** | 38,547.15 |
| Inventories | | **-** | - |
| Non-current assets maturing within one year | | **-** | - |
| Other current assets | 6.4 | **64,355.59** | 83,993.08 |
| **Total current assets** | | **39,752,360.68** | 57,736,047.45 |
| **Non-current assets** | | | |
| Available-for-sale financial assets | | **-** | - |
| Held-to-maturity investments | | **-** | - |
| Long-term receivables | | **-** | - |
| Long-term equity investments | | **-** | - |
| Investment property | | **-** | - |
| Fixed assets | 6.5 | **112,301.00** | 167,572.10 |
| Construction in progress | | **-** | - |
| Productive biological assets | | **-** | - |
| Oil and gas assets | | **-** | - |
| Intangible assets | 6.6 | **-** | 4,656.04 |
| Development expenditure | | **-** | - |
| Goodwill | | **-** | - |
| Long-term deferred expenses | | **-** | - |
| Other non-current assets | | **-** | - |
| **Total non-current assets** | | **112,301.00** | 172,228.14 |
| **TOTAL ASSETS** | | **39,864,661.68** | 57,908,275.59 |

(Expressed in RMB)

| | Note | As at 31/12/2022 | As at 31/12/2021 |
|---|---|---|---|
| **LIABILITIES AND OWNERS' EQUITY** | | | |
| **Current liabilities** | | | |
| Short-term loans | | **-** | - |
| Financial liabilities at fair value through profit or loss | | **-** | - |
| Notes payable | | **-** | - |
| Accounts payable | | **2,282,483.48** | 14,108,445.98 |
| Advances from customers | | **336,956.62** | 139,570.59 |
| Salaries and employee benefits payable | 6.7 | **5,187,849.23** | 4,944,109.44 |
| Taxes payable | 6.8 | **317,026.68** | 872,292.08 |
| Other payables | | **495,918.20** | 345,720.45 |
| Non-current liabilities maturing within one year | | **-** | - |
| Other current liabilities | | **-** | 283,095.16 |
| **Total current liabilities** | | **8,620,234.21** | 20,693,233.70 |
| **Non-current liabilities:** | | | |
| Long-term loans | | **-** | - |
| Debentures payable | | **-** | - |
| Long-term payables | | **-** | - |
| Long-term employee benefits payable | | **-** | - |
| Provisions | | **-** | - |
| Other non-current liabilities | | **-** | - |
| **Total non-current liabilities** | | **-** | - |
| **Total liabilities** | | **8,620,234.21** | 20,693,233.70 |
| **Shareholders' equity** | | | |
| Share capital | 6.9 | **36,660,950.00** | 36,660,950.00 |
| Capital reserve | | **-** | - |
| Less: treasury shares | | **-** | - |
| Other comprehensive income | | **-** | - |
| Specific reserve | | **-** | - |
| Surplus reserve | 6.10 | **1,397,460.41** | 1,397,460.41 |
| Retained earnings | 6.11 | **-6,813,982.94** | -843,368.52 |
| Total equity attributable to shareholders of the Company | | **31,244,427.47** | 37,215,041.89 |
| Non-controlling interests | | **-** | - |
| **Total owners' equity** | | **31,244,427.47** | 37,215,041.89 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **39,864,661.68** | 57,908,275.59 |

THE NOTES ON PAGES 23.10 TO 23.20 FORM PART OF THESE FINANCIAL STATEMENTS

**Legal representative:** **Person in charge of accounting function:** **Person in charge of accounting department:**

## Income statement for the year ended 31 December 2022

(Expressed in RMB)

| | Note | Year ended 31/12/2022 | Year ended 31/12/2021 |
|---|---|---|---|
| **I OPERATING INCOME** | 6.12 | **42,740,490.11** | 57,006,059.55 |
| Less:operating costs | 6.12 | **30,174,996.13** | 31,501,689.56 |
| Taxes and surcharges | 6.13 | **321,890.18** | 354,062.02 |
| Selling and distribution expenses | | **7,255,451.25** | 6,496,625.52 |
| General and administrative expenses | | **11,256,762.77** | 12,459,523.50 |
| Financial expenses | 6.14 | **461,828.18** | -928,402.84 |
| Including: Interest expenses | | **-** | - |
| Interest income | | **36,181.24** | 123,689.45 |
| Net foreign exchange losses ("-" denotes gains) | | **72,297.88** | -810,152.40 |
| Impairment losses | | **-840,188.64** | 840,188.64 |
| Add: Other income | | **-** | - |
| Investment income ("-" for losses) | | **-** | - |
| Including: Income from investment in associates and joint ventures ("-" for losses) | | **-** | - |
| Gains from changes in fair value ("-" for losses) | | **-** | - |
| Gains from assets disposal ("-" for losses) | | **-** | - |
| **II OPERATING PROFIT("-" FOR LOSSES)** | | **-5,890,249.76** | 6,282,373.15 |
| Add: Non-operating income | 6.15 | **16,790.56** | 52,680.24 |
| Less: Non-operating expenses | 6.16 | **97,155.22** | - |
| **III. PROFIT BEFORE INCOME TAX ("-" FOR LOSSES)** | | **-5,970,614.42** | 6,335,053.39 |
| Less: Income tax expenses | | **-** | 1,833,736.97 |
| **IV NET PROFIT FOR THE YEAR ("-" FOR NET LOSSES)** | | **-5,970,614.42** | 4,501,316.42 |
| Including: Net profit from continuing operations ("-" for net loss) | | **-5,970,614.42** | 4,501,316.42 |
| Net profit from discontinued operations ("-" for net loss) | | **-** | - |
| **V OTHER COMPREHENSIVE INCOME, NET OF TAX** | | **-** | - |
| **VI TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **-5,970,614.42** | 4,501,316.42 |

THE NOTES ON PAGES 23.10 TO 23.20 FORM PART OF THESE FINANCIAL STATEMENTS

**Legal representative:** **Person in charge of accounting function:** **Person in charge of accounting department:**

## Statement of Cash flow for the year ended December 31, 2022

(Expressed in RMB)

| | Note | Year ended 31/12/2022 | Year ended 31/12/2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Proceeds from sales of goods or rendering of services | | **49,608,057.66** | 63,912,382.10 |
| Refund of taxes | | **-** | 8,875.40 |
| Proceeds from other operating activities | | **330,068.45** | 130,050.20 |
| **Sub-total of cash inflows** | | **49,938,126.11** | 64,051,307.70 |
| Cash paid for goods and services | | **9,910,208.70** | 5,822,053.03 |
| Cash paid to and on behalf of employees | | **44,022,362.87** | 45,424,676.25 |
| Tax payments | | **3,587,769.06** | 5,575,503.63 |
| Cash paid relating to other operating activities | | **6,753,202.46** | 2,672,105.89 |
| **Sub-total of cash outflows** | | **64,273,543.09** | 59,494,338.80 |
| **Net cash inflow from operating activities** | | **-14,335,416.98** | 4,556,968.90 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Cash received from disposal of investments | | **-** | - |
| Cash received from return on investments | | **-** | - |
| Cash received from disposal of fixed assets, intangible assets and other long-term assets | | **-** | - |
| Cash receipts relating to other investing activities | | **-** | - |
| **Sub-total of cash inflows** | | **-** | - |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | **-** | - |
| Cash paid to acquire investment | | **49,513.27** | - |
| Payment for other investing activities | | **-** | - |
| **Sub-total of cash outflows** | | **49,513.27** | - |
| **Net cash flows from investing activities** | | **-49,513.27** | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Cash received from capital contributions | | **-** | - |
| Cash received from borrowings | | **10,000,000.00** | - |
| Cash receipts relating to other financing activities | | **-** | - |
| **Sub-total of cash inflows** | | **10,000,000.00** | - |
| Repayments of borrowings | | **10,000,000.00** | - |
| Dividends paid, profit distribution and interest paid | | **419,890.69** | - |
| Cash payments relating to other financing activities | | **-** | - |
| **Sub-total of cash outflows** | | **10,419,890.69** | - |
| **Net cash outflow from financing activities** | | **-419,890.69** | - |
| **EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS** | | **-72,297.88** | -0.57 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **-14,877,118.82** | 4,556,968.33 |
| Add: Cash and cash equivalents at the beginning of the period | | **20,301,246.49** | 15,744,278.16 |
| **Cash and cash equivalents at the end of the period** | | **5,424,127.67** | 20,301,246.49 |

THE NOTES ON PAGES 23.10 TO 23.20 FORM PART OF THESE FINANCIAL STATEMENTS

**Legal representative:** **Person in charge of accounting function:** **Person in charge of accounting department:**

## Company's Statement of Changes in Shareholders' Equity

(Expressed in RMB)

| | Year ended 31/12/2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital reserves | Less: Treasury Share | Other comprehensive income | Specific reserve | Surplus reserve | Retained earnings | Total |
| **1. BALANCE AS AT THE END OF LAST YEAR** | 36,660,950.00 | | | | | 1,397,460.41 | -843,368.52 | 37,215,041.89 |
| Add: Changes in accounting policies | - | - | - | - | - | - | - | - |
| Correction of prior period errors | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - |
| **2. BALANCE AT THE BEGINNING OF THE YEAR** | 36,660,950.00 | - | - | - | - | 1,397,460.41 | -843,368.52 | 37,215,041.89 |
| **3.CHANGES IN EQUITY DURING THE YEAR ( "- "FOR DECREASE)** | - | | - | - | - | - | -5,970,614.42 | -5,970,614.42 |
| 3.1 Net profit for the period | - | - | - | - | - | - | -5,970,614.42 | -5,970,614.42 |
| 3.2 Other comprehensive income | - | - | - | - | - | - | - | - |
| Total other comprehensive income | - | - | - | - | - | - | - | - |
| 3.3 Share capital by or returned to investors | - | - | - | - | - | - | - | - |
| a. Share capital injected by investors | - | - | - | - | - | - | - | - |
| b. Issurance of share pursuant to the exercise of share options | - | - | - | - | - | - | - | - |
| c. Others | - | - | - | - | - | - | - | - |
| 3.4 Specific Reserve | - | - | - | - | - | - | - | - |
| a. Appropriation during the year | | | | - | - | - | - | - |
| b. Utilisation during the year | - | - | - | - | - | - | - | - |
| 3.5 Appropriation of profits | - | - | - | - | - | - | - | - |
| a. Transfer to surplus reserves | - | - | - | - | - | - | - | - |
| Including: Statutory surplus | - | - | - | - | - | - | - | - |
| Discretionary surplus reserve | - | - | - | - | - | - | - | - |
| General reserve fund | - | - | - | - | - | - | - | - |
| Enterprise expansion fund | - | - | - | - | - | - | - | - |
| b. General risk allowance | - | - | - | - | - | - | - | - |
| c. Distributions to shareholders | - | - | - | - | - | - | - | - |
| d. Others | - | - | - | - | - | - | - | - |
| 3.6Transfer within equity | - | - | - | - | - | - | - | - |
| a. Capital reserves converting into share capital | - | - | - | - | - | - | - | - |
| b. Surplus reserves converting into share capital | - | - | - | - | - | - | - | - |
| c. Surplus reserves cover the deficit | - | - | - | - | - | - | - | -- |
| d. Others | - | - | - | - | - | - | - | - |
| **4. BALANCE AT THE END OF THE YEAR** | 36,660,950.00 | - | - | - | - | 1,397,460.41 | -6,813,982.94 | 31,244,427.47 |

THE NOTES ON PAGES 23.10 TO 23.20 FORM PART OF THESE FINANCIAL STATEMENTS

**Legal representative:** **Person in charge of accounting function:** **Person in charge of accounting department:**



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## Company's Statement of Changes in Shareholders' Equity

(Expressed in RMB)

| | Year ended 31/12/2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital reserves | Less: Treasury Share | Other compre-hensive income | Specific reserve | Surplus reserve | Retained earnings | Total |
| **1. BALANCE AS AT THE END OF LAST YEAR** | 36,660,950.00 | | | | | 1,397,460.41 | -5,344,684.94 | 32,713,725.47 |
| Add: Changes in accounting policies | - | - | - | - | - | - | - | - |
| Correction of prior period errors | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - |
| **2. BALANCE AT THE BEGINNING OF THE YEAR** | 36,660,950.00 | - | - | - | - | 1,397,460.41 | -5,344,684.94 | 32,713,725.47 |
| **3. CHANGES IN EQUITY DURING THE YEAR ("- "FOR DECREASE)** | - | - | - | - | - | - | 4,501,316.42 | 4,501,316.42 |
| 3.1 Net profit for the period | - | - | - | - | - | - | 4,501,316.42 | 4,501,316.42 |
| 3.2 Other comprehensive income | - | - | - | - | | - | - | - |
| Total other comprehensive income | - | | - | - | - | - | - | - |
| 3.3 Share capital by or returned to investors | - | - | - | - | - | - | - | - |
| a. Share capital injected by investors | - | - | - | - | - | - | - | - |
| b. Issurance of share pursuant to the exercise of share options | - | - | - | - | - | - | - | - |
| c. Others | - | - | - | - | - | - | - | - |
| 3.4 Specific Reserve | - | - | - | - | - | - | - | - |
| a. Appropriation during the year | - | - | - | - | - | - | - | - |
| b. Utilisation during the year | - | - | - | - | - | - | - | - |
| 3.5 Appropriation of profits | - | - | - | - | - | - | - | - |
| a. Transfer to surplus reservesreserves transfer | - | - | - | - | - | - | - | - |
| Including: Statutory surplus | - | - | - | - | - | - | - | - |
| Discretionary surplus reserve | - | - | - | - | - | - | - | - |
| General reserve fund | - | - | - | - | - | - | - | - |
| Enterprise expansion fund | - | - | - | - | - | - | - | - |
| b. General risk allowance | - | - | - | | - | - | - | - |
| c. Distributions to shareholders | - | - | - | - | - | - | - | - |
| d. Others | - | - | - | - | - | - | - | - |
| 3.6Transfer within equit | - | - | - | - | - | - | - | - |
| a. Capital reserves converting into share capital | - | - | - | - | - | - | - | - |
| b. Surplus reserves converting into share capital | - | - | - | - | - | - | - | - |
| c. Surplus reserves cover the deficit | - | - | - | - | - | - | - | - |
| d. Others | - | - | - | - | - | - | - | - |
| **4. BALANCE AT THE END OF THE YEAR** | 36,660,950.00 | - | - | - | - | 1,397,460.41 | -843,368.52 | 37,215,041.89 |

THE NOTES ON PAGES 23.10 TO 23.20 FORM PART OF THESE FINANCIAL STATEMENTS

**Legal representative:** **Person in charge of accounting function:** **Person in charge of accounting department:**

# Notes forming part of the Financial Statements

## I. COMPANY'S PROFILE

TCS Financial Solutions Beijing Co. Ltd ("the Company") is a wholly owned foreign enterprise incorporated in Beijing on Dec 29, 2006 and approved by People's Government of Beijing. The registered capital of the company is USD 250,000.00 and obtained the business certificate No.110000410305201. The registered capital of the Company was increased to USD 5,250,000.00 on Jan 8 2016 and has been verified by Beijing Zhongpingjian Accounting Firm with verification report No. (2007) Zhongpingjian yanzi. The relevant business certificate was amended to No. 9111010579670220XQ. The investors are as follows::

| Investor | Investment% |
|---|---:|
| TCS Financial Solutions Australia Pty Ltd | 100% |

The Company's business scope: research and development of computer hardware and software; computer system integration; technical consultation; technical services; Selling self-developed products. (For projects subject to approval according to law, business activities shall be carried out according to the approved contents after approval by relevant departments.)

## II. BASIS OF PREPARATION

The company implemented the Enterprise Accounting System and its supplementary provisions. The presentation shall be made in accordance with the statement format stipulated in the Notice on Printing and Distributing 2013 Annual Financial and Accounting Statements of Foreign-invested Enterprises (No. Caiqi[2013]323).

The financial statements of the Company have been prepared on going concern basis.

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### (1) Accounting System

The company implemented the Enterprise Accounting System and its supplementary provisions.

### (2) Accounting Period

The accounting period of the Company is from 1 January to 31 December.

### (3) Functional currency

The Company use Renminbi ("RMB") as their functional currency.

### (4) Accounting basis and valuation principles

The company adopts the accrual basis and the principle of valuation is based on actual cost.

### (5) Foreign currency transactions

Foreign currency transactions are translated to the functional currency of the Company at the spot exchange rates published by People's Bank of China on the dates of the transactions. At the end of the period, adjustments shall be made according to the spot exchange rates, and the difference arising from the purchase and construction of fixed assets shall be included in the purchase and construction cost of the relevant fixed assets before they reach the intended use ; The long-term deferred expenses incurred during the preparation period that have nothing to do with the purchase and construction of fixed assets belong to the period of production and operation into the financial expenses.

### (6) Cash and cash equivalents

Cash equivalents include short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

### (7) Bad debts

The company adopts the allowance method to account for bad debt losses. The provision for doubtful accounts (including receivables and other receivables) at the end of the period shall be made by specific identification method.

For related party balance, it is based on specific identification method.

According to the previous experience, the actual financial situation and cash flow of the debtor and other relevant information, for the receivables with obvious differences between the collectibility and other funds, the bad debt reserve shall be calculated and withdrawn by using the specific identification method

The criteria for recognizing bad debts are:

(i) If the debtor is declared bankrupt or revoked according to law, it shall obtain relevant materials such as the bankruptcy declaration, the cancellation of industrial and commercial registration or the revocation of license, or the documents ordered to close down by the government departments, and after deducting the part of the debtor's liquidated property for repayment, the receivables that cannot be recovered shall be regarded as bad debt losses;

(ii) If the debtor dies or is declared missing or dead according to law, and his property or estate is insufficient to pay off the debts and there is no heir, the receivables shall be deemed as bad debt losses after obtaining the relevant legal documents;

(iii) The receivables related to the lawsuit, where the judgment or order of the effective judgment or order of the people's court is lost, or where the execution is terminated due to the fact that the judgment or order cannot be executed due to the victory of the lawsuit, shall be regarded as the bad debt loss;

**(8) Fixed assets and Depreciation**

Fixed assets of the company refer to the houses, buildings, machinery and equipment, transportation equipment and other equipment held for the production of goods, provision of labor services, rental or management with a useful life of more than 1 year and a high unit value. Fixed assets are recorded at the cost of acquisition.

The cost of a fixed asset is depreciated using the straight-line method. the estimated useful lives, residual value rates (The expected residual value rate is 0%) and depreciation rates of each class of fixed assets are as follows:

| **Class** | **Estimated useful life (years)** | **Depreciation rate %** |
|---|---:|---:|
| Office Equipment | 5-10 years | 10-20 |
| Computer and network communication equipment | 4 years | 25 |
| Office furniture | 5 years | 20% |

At the end of the period, the Company shall inspect the fixed assets item by item. If the recoverable amount is lower than the book value due to the continuous decline of market price, obsolete technology, damage, long-term idleage and other reasons, the company shall make provision for impairment of fixed assets. When making provision for impairment of fixed assets, the difference between the recoverable amount of a single fixed asset and its carrying value shall be recognized.

**(9) Construction in progress**

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalised borrowing costs and any other costs directly attributable to bringing the asset to working condition for its intended use. Construction in progress is transferred to fixed asset when it is ready for its intended use.

**(10) Intangible assets**

Intangible assets are stated at actual cost upon acquisition. The company used straight line method during their useful life. Amortisation method for intangible assets with finite useful lives is as follows:

| **Categories** | **Useful life (years)** |
|---|---:|
| Software | 5 years |

## Notes forming part of the Financial Statements

At the end of the period The company should inspected of intangible assets item by item, when following cirnces existed , the impairment of intangible assets should be made

(i) An intangible assets has been replaced by other new technology, make its ability to create economic benefits for the enterprise a serious adverse effect;

(ii) The market price of a certain intangible asset drops significantly in the current period and is not expected to recover within the remaining amortization year;

(iii) Some intangible assets have exceeded the legal protection period, but still have part of ability use value;

(iv) Other circumstances that are sufficient to prove that a certain intangible asset has actually experienced impairment of value.

When making provision for impairment of an intangible asset, it shall be recognized as the difference between the recoverable amount of an individual intangible asset and its carrying value.

At the end of the period, if the company expects that an intangible asset can no longer bring future economic benefits to the enterprise, it shall transfer all the book value of the intangible asset into the current management expense.

**(11) Long-term deferred expenses**

The expense of improvement of leased fixed assets and and amortized using a straight-line method within the benefit period, which is 5 years.

**(12) Revenue**

*(i) Rendering of services*

Where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognised by the percentage of the cost happed over estimated total cost.

If the result of the transaction of providing labor services cannot be estimated reliably, the labor income provided shall be recognized according to the amount of labor cost that has occurred and is expected to be compensated, and the labor cost that has occurred shall be taken as the current expense. If the labor costs that have occurred are not expected to be compensated, the income shall not be recognized.

*(ii) Revenues from software licenses*

Revenues from software licenses is based on the nature of the relevant agreement, usually after the completion of the various stages of software installation.Revenue is recognized when it is probable that the economic benefits will flow to the Company, and the revenue and the cost can be measured reliably.

**(13) Leases**

In an operating lease, rental expenses are recognized as expenses by the straight-line method during each period of the lease term.

**(14) Income Tax**

The company uses tax payable method for income taxes.

### IV. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS IN PRIOR PERIODS

**(1) Changes in accounting policies and estimates**

During the reporting period, the Company has no changes in accounting policies and accounting estimates.

**(2) Correction of major accounting errors**

During the reporting period, the company does not have any correction of major accounting errors.

## V. TAXATION

Main types of taxes and corresponding tax rates.

| Tax type | Tax basis | Tax rate% |
|---|---|---|
| VAT | Taxable income | 6,13 |
| Urban maintenance and construction tax | Turnover tax payable | 7 |
| Education surcharge | Turnover tax payable | 3 |
| Local education surcharge | Turnover tax payable | 2 |
| Corporate income tax | Taxable profits | 25 |

## VI. NOTES TO THE FINANCIAL STATEMENTS

### 1. Cash and cash equivalents

(Expressed in RMB)

| | As at 2022/12/31 | As at 2021/12/31 |
|---|---|---|
| Bank deposits | **5,424,127.67** | 20,301,246.49 |

**Including Foreign currency:**

(Expressed in Renminbi Yuan)

| Currency | As at 2022/12/31 | | | As at 2021/12/31 | | |
|---|---|---|---|---|---|---|
| | Original currency | Exchange rate | RMB | Original currency | Exchange rate | RMB |
| USD | **3.37** | **6.9525** | **23.43** | 3.37 | 6.3757 | 21.48 |

### 2. Accounts Receivables

Aging analysis and percentage

(Expressed in RMB)

| Aging | As at 2022/12/31 | | | |
|---|---|---|---|---|
| | Amount | Percentage % | Bad debt Provision | Net Book Value |
| Within 1 year | **15,774,952.92** | **46.07** | **-** | **15,774,952.92** |
| 1 to 2 years | **13,494,173.76** | **39.40** | **-** | **13,494,173.76** |
| More than 2 years | **4,976,020.86** | **14.53** | **-** | **4,976,020.86** |
| **Total** | **34,245,147.54** | **100.00** | **-** | **34,245,147.54** |

## Notes forming part of the Financial Statements

| | As at 2021/12/31 | | | |
|---|---|---|---|---|
| | Amount | Percentage % | Bad debt Provision | Net Book Value |
| Within 1 year | 26,899,312.07 | 70.73 | 339,622.64 | 26,559,689.43 |
| 1 to 2 years | 8,292,964.03 | 21.81 | 500,566.00 | 7,792,398.03 |
| More than 2 years | 2,836,301.08 | 7.46 | - | 2,836,301.08 |
| **Total** | 38,028,577.18 | 100.00 | 840,188.64 | 37,188,388.54 |

### 2. Doubtful debt

(Expressed in RMB)

| Item | 2022.01.01 | Addition | | Decrease | | 2022.12.31 |
|---|---|---|---|---|---|---|
| | | Additions | Recovery | Reversal | Write off | |
| Amount | **840,188.64** | **-** | **-** | **840,188.64** | **-** | **-** |

### 3. Other receivables

Aging analysis and percentage

(Expressed in RMB)

| Aging | As at 2022/12/31 | | | |
|---|---|---|---|---|
| | Amount | Percentage % | Bad debt Provision | Net Book Value |
| Within 1 year | **18,510.70** | **100.00** | **-** | **18,510.70** |
| | As at 2021/12/31 | | | |
| Within 1 year | 38,547.15 | 100.00 | - | 38,547.15 |

### 4. Other current assets

(Expressed in RMB)

| | As at 2022/12/31 | As at 2021/12/31 |
|---|---|---|
| Office rental | **10,536.48** | 10,490.16 |
| Life Insurance | **53,819.11** | 41,002.92 |
| Internet access fees | **-** | 32,500.00 |
| **Total** | **64,355.59** | 83,993.08 |

## 5. Fixed assets and Depreciation

### (i) Recognition of fixed assets

(Expressed in RMB)

| Category | As at 2022/01/01 | Increase during the period | Decrease during the period | As at 2022/12/31 |
|---|---|---|---|---|
| Computer and network communication equipment | 1,936,791.87 | 49,513.27 | 588,211.00 | 1,398,094.14 |
| Office Equipment | 724,493.88 | - | 349,909.93 | 374,583.95 |
| Office Furniture | 482,297.65 | - | 421,819.51 | 60,478.14 |
| **Total** | 3,143,583.40 | 49,513.27 | 1,359,940.44 | 1,833,156.23 |

### (ii) Accumulated Depreciation

(Expressed in RMB)

| Category | As at 2022/01/01 | Increase during the period | Decrease during the period | As at 2022/12/31 |
|---|---|---|---|---|
| Computer and network communication equipment | 1,797,813.29 | 98,007.63 | 588,211.00 | 1,307,609.92 |
| Office Equipment | 724,045.00 | 448.88 | 349,909.93 | 374,583.95 |
| Office Furniture | 454,153.01 | 6,327.86 | 421,819.51 | 38,661.36 |
| **Total** | 2,976,011.30 | 104,784.37 | 1,359,940.44 | 1,720,855.23 |

### (iii) Net book values

(Expressed in RMB)

| Category | As at 2022/01/01 | As at 2022/12/31 |
|---|---|---|
| Computer and network communication equipment | 138,978.58 | 90,484.22 |
| Office Equipment | 448.88 | - |
| Office Furniture | 28,144.64 | 21,816.78 |
| **Total** | 167,572.10 | 112,301.00 |

## 6. Intangible Assets

(Expressed in RMB))

| Item | Cost | 2021/01/01 | Increase | Transfer out | Amortization | 2021/12/31 |
|---|---|---|---|---|---|---|
| **Software** | 61,406.33 | 4,656.04 | - | - | 4,656.04 | - |

## 7. Salaries and employee benefits payable

(Expressed in RMB)

| Item | As at 2022/12/31 | As at 2021/12/31 |
|---|---|---|
| Salary Payable | 5,187,849.23 | 4,944,109.44 |

## Notes forming part of the Financial Statements

### 8. Taxes payable

(Expressed in RMB)

| | As at 2022/12/31 | As at 2021/12/31 |
|---|---|---|
| VAT | **283,059.57** | 48,090.90 |
| Urban maintenance and construction tax and education surcharge | **33,967.11** | 5,770.70 |
| corporate income tax | **-** | 818,430.48 |
| **Total** | **317,026.68** | 872,292.08 |

### 9. Share capital

(Expressed in RMB)

| Investor | 2022/01/01 | Increase | Decrease | 2022/12/31 |
|---|---|---|---|---|
| TCS Financial Solutions Australia Pty. Ltd. | **36,660,950.00** | **-** | **-** | **36,660,950.00** |

### 10. Surplus reserve

(Expressed in RMB)

| Item | 2022/01/01 | Increase | Decrease | 2022/12/31 |
|---|---|---|---|---|
| Statutory surplus | **1,397,460.41** | **-** | **-** | **1,397,460.41** |

### 11. Retained earnings

(Expressed in Renminbi Yuan)

| 2022/01/01 | Increase during the Period | Decrease during the Period | 2022/12/31 |
|---|---|---|---|
| **-843,368.52** | **-5,970,614.42** | **-** | **-6,813,982.94** |

### 12. Operation income and cost

(Expressed in Renminbi Yuan)

| Item | Year 2022 | | Year 2021 | |
|---|---|---|---|---|
| | Revenue | Cost | Revenue | Cost |
| Service | **42,740,490.11** | **30,174,996.13** | 57,006,059.55 | 31,501,689.56 |

### 13. Taxes and Surcharges

(Expressed in RMB)

| Item | Year 2022 | Year 2021 |
|---|---|---|
| Urban maintenance and construction tax and education surcharge of VAT | **321,890.18** | 354,062.02 |

### 14. Financial expenses

(Expressed in RMB)

| Item | Year 2022 | Year 2021 |
|---|---|---|
| Interest expense | **419,890.69** | - |
| Less: interest income | **36,181.24** | 123,689.45 |
| exchange loss | **-** | - |
| Less: exchange gain | **-72,297.88** | 810,152.40 |
| Bank service charge | **5,820.85** | 5,439.01 |
| **Total** | **461,828.18** | -928,402.84 |

### 15. Non-operating income

(Expressed in RMB)

| Item | Year 2022 | Year 2021 |
|---|---|---|
| VAT additional deduction | **16,790.56** | 44,307.22 |
| VAT and individual income tax refund | **-** | 8,373.02 |
| **Total** | **16,790.56** | 52,680.24 |

### 16. Non-operating expenses

(Expressed in RMB)

| Item | Year 2022 | Year 2021 |
|---|---|---|
| Compensation | **97,155.22** | - |

## VII. SUPPLEMENTARY INFORMATION ON CASH FLOW STATEMENT

### (1) Supplement to cash flow statement:

(Expressed in RMB)

| Item | Year 2022 | Year 2021 |
|---|---|---|
| **1. Reconciliation of net profit/loss to cash flows from operating activities:** | **-** | - |
| Net profit/loss | **-5,970,613.47** | 4,501,316.42 |
| Less: Investment loss not recognized | **-** | - |
| Add: Impairment of assets | **-840,188.64** | 840,188.64 |
| Depreciation of fixed assets | **104,784.37** | 98,998.12 |
| Amortization of intangible assets | **4,656.04** | 8,014.60 |
| Accrued Expenses | **-283,095.16** | - |
| Financial expenses ("-" for income) | **492,188.57** | -810,152.40 |
| Losses arising from investment("-" for gains) | **-** | - |
| Decrease in gross inventories ("-" for increase) | **-** | - |
| Decrease in operating receivables ("-" for increase) | **3,946,755.64** | 3,705,160.84 |
| Increase in operating payables ("-" for decrease) | **-11,789,904.33** | -3,786,557.32 |
| Others | **-** | - |
| Net cash flows from operating activities | **-14,335,416.98** | 4,556,968.90 |
| **2. Investing and financing activities not requiring the use of cash:** | **-** | - |
| Conversion of debt into capital | **-** | - |
| Convertible bonds due within one year | **-** | - |
| Acquisition of fixed assets under finance leases | **-** | - |

## Notes forming part of the Financial Statements

| Item | Year 2022 | Year 2021 |
|---|---|---|
| **3. Change in cash and cash equivalents:** | | |
| Cash as at 31/12/2022 | **5,424,127.67** | 20,301,246.49 |
| Less: cash as at 31/12/2021 | **20,301,246.49** | 15,744,278.16 |
| Add: cash equivalents as at 31/12/2022 | **-** | - |
| Less: cash equivalents as at 31/12/2021 | **-** | - |
| Net increase/decrease in cash and cash equivalents | **-14,877,118.82** | 4,556,968.33 |

**(2) Details of cash and cash equivalents**

(Expressed in RMB)

| Item | Year 2022 | Year 2021 |
|---|---|---|
| **1. Cash** | | |
| Including: Cash in hand | **-** | - |
| Bank deposits available on demand | **5,424,127.67** | 20,301,246.49 |
| Other monetary funds available on demand | **-** | - |
| **2. Cash equivalents** | **-** | - |
| **3. Cash and cash equivalents as at the end of the period** | **5,424,127.67** | 20,301,246.49 |

## VIII. RELATED PARTIES RELATIONSHIP AND TRANSACTION

**1. Parent Company**

| Name | Registration place | Nature of business | Shareholding ratio | Voting proportion |
|---|---|---|---|---|
| TCS Financial Solutions Australia Pty Ltd | Australia | Develop and sell professional banking application software | 100.00 | 100.00 |

**2. Information of other related parties**

| Name | Related party relationship |
|---|---|
| Tata Consultancy Services (China) Co., Ltd | Controlled by the same ultimate holding company |
| Tata Consultancy Services Ltd | Controlled by the same ultimate holding company |
| Tata Sons Private Limited | Ultimate holding party |
| TITAN COMPANY LIMITED | Controlled by the same ultimate holding company |

**3. Related party transaction**

**(1) Related Purchase and sales**

**(a) Providing labor**

(Expressed in RMB)

| Related Party | Year 2022 | Year 2021 |
|---|---|---|
| Tata Consultancy Services (China) Co., Ltd | **-** | 35,445.00 |

**(b) Interest expenses**

(Expressed in RMB)

| Related Party | Year 2022 | Year 2021 |
|---|---|---|
| Tata Consultancy Services (China) Co., Ltd | **396,123.30** | - |

**(c) Rent**

(Expressed in RMB)

| Related Party | Year 2022 | Year 2021 |
|---|---|---|
| Tata Consultancy Services (China) Co., Ltd | **616,480.12** | 1,102,287.58 |

**(d) Brand equity**

(Expressed in RMB)

| Related Party | Year 2022 | Year 2021 |
|---|---|---|
| Tata Sons Private Limited | **24,626.21** | 151,462.43 |

**4. Payables and receivables from related party**

**(1) Due to Related parties**

(Expressed in RMB)

| Related Party | As at 2022/12/31 | As at 2021/12/31 |
|---|---|---|
| TCS Financial Solutions Australia Pty Ltd | - | 11,904,475.52 |
| Tata Sons Private Limited | - | 104,978.79 |
| TITAN COMPANY LIMITED | - | 18,261.22 |
| **Total** | - | 12,027,715.53 |

## IX. CONTINGENCIES

As at December 31, 2022, the Company has no pending lawsuits, external guarantees or other contingencies that should be disclosed.

## X. COMMITMENT

**Operating lease commitment**

As of the balance sheet date, the company's irrevocable operating lease contracts with other parties are as follows:

(RMB)

| The minimum lease payment for an irrevocable operating lease | As at 2022/12/31 | As at 2021/12/31 |
|---|---|---|
| First year after the balance sheet date | **11,400.00** | 11,400.00 |

## XI. EVENTS AFTER THE BALANCE SHEET DATE

As at February 28, 2023, the Company has no events after the balance sheet date to be disclosed.

**TCS Financial Solutions Beijing Co. Ltd**
**February 28, 2023**

# TATA CONSULTANCY SERVICES MALAYSIA SDN. BHD.

**(Registration No. 200301022873 (625293-W))**

**(Incorporated in Malaysia)**

# ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the year ended 31 March 2023**

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

# DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 March 2023.

## Principal activities

The Company is principally engaged in the provision of end-to-end information technology consulting and software services. There has been no significant change in the nature of these activities during the financial year.

## Ultimate holding company

The Directors regard Tata Sons Limited, a company incorporated in India, as the ultimate holding company, during the financial year and until the date of this report.

## Results

| | RM |
|---|---|
| Profit for the year | 11,829,248 |

## Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

## Dividends

Since the end of the previous financial year, the Company declared an interim single tier ordinary dividend of RM 6.50 per ordinary share totaling RM13,000,000 in respect of the financial year ended 31 March 2023 on 27 February 2023, which was paid on 15 March 2023.

## Directors of the company

Directors who served during the financial year until the date of this report are:

Jeevan A/L Sarangam Rajoo (appointed on 10 February 2023)
Girish Payangatiri Ramachandran
Manoj Ranjitsinh Rajput
Rajeev Kumar Das
Abdullah Bin Abd Hamid (resigned on 15 February 2023)

## Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

| | Number of ordinary shares of INR1 each | | | |
|---|---|---|---|---|
| | At 1.4.2022 | Bought | Sold | At 31.3.2023 |
| **Penultimate holding company** | | | | |
| **Tata Consultancy Services Limited** | | | | |
| Direct interests: | | | | |
| Girish Payangatiri Ramachandran | 11,000 | - | - | **11,000** |
| Manoj Ranjitsinh Rajput | 8,500 | - | - | **8,500** |
| Rajeev Kumar Das | 1,800 | - | - | **1,800** |

The other Director holding office at 31 March 2023 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The directors' benefits paid to or receivable by directors in respect of the financial year ended 31 March 2023 are as follows:

Directors of the Company:

| | RM |
|---|---|
| Professional fees | 60,000 |

There were no arrangements during and at the end of the financial year which had the object of enabling 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.

## Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

## Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

## Indemnity and insurance costs

During the financial year, no indemnity was given to or insurance was effected for Directors, Officers and auditors of the Company.

## Other Statutory Information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 March 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.
The auditors' remuneration of the Company during the year is RM35,117.
Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

..........................................................................................

**Girish Payangatiri Ramachandran**
Director
Date: 15 May 2023

..........................................................................................

**Manoj Ranjitsinh Rajput**
Director
Date: 15 May 2023

## Statement of Financial Position as at 31 March 2023

(Amount in RM)

| | Note | 2023 | 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| Plant and equipment | 3 | **5,297,222** | 4,856,321 |
| Other investments | 4 | **3,680** | 3,680 |
| Deferred tax assets | 5 | **2,000,108** | 408,696 |
| Other receivables | 6 | **878,315** | 328,012 |
| **Total non-current assets** | | **8,179,325** | 5,596,709 |
| Current tax assets | | **1,969,803** | 4,683,436 |
| Trade and other receivables | 6 | **101,445,335** | 76,347,656 |
| Cash and cash equivalents | 7 | **33,395,385** | 20,279,039 |
| **Total current assets** | | **136,810,523** | 101,310,131 |
| **TOTAL ASSETS** | | **144,989,848** | 106,906,840 |
| **EQUITY** | | | |
| Share capital | 8 | **2,000,000** | 2,000,000 |
| Retained earnings | | **37,255,756** | 38,426,508 |
| **Total equity attributable to the owner of the Company** | | **39,255,756** | 40,426,508 |
| **LIABILITIES** | | | |
| Trade and other payables | 9 | **104,718,907** | 66,480,332 |
| Current tax liabilities | | **1,015,185** | - |
| **Total current liabilities** | | **105,734,092** | 66,480,332 |
| **Total liabilities** | | **105,734,092** | 66,480,332 |
| **TOTAL EQUITY AND LIABILITIES** | | **144,989,848** | 106,906,840 |

The notes on pages 24.8 to 24.18 are an integral part of these financial statements.

## Statement of comprehensive income for the year ended 31 March 2023

(Amount in RM)

| | Note | 2023 | 2022 |
|---|---|---|---|
| Revenue | 10 | **277,650,365** | 237,585,840 |
| Cost of services | | **(222,937,985)** | (201,519,542) |
| **GROSS PROFIT** | | **54,712,380** | 36,066,298 |
| Other income | | **609,876** | 1,473,980 |
| Administrative expenses | | **(35,493,140)** | (30,620,914) |
| Other expenses | | **(5,042,232)** | (4,481,886) |
| **RESULTS FROM OPERATING ACTIVITIES** | | **14,786,884** | 2,437,478 |
| Finance income | | **29,770** | 23,984 |
| **PROFIT BEFORE TAX** | 11 | **14,816,654** | 2,461,462 |
| Tax expense | 12 | **(2,987,406)** | (1,950,919) |
| **PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **11,829,248** | 510,543 |

The notes on pages 24.8 to 24.18 are an integral part of these financial statements.

## Statement of changes in equity for the year ended 31 March 2023

(Amount in RM)

| | Note | *Non-distributable* Share capital | *Distributable* Retained Earnings | Total equity |
|---|---|---|---|---|
| **At 1 April 2021** | | 2,000,000 | 50,515,965 | 52,515,965 |
| Profit and total comprehensive income for the year | | - | 510,543 | 510,543 |
| Dividend to owner of the Company | 13 | - | (12,600,000) | (12,600,000) |
| **At 31 March 2022/1 April 2022** | | **2,000,000** | **38,426,508** | **40,426,508** |
| Profit and total comprehensive income for the year | | **-** | **11,829,248** | **11,829,248** |
| Dividend to owner of the Company | 13 | **-** | **(13,000,000)** | **(13,000,000)** |
| **At 31 March 2023** | | **2,000,000** | **37,255,756** | **39,255,756** |
| | | Note 8 | | |

The notes on pages 24.8 to 24.18 are an integral part of these financial statements.

## Statement of cash flows for the year ended 31 March 2023

(Amount in RM)

| | Note | 2023 | 2022 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Profit before tax** | | **14,816,654** | 2,461,462 |
| *Adjustments for:* | | | |
| Depreciation of plant and equipment | 3 | **2,134,516** | 1,500,522 |
| Dividend income | 11 | **(90,212)** | (63,039) |
| Finance income | 11 | **(29,770)** | (23,984) |
| Plant and equipment written-off | | **6,241** | 449 |
| Unrealised foreign exchange loss/(gain) | 11 | **29,741** | (115,495) |
| **Operating profit before changes in working capital** | | **16,867,170** | 3,759,915 |
| Change in trade and other receivables | | **(25,519,657)** | (8,379,929) |
| Change in trade and other payables | | **38,130,645** | 22,045,189 |
| **Cash generated from operations** | | **29,478,158** | 17,425,175 |
| Tax paid | | **(850,000)** | (4,288,175) |
| **Net cash from operating activities** | | **28,628,158** | 13,137,000 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of plant and equipment | 3 | **(2,581,658)** | (3,545,391) |
| Dividends received from investments in unquoted shares | | **90,212** | 63,039 |
| Interest received | | **29,770** | 23,984 |
| **Net cash used in investing activities** | | **(2,461,676)** | (3,458,368) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividends to owner of the Company | 13 | **(13,000,000)** | (12,600,000) |
| **Net cash used in financing activities** | | **(13,000,000)** | (12,600,000) |
| **Net increase/(decrease) in cash and cash equivalents** | | **13,166,482** | (2,921,368) |
| Effect of exchange rate fluctuations on cash held | | **(50,136)** | 108,585 |
| Cash and cash equivalents at beginning of year | | **20,279,039** | 23,091,822 |
| **Cash and cash equivalents at end of year** | 7 | **33,395,385** | 20,279,039 |

The notes on pages 24.8 to 24.18 are an integral part of these financial statements.

## Notes forming part of the financial statements

TATA Consultancy Services Malaysia Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

**Principal place of business**

Level 22A, Axiata Tower
No.9, Jalan Stesen Sentral 5
50470, Kuala Lumpur Sentral
Kuala Lumpur, Malaysia

**Registered office**

12th Floor, Menara Symphony, No.5
Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor, Malaysia

The Company is principally engaged in the provision of end-to-end information technology consulting and software services.

The immediate holding company during the financial year was Tata Consultancy Services Asia Pacific Pte. Ltd., a company incorporated in Singapore. The penultimate and ultimate holding companies during the financial year were Tata Consultancy Services Limited and Tata Sons Limited. Both companies were incorporated in India.

These financial statements were authorised for issue by the Board of Directors on 15 May 2023.

### 1. BASIS OF PREPARATION

**(a) Statement of compliance**

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act 2016 in Malaysia.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

**(c) Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

**(d) Use of estimates and judgements**

The preparation of the financial statements in conformity with MPERS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

**(a) Foreign currency**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

All foreign currency differences are recognised in profit or loss.

**(b) Financial instruments**

***(i) Initial recognition and measurement***

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is subsequently measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction for the Company (for a financial liability) or the counterparty (for a financial asset) to the arrangement. If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

***(ii) Subsequent measurement***

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

(a) returns to the holder are determinable, e.g. a fixed amount and/or variable rate of return benchmark against a quoted or observable interest rate;

(b) there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current period or prior periods; and

(c) prepayment option, if any, is not contingent on future events.

Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received unless the arrangement constitutes, in effect, a financing transaction.

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment. An impairment loss is measured as follows:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.
- For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

All other financial assets or financial liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

***(iii) Derecognition***

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## Notes forming part of the financial statements

### (c) Plant and equipment

#### *(i) Recognition and measurement*

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

#### *(ii) Subsequent costs*

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The cost of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

#### *(iii) Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use. Construction-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives are as follows:

| | |
|---|---|
| • Computers | 4 years |
| • Furniture and fittings | 5-10 years |
| • Leasehold improvements | Lease period |
| • Office equipment | 5 years |

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits, the Company would review its present depreciation method and, if current expectations differ, the Company would amend the residual value, depreciation method or useful life to reflect the new pattern.

### (d) Leased assets

**Operating leases**

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

**(e) Amount due from/to contract customers**

Amount due from contract customers represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of trade and other payables in the statement of financial position.

**(f) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balances with banks.

**(g) Impairment of non-financial assets**

The carrying amounts of non-financial assets (i.e. plant and equipment) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

**(h) Equity instruments**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

**Ordinary shares**

Ordinary shares are classified as equity.

**(i) Employee benefits**

***(i) Short-term employee benefits***

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## Notes forming part of the financial statements

***(ii) State plans***

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**(j) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(k) Revenue and other income**

***(i) Goods sold and services***

The Company earns revenue from services rendered in relation to information technology and consultancy services. Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured. Revenue is reported net of discounts and goods and services tax.

Revenue from bundled contracts that involve supplying computer equipment, licensing software and providing services is allocated separately based on their fair value.

Revenue from contract priced on a time and material basis is recognised as services are rendered and as related costs are incurred.

Revenue from software development contracts, which are generally time bound fixed price contracts, is recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses of such contracts are recognised when probable.

Revenue from Business Process Services contracts priced on the basis of time and material or unit of delivery is recognised as services are rendered or related obligation is performed.

Revenue from sale of internally developed software systems is recognised upon delivery, which is when the absolute right to use passes to the customer and the Company does not have material remaining service obligations.

Revenue from maintenance contracts is recognised on a pro-rate basis over the period of the contract.

***(ii) Interest income***

Interest income is recognised as it accrues using the effective interest method in profit or loss.

**(l) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if, and only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they plan to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 3. PLANT AND EQUIPMENT

(Amount in RM)

| | Computers | Furniture and fittings | Leasehold improvements | Office equipment | Construction-in-progress | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| As at 1 April 2022 | **8,487,864** | **733,446** | **2,330,778** | **572,979** | **292,443** | **12,417,510** |
| Additions | **2,370,358** | **-** | **-** | **17,800** | **193,500** | **2,581,658** |
| Transfer | **39,482** | **-** | **138,500** | **114,461** | **(292,443)** | **-** |
| Written-off | **(1,439,042)** | **-** | **-** | **-** | **-** | **(1,439,042)** |
| **As at 31 March 2023** | **9,458,662** | **733,446** | **2,469,278** | **705,240** | **193,500** | **13,560,126** |
| **Depreciation** | | | | | | |
| As at 1 April 2022 | **5,206,909** | **675,610** | **1,318,636** | **360,034** | **-** | **7,561,189** |
| Depreciation for the year | **1,424,222** | **16,020** | **586,231** | **108,043** | **-** | **2,134,516** |
| Written-off | **(1,432,801)** | **-** | **-** | **-** | **-** | **(1,432,801)** |
| **As at 31 March 2023** | **5,198,330** | **691,630** | **1,904,867** | **468,077** | **-** | **8,262,904** |
| **Carrying amounts** | | | | | | |
| As at 1 April 2022 | **3,280,955** | **57,836** | **1,012,142** | **212,945** | **292,443** | **4,856,321** |
| **As at 31 March 2023** | **4,260,332** | **41,816** | **564,411** | **237,163** | **193,500** | **5,297,222** |

## 4. OTHER INVESTMENTS

(Amount in RM)

| | 2023 | 2022 |
|---|---|---|
| **At cost** | | |
| Unquoted shares | **3,680** | 3,680 |

## 5. DEFERRED TAX ASSETS

**Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities attributable to the following:

(Amount in RM)

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Plant and equipment | **-** | - | **(612,867)** | (566,764) | **(612,867)** | (566,764) |
| Provisions | **2,034,939** | - | **-** | (6,293) | **2,034,939** | (6,293) |
| Other items | **578,036** | 981,753 | **-** | - | **578,036** | 981,753 |
| | **2,612,975** | 981,753 | **(612,867)** | (573,057) | **2,000,108** | 408,696 |

## Notes forming part of the financial statements

Movements in temporary differences during the year:

(Amount in RM)

| | At 1.4.2021 | Recognised in profit or loss (Note 12) | At 31.3.2022/ 1.4.2022 | Recognised in profit or loss (Note 12) | At 31.3.2023 |
|---|---|---|---|---|---|
| Plant and equipment | (299,452) | **(267,312)** | **(566,764)** | **(46,103)** | **(612,867)** |
| Provisions | (272) | **(6,021)** | **(6,293)** | **2,041,232** | **2,034,939** |
| Other items | 510,393 | **471,360** | **981,753** | **(403,717)** | **578,035** |
| | 210,669 | **198,027** | **408,696** | **1,591,412** | **2,000,108** |

## 6. TRADE AND OTHER RECEIVABLES

(Amount in RM)

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Non-current** | | | |
| **Trade** | | | |
| Amount due from contract customers | | **799,411** | - |
| **Non-trade** | | | |
| Refundable deposits | | **78,904** | 328,012 |
| | | **878,315** | 328,012 |
| **Current** | | | |
| **Trade** | | | |
| Trade receivables | | **49,893,075** | 34,840,023 |
| Amounts due from: | | | |
| - immediate holding company | 6.1 | **1,034,517** | 433,826 |
| - penultimate holding company | 6.1 | **13,828,490** | 4,628,598 |
| - related companies | 6.1 | **4,260,232** | 4,806,788 |
| Amount due from contract customers | | **26,894,500** | 26,148,087 |
| | | **95,910,814** | 70,857,322 |
| **Non-trade** | | | |
| Other receivables | | **2,244,370** | 826,992 |
| Refundable deposits | | **237,378** | - |
| Prepayments: | | | |
| - third parties | | **2,131,775** | 3,316,277 |
| - penultimate holding company | 6.2 | **920,998** | 1,347,065 |
| | | **5,534,521** | 5,490,334 |
| | | **101,445,335** | 76,347,656 |
| | | **102,323,650** | 76,675,668 |

6.1 The trade balances due from immediate holding company, penultimate holding company and related companies are unsecured and subject to normal trade credit terms of 30 days (2022: 30 days).

6.2 The non-trade prepayments from penultimate holding company is unsecured and interest free.

## 7. CASH AND CASH EQUIVALENTS

(Amount in RM)

| | 2023 | 2022 |
|---|---|---|
| Cash and bank balances | **33,395,385** | 20,279,039 |

## 8. SHARE CAPITAL

(Amount in RM)

| | Number of shares | Amount |
|---|---|---|
| Ordinary shares | | |
| Issued and fully paid shares with no par value classified as equity instruments: | | |
| At 1 April 2022/31 March 2023 | **2,000,000** | **2,000,000** |

**Ordinary shares**

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company.

## 9. TRADE AND OTHER PAYABLES

(Amount in RM)

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Trade** | | | |
| Amount due to contract customers | | **2,255,869** | 3,967,802 |
| **Non-trade** | | | |
| Other payables | | **17,336,264** | 12,395,722 |
| Amounts due to: | | | |
| - immediate holding company | 9.1 | **6,885,328** | 3,079,845 |
| - penultimate holding company | 9.1 | **60,061,489** | 31,387,258 |
| - ultimate holding company | 9.1 | **580,079** | 118,284 |
| - related companies | 9.1 | **350,616** | 284,030 |
| Accruals | | **17,249,262** | 15,247,391 |
| | | **102,463,038** | 62,512,530 |
| | | **104,718,907** | 66,480,332 |

9.1 The non-trade balances due to immediate holding company, penultimate holding company, ultimate holding company and related companies represent payments made on behalf, which are unsecured, interest free and repayable on demand.

## 10. REVENUE

(Amount in RM)

| | 2023 | 2022 |
|---|---|---|
| Rendering of consultancy services | **270,836,655** | 225,708,764 |
| Sale of equipment and software licenses | **6,813,710** | 11,877,076 |
| | **277,650,365** | 237,585,840 |

## Notes forming part of the financial statements

### 11. PROFIT BEFORE TAX

(Amount in RM)

| | 2023 | 2022 |
|---|---|---|
| **Profit before tax is arrived at after charging/(crediting):** | | |
| **Auditors' remuneration** | | |
| - KPMG PLT | **35,117** | 33,000 |
| ***Material expense/(income):*** | | |
| Depreciation on plant and equipment | **2,134,516** | 1,500,522 |
| Dividend income from investments in unquoted shares | **(90,212)** | (63,039) |
| Interest income of financial assets that are not measured at fair value through profit or loss | **(29,770)** | (23,984) |
| (Reversal of impairment loss)/Impairment loss on receivables | **(196)** | 196 |
| Personnel expenses: | | |
| - Salaries and bonuses | **107,854,383** | 100,988,248 |
| - Contributions to defined contribution plan | **6,600,240** | 5,780,545 |
| - Social security contributions | **1,026,160** | 798,144 |
| - Other employees benefits | **5,629,127** | 4,893,115 |
| Realised (gain)/loss on foreign exchange | **(276,958)** | 323,154 |
| Unrealised loss/(gain) on foreign exchange | **29,741** | (115,495) |

### 12. TAX EXPENSE

(Amount in RM)

| | 2023 | 2022 |
|---|---|---|
| **Current tax expense** | | |
| - current year | **3,565,185** | 1,036,235 |
| - under provision in prior year | **1,013,633** | 1,112,711 |
| | **4,578,818** | 2,148,946 |
| **Deferred tax expense** | | |
| - origination and reversal of temporary differences | **403,221** | (168,429) |
| - over provision in prior year | **(1,994,633)** | (29,598) |
| | **(1,591,412)** | (198,027) |
| | **2,987,406** | 1,950,919 |

Income tax expense of RM2,987,406 (2022 : RM1,950,919) is lower than the statutory tax rate of 24% (2022 : 24%) mainly due to over provision in prior year.

## 13. DIVIDENDS

Dividends recognised by the Company:

(Amount in RM)

| | Total amount | Date of payment |
|---|---|---|
| **2023** | | |
| Interim ordinary dividend | **13,000,000** | **15 March 2023** |
| **2022** | | |
| Final ordinary dividend | **12,600,000** | **8 March 2022** |

## 14. OPERATING LEASES

**Leases as lessee**

Non-cancellable operating lease rentals are payable as follows:

(Amount in RM)

| | 2023 | 2022 |
|---|---|---|
| Not later than 1 year | **651,114** | 805,752 |
| Later than one year but not later than five years | **85,348** | 736,462 |
| | **736,462** | 1,542,214 |

The Company leases a number of office premises, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

## 15. FINANCIAL INSTRUMENTS

### 15.1 Categories of financial instruments

The trade and other receivables (excluding prepayments), cash and cash equivalents and trade and other payables are categorised as financial assets and financial liabilities measured at amortised cost, while the other investments are categorised as financial assets that are equity instruments measured at cost less impairment.

### 15.2 Net gains and losses arising from financial instruments

(Amount in RM)

| | 2023 | 2022 |
|---|---|---|
| Net gains/(losses) on: | | |
| Financial assets measured at amortised cost | **259,561** | 54,459 |
| Financial liabilities measured at amortised cost | **17,622** | (238,330) |
| Financial assets that are equity instruments measured at cost less impairment | **90,212** | 63,039 |
| | **367,395** | (120,832) |

## Notes forming part of the financial statements

### 16. RELATED PARTIES

**Significant related parties transactions**

The significant related party transactions of the Company are shown below. The balances related to the below transactions are shown in Notes 6 and 9.

(Amount in RM)

| | 2023 | 2022 |
|---|---|---|
| **Project costs and other expenses charged for the financial year:** | | |
| - Related companies | **(18,516,315)** | (17,476,276) |
| - Penultimate holding company | **(22,352,163)** | (15,943,729) |
| - Immediate holding company | **(5,723,427)** | (1,453,866) |
| **Project costs and other expenses incurred for the financial year:** | | |
| - Penultimate holding company | **86,338,626** | 77,839,603 |
| - Immediate holding company | **4,427,380** | 3,146,248 |
| - Ultimate holding company | **580,079** | 118,284 |
| - Related companies | **372,213** | 627,528 |
| **Staff costs incurred for the financial year:** | | |
| - Penultimate holding company | **20,115,227** | 20,365,382 |
| - Immediate holding company | **2,375** | 8,181 |
| **Dividend income** | | |
| - Related company | **(90,212)** | (63,039) |
| **Key management personnel**<br>**Directors** | | |
| Professional fees paid to a Director of the Company | **60,000** | 120,000 |

### 17. COMMITMENTS

(Amount in RM)

| | 2023 | 2022 |
|---|---|---|
| **Capital expenditure commitments** | | |
| **Plant and equipment** | | |
| Contracted but not provided for | **1,716,298** | 693,150 |

# Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 24.4 to 24.18 are drawn up in accordance with Malaysia Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2023 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

..........................................................................................

**Girish Payangatiri Ramachandran**

Director

Date: 15 May 2023

..........................................................................................

**Manoj Ranjitsinh Rajput**

Director

Date: 15 May 2023

# Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

**I, Manoj Ranjitsinh Rajput,** the Director primarily responsible for the financial management of TATA Consultancy Services Malaysia Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 24.4 to 24.18 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Oaths and Declaration Act (Cap 211).

Subscribed and solemnly declared by the abovenamed Manoj Ranjitsinh Rajput, Passport Number: Z4636830, at The Republic of Singapore on 15 May 2023.

..........................................................................................

**Manoj Ranjitsinh Rajput**

**Director**

Before me:

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBER OF**

**TATA CONSULTANCY SERVICES MALAYSIA SDN BHD**
**(Registration No. 200301022873 (625293-W))**
**(Incorporated in Malaysia)**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of TATA Consultancy Services Malaysia Sdn. Bhd., which comprise the statement of financial position 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, as set out on pages 24.4 to 24.18.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and Other Ethical Responsibilities*

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, 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 of the Company, 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 internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' 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 ability of the Company 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 of the Company 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 of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

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.

**Other Matter**

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG PLT**

(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 15 May 2023 .

**Eric Kuo Sze-Wei**

Approval Number: 03473/11/2023 J
Chartered Accountant

# TATA CONSULTANCY SERVICES (CHINA) CO., LTD.

## ANNUAL FINANCIAL STATEMENTS

**For the year ended**
**December 31, 2022**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

# INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS OF TATA CONSULTANCY SERVICES (CHINA) CO., LTD**

## Opinion

We have audited the accompanying financial statements of TATA Consultancy Services (China) Co., Ltd(hereinafter "the Company"), which comprise the balance sheets as at 31 Dec 2022, and the income statement, the cash flow statement and the statement of changes in equity for the period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the period then ended in accordance with Enterprises Accounting System.

## Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement Section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountant (Ethics Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we fulfilled our other ethical responsibilities in accordance with these requirements and the Ethics Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of the financial statement in accordance with Enterprises Accounting System, and for such internal control as management determines in necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's 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 auditor's 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 China Standards on Auditing 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 aggregation, 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 China Standards on Auditing, we exercise professional judgment 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 the misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding 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 auditor's 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 auditor's report. However, further 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 those charged with governance 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.

Grant Thornton
Beijing, China
28 Feb 2023

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

## Balance sheet as at 31 December 2022

(RMB)

| | Note | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | VI.1 | **111,083,826.81** | 107,136,765.70 |
| Notes receivable | | **-** | - |
| Accounts receivable | VI.2 | **212,897,102.74** | 157,779,380.21 |
| Prepayments | VI.3 | **347,494.31** | 113,123.23 |
| Interest receivable | | **-** | - |
| Dividends receivable | | **-** | - |
| Other receivables | VI.4 | **6,029,939.70** | 6,511,710.49 |
| Inventories | | **-** | - |
| Non-current assets maturing within one year | | **-** | - |
| Other current assets | VI.5 | **8,519,205.56** | 8,999,355.49 |
| **TOTAL CURRENT ASSETS** | | **338,877,569.12** | 280,540,335.12 |
| **NON-CURRENT ASSETS:** | | | |
| Available-for-sale financial assets | | **-** | - |
| Held-to-maturity investments | | **-** | - |
| Long-term receivables | | **-** | - |
| Long-term equity investments | | **-** | - |
| Investment property | | **-** | - |
| Fixed assets - original cost | VI.6 | **107,610,224.13** | 99,510,215.67 |
| Less: accumulated depreciation | VI.6 | **80,231,392.12** | 77,594,430.43 |
| Fixed assets - net book value | VI.6 | **27,378,832.01** | 21,915,785.24 |
| Less: provision for impairment | | **-** | - |
| Fixed assets - carrying amount | VI.6 | **27,378,832.01** | 21,915,785.24 |
| Construction in progress | | **-** | - |
| Materials for projects | | **-** | |
| Fixed assets pending disposal | | **-** | - |
| Productive biological assets | | **-** | - |
| Oil and gas assets | | **-** | - |
| Intangible assets | | **-** | - |
| Development expenditure | | **-** | - |
| Goodwill | | **-** | - |
| Long-term deferred expenses | VI.7 | **661,485.00** | 510,620.00 |
| Other non-current assets | | **-** | - |
| **TOTAL NON-CURRENT ASSETS:** | | **28,040,317.01** | 22,426,405.24 |
| **TOTAL ASSETS** | | **366,917,886.13** | 302,966,740.36 |

THE NOTES ON PAGES 25.10 TO 25.22 FORM PART OF THESE FINANCIAL STATEMENTS

(RMB)

| | Note | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|---|
| **CURRENT LIABILITIES** | | | |
| Short-term loans | | **-** | - |
| Notes payable | | **-** | - |
| Accounts payable | VI.8 | **14,205,739.95** | 15,324,908.55 |
| Advances from customers | | **1,493,614.40** | 2,998,201.18 |
| Salaries and employee benefits payable | VI.9 | **52,470,580.79** | 37,347,600.02 |
| Taxes payable | VI.10 | **9,730,054.59** | 7,801,108.13 |
| Interest payable | | **-** | - |
| Dividends payable | | **-** | - |
| Other payables | VI.11 | **36,063,624.16** | 22,552,301.59 |
| Non-current liabilities maturing within one year | | **-** | - |
| Other current liabilities | | **-** | - |
| **TOTAL CURRENT LIABILITIES** | | **113,963,613.89** | 86,024,119.47 |
| **NON-CURRENT LIABILITIES:** | | | |
| Long-term loans | | **-** | - |
| Debentures payable | | **-** | - |
| Long-term payables | | **-** | - |
| Specific accounts payable | | **-** | - |
| Provisions | | **-** | - |
| Other non-current liabilities | | **-** | - |
| **TOTAL NON-CURRENT LIABILITIES** | | **-** | - |
| **TOTAL LIABILITIES** | | **113,963,613.89** | 86,024,119.47 |
| Shareholder's Equity: | | **-** | - |
| Share capital | VI.12 | **201,936,346.00** | 201,936,346.00 |
| Capital reserves | VI.13 | **91,094.00** | 91,094.00 |
| Less: Treasury shares | | **-** | - |
| Specific reserve | | **-** | - |
| Surplus reserves | VI.14 | **74,087.59** | 74,087.59 |
| Retained earnings | VI.15 | **50,852,744.65** | 14,841,093.30 |
| **Total owner's equity** | | **252,954,272.24** | 216,942,620.89 |
| **TOTAL LIABILITIES AND OWNERS' EQUITY** | | **366,917,886.13** | 302,966,740.36 |

THE NOTES ON PAGES 25.10 TO 25.22 FORM PART OF THESE FINANCIAL STATEMENTS

**Legal representative:** **Person in charge of accounting function:** **Person in charge of accounting department:**

## Income Statement For the year ended 31 December 2022

(RMB)

| | Note | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|---|
| **REVENUES** | | **858,619,985.87** | 726,907,457.13 |
| Including: Revenue from operations | VI.16 | **858,619,985.87** | 726,907,457.13 |
| Including: Revenue from main operations | VI.16 | **858,619,985.87** | 726,907,457.13 |
| Revenue from other operations | | **-** | - |
| **LESS: COST OF SALES** | | **812,659,186.81** | 692,868,343.46 |
| Including: Operating costs | VI.16 | **680,639,834.72** | 573,610,562.98 |
| Including: Operating cost from main operations | VI.16 | **680,639,834.72** | 573,610,562.98 |
| Operating cost from other operations | | **-** | - |
| Taxes and surcharges | | **2,787,370.60** | 2,018,298.93 |
| Selling and distribution expenses | | **19,317,963.51** | 16,408,794.37 |
| General and administrative expenses | | **111,901,003.20** | 98,902,768.02 |
| Research and development expenses | | **-** | - |
| Finance expenses | VI.17 | **-1,986,985.22** | 1,927,919.16 |
| Including: Interest expenses | | **-** | - |
| Interest income | VI.17 | **2,064,706.17** | 1,484,754.17 |
| Net exchange losses/gains | VI.17 | **-14,887.53** | 3,289,028.38 |
| Other | | **-** | - |
| Add: Gains from changes in fair value ("-" denotes losses) | | **-** | - |
| Investment income ("-" denotes losses) | | **-** | - |
| Including: Share of profits in associates and joint ventures | | **-** | - |
| **PROFIT FROM OPERATIONS ("-" DENOTES LOSSES)** | | **45,960,799.06** | 34,039,113.67 |
| Add: Non-operating income | VI.18 | **3,336,428.08** | 3,640,849.35 |
| Less: Non-operating expenses | VI.19 | **56,695.49** | 59,356.25 |
| **PROFIT BEFORE TAX ("-" DENOTES LOSSES)** | | **49,240,531.65** | 37,620,606.77 |
| Less: Income taxes | | **13,228,880.30** | 13,192,025.17 |
| **NET PROFIT FOR THE YEAR ("-" denotes losses)** | | **36,011,651.35** | 24,428,581.60 |
| **TOTAL COMPREHENSIVE INCOME** | | **36,011,651.35** | 24,428,581.60 |

THE NOTES ON PAGES 25.10 TO 25.22 FORM PART OF THESE FINANCIAL STATEMENTS

**Legal representative:** **Person in charge of accounting function:** **Person in charge of accounting department:**

## Cash flow statement For the year ended 31 December 2022

(RMB)

| | Note | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Cash received from sales of goods or rendering of services | | **834,272,500.52** | 732,542,564.77 |
| Refunds of taxes | | **1,011,425.18** | 659,050.15 |
| Cash received relating to other operating activities | | **8,378,452.68** | 7,611,557.35 |
| **Sub-total of cash inflows from operating activities** | | **843,662,378.38** | 740,813,172.27 |
| Cash paid for goods and services | | **239,378,341.82** | 198,395,449.34 |
| Cash paid to and on behalf of employees | | **499,840,107.34** | 421,422,840.10 |
| Tax payments | | **33,763,451.84** | 35,914,162.70 |
| Cash paid relating to other operating activities | | **52,597,139.15** | 67,196,012.93 |
| **Sub-total of cash outflows from operating activities** | | **825,579,040.15** | 722,928,465.07 |
| **Net Cash Flows from / (used in) Operating Activities** | | **18,083,338.23** | 17,884,707.20 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Cash received from disposal of investments | | **-** | - |
| Cash received from return on investments | | **-** | - |
| Cash received from disposal of fixed assets, intangible assets andother long-term assets | | **7,500.00** | 54,362.23 |
| Net cash received from disposal of subsidiaries and other businessunits | | **-** | - |
| Cash receipts relating to other investing activities | | **-** | - |
| **Sub-total of cash inflows from investing activities** | | **7,500.00** | 54,362.23 |
| Cash paid to acquire fixed assets, intangible assets and other longterm assets | | **14,158,664.65** | 11,942,062.62 |
| Cash paid to acquire investment | | **-** | - |
| Cash paid relating to other investing activities | | **-** | - |
| **Sub-total of cash outflows from investing activities** | | **14,158,664.65** | 11,942,062.62 |
| **Net Cash Flows from / (used in) Investing Activities** | | **-14,151,164.65** | -11,887,700.39 |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Cash received from capital contributions | | **-** | - |
| Cash received from borrowings | | **-** | - |
| Cash receipts relating to other financing activities | | **-** | - |
| **Sub-total of cash inflows from financing activities** | | **-** | - |
| Repayments of borrowings | | **-** | - |
| Dividends paid, profit distribution and interest paid | | **-** | - |
| Cash payments relating to other financing activities | | **-** | - |
| **Sub-total of cash outflows from financing activities** | | **-** | - |
| **Net Cash Flows from / (used in) Financing Activities** | | **-** | - |
| **Effect of Foreign Exchange Rate Changes on Cash** | | **14,887.53** | -3,289,028.38 |
| **Net Increase / (Decrease) in Cash and Cash Equivalents** | | **3,947,061.11** | 2,707,978.43 |
| Add: Cash and cash equivalents at the beginning of the period | | **107,136,765.70** | 104,428,787.27 |
| **Cash and cash equivalents at the end of the period** | | **111,083,826.81** | 107,136,765.70 |

THE NOTES ON PAGES 25.10 TO 25.22 FORM PART OF THESE FINANCIAL STATEMENTS

**Legal representative:** **Person in charge of accounting function:** **Person in charge of accounting department:**

## STATEMENT OF CHANGES IN EQUITY

(RMB)

| | 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Capital reserves | Less: Treasury Share | Specific reserve | Surplus reserves | Retained earnings | Total |
| **1. Balance at the end of last year** | **201,936,346.00** | **91,094.00** | **-** | **-** | **74,087.59** | **14,841,093.30** | **216,942,620.89** |
| Add: Changes in accounting policy | | | | | | | |
| Adjustments in prior years | | | | | | | |
| **2. Balance at the beginning of the period** | **201,936,346.00** | **91,094.00** | **-** | **-** | **74,087.59** | **14,841,093.30** | **216,942,620.89** |
| **3. Movement during the period ("-" denotes less)** | **-** | **-** | **-** | **-** | **-** | **36,011,651.35** | **36,011,651.35** |
| 3.1 Net profit for the period | **-** | **-** | **-** | **-** | **-** | **36,011,651.35** | **36,011,651.35** |
| 3.2 Other comprehensive income | | | | | | | |
| Total other comprehensive income | | | | | | | |
| 3.3 Share capital by or returned to investors | | | | | | | |
| a. Share capital injected by investors | | | | | | | |
| b. Issurance of share pursuant to the exercise of share options | | | | | | | |
| c. Others | | | | | | | |
| 3.4 Specific Reserve | | | | | | | |
| a. Appropriation during the year | | | | | | | |
| b. Utilisation during the year | | | | | | | |
| 3.5 Appropriation of profits | | | | | | | |
| a. Transfer to surplus reserves | | | | | | | |
| Including: Statutory surplus | | | | | | | |
| Discretionary surplus reserve | | | | | | | |
| General reserve fund | | | | | | | |
| Enterprise expansion fund | | | | | | | |
| b. General risk allowance | | | | | | | |
| c. Distributions to shareholders | | | | | | | |
| d. Others | | | | | | | |
| 3.6 Transfer within equity | | | | | | | |
| a. Capital reserves converting into share capital | | | | | | | |
| b. Surplus reserves converting into share capital | | | | | | | |
| c. Surplus reserves cover the deficit | | | | | | | |
| d. Others | | | | | | | |
| **4. Balance at the end of the period** | **201,936,346.00** | **91,094.00** | **-** | **-** | **74,087.59** | **50,852,744.65** | **252,954,272.24** |

THE NOTES ON PAGES 25.10 TO 25.22 FORM PART OF THESE FINANCIAL STATEMENTS

**Legal representative:** **Person in charge of accounting function:** **Person in charge of accounting department:**

## STATEMENT OF CHANGES IN EQUITY

(RMB)

| | 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Capital reserves | Less: Treasury Share | Specific reserve | Surplus reserves | Retained earnings | Total |
| **1. Balance at the end of last year** | 201,936,346.00 | 91,094.00 | - | - | 74,087.59 | -9,587,488.30 | 192,514,039.29 |
| Add: Changes in accounting policy | | | | | | | |
| Adjustments in prior years | | | | | | | |
| **2. Balance at the beginning of the period** | 201,936,346.00 | 91,094.00 | - | - | 74,087.59 | -9,587,488.30 | 192,514,039.29 |
| **3. Movement during the period ("-" denotes less)** | - | - | - | - | - | 24,428,581.60 | 24,428,581.60 |
| 3.1 Net profit for the period | - | - | - | - | - | 24,428,581.60 | 24,428,581.60 |
| 3.2 Other comprehensive income | | | | | | | |
| Total other comprehensive income | | | | | | | |
| 3.3 Share capital by or returned to investors | | | | | | | |
| a. Share capital injected by investors | | | | | | | |
| b. Issurance of share pursuant to the exercise of share options | | | | | | | |
| c. Others | | | | | | | |
| 3.4 Specific Reserve | | | | | | | |
| a. Appropriation during the year | | | | | | | |
| b. Utilisation during the year | | | | | | | |
| 3.5 Appropriation of profits | | | | | | | |
| a. Transfer to surplus reserves | | | | | | | |
| Including: Statutory surplus | | | | | | | |
| Discretionary surplus reserve | | | | | | | |
| General reserve fund | | | | | | | |
| Enterprise expansion fund | | | | | | | |
| b. General risk allowance | | | | | | | |
| c. Distributions to shareholders | | | | | | | |
| d. Others | | | | | | | |
| 3.6 Transfer within equity | | | | | | | |
| a. Capital reserves converting into share capital | | | | | | | |
| b. Surplus reserves converting into share capital | | | | | | | |
| c. Surplus reserves cover the deficit | | | | | | | |
| d. Others | | | | | | | |
| **4. Balance at the end of the period** | 201,936,346.00 | 91,094.00 | - | - | 74,087.59 | 14,841,093.30 | 216,942,620.89 |

THE NOTES ON PAGES 25.10 TO 25.22 FORM PART OF THESE FINANCIAL STATEMENTS

**Legal representative:** **Person in charge of accounting function:** **Person in charge of accounting department:**

**Notes forming part of the Financial Statements**

## I. COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES

TATA Consultancy Services (China) Co., Ltd. (hereafter the "Company") is a foreign owned investment enterprise registered on 18 October 2006 with the approval from Ministry of Commerce of PRC (Shang Zi Pi No.[2006]1936) and Beijing Municipal People's Government (Shang Wai Zi Jing Zi No.[2006] 20517) in 2006. The Company is located in Tower D, 3rd District, No.9 Building, Zhongguancun, Software Park, 8 Dongbeiwang West Road, Haidian District, Beijing. The registered capital of the Company is RMB 100,800,000 and the Company obtained its business license with the registered number of 110000410302580 (Register on 16 November 2006). In 2008, the registered capital changed to RMB 110,400,000 with the approval from Beijing Bureau of Commerce (Jing Shang Zi No.[2008]1748). The Company obtained the new business license (No. 110000410302580) which was reissued by Beijing municipal people's government.

In 2010, according to the Resolution of interim shareholders' meeting, the Company merged TITL. After that, the registered capital increase to RMB 201,936,246.00, with the approval from Beijing Municipal Commission of Commerce (Jing Shangwu Zi Zi No.[2010]1077). On 21 December 2010, the Company received the renewal certificate of approval (Shang Waizi Jing Zi No. [2006] 20517) and business license (No. 110000410302580) from Beijing Municipal People's Government.

On November 28, 2016, the Company changed the basic information include the change of ownership, cooperation rights and interests, with the record of Jing Hai Wai Zi Bei 201600099. The capital contributions of investors after changes shown as follow:

| Investors | % of investment |
|---|---|
| TATA Consultancy Services Asia Pacific Pte Ltd | 93.20 |
| Beijing Zhongguancun Software Park Development Co.,Ltd | 3.60 |
| Tianjin Huayuan Software Park Construction and Development Co.,Ltd | 3.20 |
| **Total** | **100.00** |

On November 26, 2021, according to the 'TCS(China) (2021) Shareholder's Circular Resolution No. SH- 2021-01" of the company, agree that Beijing Zhongguancun Software Park Development Co., Ltd. (hereinafter referred to as the ''BZS") transfer all 7,269,709 shares and Tianjin Huayuan Software Area Construction and Development Co., Ltd. (hereinafter referred to as the "THS") transfer 6,461,963 shares held by it in the Company in accordance with Chinese relevant laws and regulations, the Promoters' Agreement relating to the establishment of (a Foreign-Invested Joint Stock Company) TATA Consultancy Services Asia Pacific Pte Ltd (hereinafter referred to as the "THS"), BZS and THS waive the preemptive right over the shares transferred by each other. While TCS does not waive the right of preemption of transferred shares.

The company's chinese name was changed with the approval from Beijing Haidian District Market Supervision and Administration Bureau on 18 May 2022. The company submitted the "Registration Notice" (JHDZ [2012] No. 0090313) on the same day, changed the contents of the responsible person, shareholder equity, personnel equity and enterprise type. The company obtained a revised business licence No. 91110108717867162U on 18 May 2022. The capital contributions of investors after changes shown as follow:

| Investors | % of investment |
|---|---|
| TATA Consultancy Services Asia Pacific Pte Ltd | 100 |

The approved scope of business operations includes the development and production of software; the production and sale of self-product; the development, consultation, service and transfer of technology; the service of data processing and electronic information storage; the development, consultation and transfer of network technology; the integration of computer system; the wholesale and commission agent (apart from auctions) of computer and component, electronic products as well as office supplies; the import and export business of product and technology; the agent of import and export business; the business process outsourcing services (not related to state trading management of goods, involving quotas, licenses, and the management of commodity in accordance with relevant state provisions application).

## II. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Enterprises Accounting System. The financial statements of the Company have been prepared on a going concern basis.

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### 1. Accounting System

The Company adopts the Enterprises Accounting and all relevant supplementary regulations.

### 2. Accounting Period

The accounting period of the Company is from 1 January to 31 December.

### 3. Functional currency

The Company uses Renminbi ("RMB") as its functional currency.

### 4. Basis of accounting and measurement bases

The Company follows the accrual basis of accounting. The financial statements have been prepared under historical cost convention.

### 5. Foreign currency transactions

Foreign currency transactions during the year are translated into Renminbi at the exchange rates quoted by the People's Bank of China ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currenciens are translated into Renminbi at the exchange rates quoted by the People's Bank of China and ther exchange rates recognized by the State ruling at the balance sheet date. Exchange gains and losses on foreign currency translation, except for the exchange gains and losses directly relating to the construction of fixed assets, are dealt with in the income statement.

### 6. Cash and cash equivalents

Cash equivalents refer to short short-term, highly highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 7. Provision for bad and doubtful debts

Bad debt is accounted for using the allowance method. The provision for bad and doubtful debts is estimated by management based on indivldual accounts receivable which show signs of uncollectibility and an ageing analysis. Provision for other receivables is determined based on their specific nature and management's estimate of their collectability.

For related party balance, it is based on specific identification method. For non-related party balance, provision of bad debt should be determined by aging. Specific percentage is as follow:

| Aging | Provision for bad debts as a percentage of receivables % |
|---|---|
| Within 273 days | 0.00 |
| 274days to 2 years | 100.00 |
| 2 to 3 years | 100.00 |
| Over 3 years | 100.00 |

The Company recognises bad debts when the following criteria are met:

(a) Due to bankruptcy or revocation imposed by law of the debtors with relevant declaration of bankruptcy, cancellation of business registration or proof of revocation of business license or order to foreclose by the government department being obtained, bad debt loss is recognised based on the irrecoverable balance after netting off the settlement of the liquidated assets of the debtors;

(b) Due to the death or declaration by law to be missing or pronounced dead of the debtors and the estate is insufficient to cover the debt where there is no heir to the debts, bad debt loss is recognised after obtaining all relevant legal documents;

(c) For balances under legal dispute, bad debt loss is recognised on the lawsuit which is lost based on Court Order or those lawsuit won but adjudicated to stop the execution of the Order;

## Notes forming part of the Financial Statements

**8. Fixed Assets**

Fixed assets are tangible assets with useful life exceeding one year and with a relatively higher unit cost, including building, plants, machinery equipments, transportation facilities, and Other equipments held by the Company for production of goods, provision of services, for rental to others, or held for management purposes. Fixed assets are stated at acquisition cost.

Subsequent expenditures for major reconstruction, expansion, improvement and renovation are capitalized when it is probable that the future economic benefits exceeds the originally assessment of the existing asset, or the useful life of fixed assets is prolonged or the quality of products is substantively improved or the cost of products is substantively reduced as a result of such expenditure. However, the amount capitalized should not exceed the increase of recoverable amount All other subsequent expenditures are expensed when incurred.

The Company use the straight line method for depreciation. Fixed assets begin to be depreciated from the state of intended use, and stop being depreciated when derecognized or classified as held for sale non-current assets. The estimated residual value, useful life and annual depreciation rate of each category of fixed assets are as follows:

| Category of fixed assets | Usefully Life(year) | Residual Value% | Annual depreciation |
|---|---|---|---|
| Leasehold improvement | Shorter of beneficial period and lease | - | - |
| Computer and communication equipment | 4 | - | 25% |
| Furniture and fixtures | 5-10 | - | 10% - 20% |

The Company reviews its fixed assets on an individual basis at each period end and provides for impairment losses when the recoverable value of the fixed assets falls below the carrying value due to continuing slump of market value, technical obsolescence, and damage or long period idleness.

**9. Construction in progress**

The cost of construction in progress is determined according to the actual expenditure incurred for the construction.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

**10. Long-term deferred expenses**

Improvement on leased properties is amortised over the lease term [or economic useful lives] on straight line basis.

Expenses incurred during the Company's pre-operating period are recorded as long-term deferred expenses and recorded into current profit and loss in production period.

**11. Revenue**

***(1) Revenue from rendering of services***

Where the outcome of a transaction involving the providing of services can be estimated reliably, at the end of the period, revenue associated with the transaction is recognized using the percentage of completion method.

The stage of completion of a transaction involving the providing of services is determined according to the proportion of costs incurred to the estimated total costs.

The outcome of a transaction involving the providing of services can be estimated reliably only when all of the following conditions can be satisfied at the same time:

A. The amount of revenue can be measured reliably;

B. The associated economic benefits are likely to flow into the enterprise;

C. The stage of completion of the transaction can be measured reliably;

D. The costs incurred and to be incurred in the transaction can be measured reliably.

If the outcome of a transaction involving the providing of services can't be estimated reliably, the revenue of providing of services is recognized at the service cost that incurred and is estimated to obtain compensation and the service cost incurred is recognized in profit or loss for the current period. If the service cost incurred is not to obtain compensation, revenue cannot be recognized.

**12. Subsidy income**

Subsidy income is calculated and recognized in the income statement upon receipt of the subsidy.

**13. Income Tax**

Income tax is recognized using the tax payable method.

## IV. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS IN PRIOR PERIODS

**(1) Changes in significant accounting policies and accounting estimates**

During the reporting period, the company has no changes in accounting policies and accounting estimates.

**(2) Corrections of errors in prior periods**

During the reporting period, the company has no corrections of errors.

## V. TAXATION

**1. Main types of taxes and corresponding tax rates**

| Tax type | Tax basis | Tax rate% |
|---|---|---:|
| VAT | Taxable income | 6 |
| Urban maintenance and construction tax | Turnover tax payable | 7 |
| Education fees | Turnover tax payable | 3 |
| Local additional education fees | Turnover tax payable | 2 |
| Enterprise income tax | Taxable profits | 25 |

**2. Tax preferential treatments and approval documents**

***(a) Tax exemption of offshore outsourcing revenue***

According to the Appendix 4 of Cai Shui [2016] 36,Zero VAT Rate and Tax Free Policy for Cross-border Taxable Acts, zero VAT rate is applicable to offshore service outsourcing business completely consumed overseas. Therefore, the company's offshore outsourcing business income in line with the regulations in the current period is exempt from VAT.

***(b) Additional deduction of input tax***

According to Ministry of finance, the State Administration of Taxation and the General Administration of Customs [2019] 39, Deepening VAT reform, from 1 April 2019 to 31 December 2021, taxpayers of production and consumer services are allowed 10% additional deduction of current input tax to offset tax payable.

According to Announcement No. 11 of 2022 of the Ministry of Finance and the State Administration of Taxation <Announcement on VAT Policy relating to Promoting the Relief and Development of Service Industries encounter difficulties >, Article 7 of <Announcement of the General Administration of Taxation of the Ministry of Finance on Deepening the Relevant Policies of the Value Value-Added Tax Reform> (Announcement No. 39 of 2019 of the General Administration of Taxation of the Ministry of Finance) and <Announcement of the State Administration of Taxation of the Ministry of Finance on Clarifying the VAT Super-deduction Policy for the Domestic Service Industry> (Announcement No. 87 of 2019 of the State Administration of Taxation of the Ministry of Finance) The implementation period, of the Value-Added Tax Super-deduction Policy for daily Domestic services, has been extended to December 31, 2022.

**Notes forming part of the Financial Statements**

## VI. NOTES TO THE FINANCIAL STATEMENTS

### 1. Cash at bank and in hand

(RMB)

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Cash in hand | **30,897.00** | 134,530.43 |
| Cash at bank | **111,052,929.81** | 107,002,235.27 |
| **Total** | **111,083,826.81** | 107,136,765.70 |

The above includes foreign currency as follows:

(RMB)

| Currency | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Original currency | Exchange rate | RMB equivalents | Original currency | Exchange rate | RMB equivalents |
| US Dollars | **101,005.91** | **6.9646** | **703,464.23** | 101,005.91 | 6.3794 | 644,357.13 |

### 2. Accounts receivable

#### (1) Accounts receivable by aging analysis:

(RMB)

| Aging | December 31, 2022 | | | |
|---|---|---|---|---|
| | Book value | % | Provision for bad and doubtful debts | Carrying amount |
| Within 1 year | **212,746,636.80** | **99.93** | **-** | **212,746,636.80** |
| 1 to 2 years | **150,465.94** | **0.07** | **-** | **150,465.94** |
| 2 to 3 years | **-** | **0.00** | **-** | **-** |
| More than 3 years | **-** | **0.03** | **-** | **-** |
| **Total** | **212,897,102.74** | **100.00** | **-** | **212,897,102.74** |

(RMB)

| Aging | December 31, 2021 | | | |
|---|---|---|---|---|
| | Book value | % | Provision for bad and doubtful debts | Carrying amount |
| Within 1 year | 157,779,380.21 | 99.97 | - | 157,779,380.21 |
| 1 to 2 years | - | 0.00 | - | - |
| 2 to 3 years | - | 0.00 | - | - |
| More than 3 years | 46,753.34 | 0.03 | 46,753.34 | - |
| **Total** | 157,826,133.55 | 100 .00 | 46,753.34 | 157,779,380.21 |

#### (2) Provision for bad and doubtful debts:

(RMB)

| 1 January 2022 | Additions for the year | Decrease during the year | | 31 December 2022 |
|---|---|---|---|---|
| | | Write off | Reversal | |
| **46,753.34** | **1,049,660.58** | **-** | **1,096,413.92** | **-** |

## 3. Prepayment

(RMB)

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Others | **347,494.31** | 113,123.23 |

## 4. Other receivables

### (1) Accounts receivable by aging analysis:

(RMB)

| | December 31, 2022 | | | |
|---|---|---|---|---|
| | Book value | % | Provision for bad and doubtful debts | Carrying amount |
| Within 1 year | **2,727,563.67** | **45.23** | **-** | **2,727,563.67** |
| 1 to 2 years | **872,457.33** | **14.47** | **-** | **872,457.33** |
| 2 to 3 years | **20,000.00** | **0.33** | **-** | **20,000.00** |
| More than 3 years | **2,409,918.70** | **39.97** | **-** | **2,409,918.70** |
| **Total** | **6,029,939.70** | **100.00** | **-** | **6,029,939.70** |

(RMB)

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Book value | % | Provision for bad and doubtful debts | Carrying amount |
| Within 1 year | 2,154,209.45 | 33.08 | - | 2,154,209.45 |
| 1 to 2 years | 228,186.36 | 3.50 | - | 228,186.36 |
| 2 to 3 years | - | - | - | - |
| More than 3 years | 4,129,314.68 | 63.42 | - | 4,129,314.68 |
| **Total** | 6,511,710.49 | 100.00 | - | 6,511,710.49 |

## 5. Other current assets

(RMB)

| Type of Assets | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Educational expenses | - | 1,744,472.49 |
| Project Expense | **1,536,130.04** | - |
| Communication - Data Circuits Inland | **4,351,016.25** | 4,912,893.39 |
| Rent | **1,436,998.70** | 1,081,204.69 |
| Insurance | **1,056,728.21** | 822,321.75 |
| Others | **138,332.36** | 438,463.17 |
| **Total** | **8,519,205.56** | 8,999,355.49 |

## Notes forming part of the Financial Statements

### 6. Fixed assets

#### (1) Cost of fixed assets

(RMB)

| Type of Assets | 1 January 2022 | Additions during the period | Disposal during the period | 31 December 2022 |
|---|---|---|---|---|
| Leasehold improvement | 26,478,179.72 | - | 2,930,378.86 | 23,547,800.86 |
| Computer and communication equipment | 42,095,399.88 | 13,167,387.63 | 23,444.15 | 55,239,343.36 |
| Furniture and fixtures | 30,936,636.07 | 991,277.02 | 3,104,833.18 | 28,823,079.91 |
| **Total** | 99,510,215.67 | 14,158,664.65 | 6,058,656.19 | 107,610,224.13 |

#### (2) Accumulated depreciation of fixed assets

(RMB)

| | 1 January 2022 | Additions during the period | Disposal during the period | 31 December 2022 |
|---|---|---|---|---|
| Leasehold improvement | 25,259,096.45 | 435,501.82 | 2,930,378.86 | 22,764,219.41 |
| Computer and communication equipment | 24,777,308.83 | 7,199,792.26 | 7,508.73 | 31,969,592.36 |
| Furniture and fixtures | 27,558,025.15 | 1,044,388.38 | 3,104,833.18 | 25,497,580.35 |
| **Total** | 77,594,430.43 | 8,679,682.46 | 6,042,720.77 | 80,231,392.12 |

#### (3) Net book values of fixed assets

(RMB)

| Type of Assets | 1 January 2022 | 31 December 2022 |
|---|---|---|
| Leasehold improvement | 1,219,083.27 | 783,581.45 |
| Computer and communication equipment | 17,318,091.05 | 23,269,751.00 |
| Electronic equipment, furniture and fixtures | 3,378,610.92 | 3,325,499.56 |
| **Total** | 21,915,785.24 | 27,378,832.01 |

### 7. Long -term deferred expenses

(RMB)

| Items | Costs | 2022.01.01 | Addition | Amortisation | 2022.12.31 |
|---|---|---|---|---|---|
| Renovation costs | 928,400.00 | 510,620.00 | 417,780.00 | 266,915.00 | 661,485.00 |

### 8. Accounts payable

(RMB)

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Payable for goods | 66,562.04 | 899,670.19 |
| Payable to related parties | 13,170,644.50 | 11,558,126.32 |
| Payable for expenses | 968,533.41 | 2,867,112.04 |
| **Total** | 14,205,739.95 | 15,324,908.55 |

## 9. Employee benefits payable

(RMB)

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Salaries, bonus, allowances | **41,885,987.66** | 34,782,808.94 |
| Social insurances | **10,584,593.13** | 2,564,791.08 |
| **Total** | **52,470,580.79** | 37,347,600.02 |

## 10. Taxes payable

(RMB)

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Corporate income tax | **5,574,318.26** | 5,024,441.34 |
| Value added tax | **1,510,175.48** | 555,364.51 |
| Individual income tax | **2,645,560.85** | 2,221,302.28 |
| **Total** | **9,730,054.59** | 7,801,108.13 |

## 11. Other payables

(RMB)

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Project provision | **32,004,216.36** | 18,413,670.09 |
| Expenses provision | **3,994,046.98** | 3,964,555.20 |
| Petty cash | **65,360.82** | 174,076.30 |
| **Total** | **36,063,624.16** | 22,552,301.59 |

## 12. Share capital

(RMB)

| Investor | 1 January 2022 | Additions during the period | Reductions during the year | 31 December 2022 |
|---|---|---|---|---|
| TATA Consultancy Services Asia Pacific Pte Ltd | **188,204,674.00** | **13,731,672.00** | **-** | **201,936,346.00** |
| Beijing Zhongguancun Software Park Development Co.,Ltd | **7,269,709.00** | **-** | **7,269,709.00** | **-** |
| Tianjin Huayuan Software Park Construction and Development Co.,Ltd | **6,461,963.00** | **-** | **6,461,963.00** | **-** |
| **Total** | **201,936,346.00** | **13,731,672.00** | **13,731,672.00** | **201,936,346.00** |

Note: By a resolution of the board of Directors of TaTa Consultancy Services Asia Pacific Pte Ltd. (hereinafter referred to as the "TCS"), on November 25, 2021 to purchase the 7,269,709 shares of the company held by BZS and 6,461,963 shares of the company held by THS and proposed to be transferred. TCS signed the Contract for Transaction of Property Rights with BZS and THS respectively. On March 7, 2022, obtained the No. 7-2 "Enterprise State-owned Assets Transaction Certificate" issued by the China Beijing Equity Exchange and on March 4, 2022, obtained the No. 20220171 "State-owned Property Transaction Certificate" issued by Tianjin Property Rights Trading Center Co., Ltd . As of December 31, 2022, the property rights transaction procedures have been completed.



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## Notes forming part of the Financial Statements

### 13. Capital reserve

(RMB)

| | 1 January 2022 | Additions during the period | Reductions during the year | 31 December 2022 |
|---|---|---|---|---|
| Other capital reserves | **91,094.00** | **-** | **-** | **91,094.00** |

**Note:** Account payable not required to be paid.

### 14. Surplus reserve

(RMB)

| | 1 January 2022 | Additions during the period | Reductions during the year | 31 December 2022 |
|---|---|---|---|---|
| Statutory surplus reserve | **74,087.59** | **-** | **-** | **74,087.59** |

### 15. Retained earnings

(RMB)

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Retained earnings at beginning of year | **14,841,093.30** | -9,587,488.30 |
| Add:Correction of errors in prior years | **-** | - |
| Current year profits | **36,011,651.35** | 24,428,581.60 |
| Retained earnings at end of period | **50,852,744.65** | 14,841,093.30 |

### 16. Operating revenue and operating cost

(RMB)

| Item | 2022 | | 2021 | |
|---|---|---|---|---|
| | **Revenue** | **Cost** | Revenue | Cost |
| Principal activities | **858,619,985.87** | **680,639,834.72** | 726,907,457.13 | 573,610,562.98 |

### 17. Financial expenses

(RMB)

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Total interest expenses | **-** | - |
| Less: Interest income | **2,064,706.17** | 1,484,754.17 |
| Net exchange losses/gains | **-14,887.53** | 3,289,028.38 |
| Bank charges | **92,608.48** | 123,644.95 |
| **Total** | **-1,986,985.22** | 1,927,919.16 |

**18. Non-operating income**

(RMB)

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Government grants | **2,320,653.15** | 2,933,792.91 |
| VAT refund | **611,897.95** | 269,643.68 |
| Others | **403,876.98** | 389,406.47 |
| Gains from disposal of non-current assets | **-** | 48,006.29 |
| **Total** | **3,336,428.08** | 3,640,849.35 |

**19. Non-operating expenses**

(RMB)

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Losses from disposal of non-current assets | **8,435.42** | - |
| Late payment fee | **378.32** | 176.11 |
| Donations provided | **47,881.75** | 59,180.14 |
| **Total** | **56,695.49** | 59,356.25 |

## VII. SUPPLEMENTARY INFORMATION ON CASH FLOW STATEMENT

**(1) Supplement to cash flow statement:**

(RMB)

| Item | For the year ended December 31, 2022 | For the year ended Dwecember 31, 2021 |
|---|---|---|
| 1 **Reconciliation of net profit/loss to cash flows from operating activities:** | **-** | - |
| net profit/loss | **36,011,651.35** | 24,428,581.60 |
| Less: Unrecognized investment loss | **-** | - |
| Add: Provisions for impairment of assets | **-46,753.34** | -111,605.16 |
| Depreciation of fixed assets | **8,679,682.46** | 8,836,738.98 |
| Amortisation of long-term deferred expenses | **266,915.00** | - |
| Loss of disposing fixed assets, intangible assets and other long-term assets | **8,435.42** | -48,006.29 |
| Financial expenses ("-" for income) | **-14,887.53** | 3,289,028.38 |
| Decrease in operating receivables ("-" for increase) | **-55,368,616.50** | -19,933,793.35 |
| Increase in operating payables ("-" for decrease) | **28,546,911.37** | 1,312,157.88 |
| Net cash flows from operating activities | **18,083,338.23** | 17,884,707.20 |

## Notes forming part of the Financial Statements

(RMB)

| Item | For the year ended December 31, 2022 | For the year ended Dwecember 31, 2021 |
|---|---|---|
| **2 Investing and financing activities not requiring the use of cash:** | **-** | - |
| Conversion of debt into capital | **-** | - |
| Convertible bonds due within one year | **-** | - |
| Acquisition of fixed assets under finance leases | **-** | - |
| **3 Change in cash and cash equivalents:** | | |
| Cash ending balance | **111,083,826.81** | 107,136,765.70 |
| Less: cash beginning balance | **107,136,765.70** | 104,428,787.27 |
| Net increase/decrease in cash and cash equivalents | **3,947,061.11** | 2,707,978.43 |

**(2) Details of cash and cash equivalents**

(RMB)

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **1. Cash** | **111,083,826.81** | 107,136,765.70 |
| Including: Cash in hand | **30,897.00** | 134,530.43 |
| Bank deposits available on demand | **111,052,929.81** | 107,002,235.27 |
| **2. Cash equivalents** | **-** | - |
| **3. Cash and cash equivalents ending balance** | **111,083,826.81** | 107,136,765.70 |

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

**1. Information about the parent of the Company**

| | Registration place | Business nature | Shareholding percentage % | Percentage of voting rights % |
|---|---|---|---|---|
| TATA Consultancy Services Asia Pacific Pte Ltd | Singapore | Software Consultancy, Business Management and Servise | 100.00 | 100.00 |

The ultimate parent company of the company is Tata Sons Private Limited.

## 2. Information on other related parties

| | Related party relationship |
|---|---|
| Beijing Zhongguancun Software Park Development Co.,Ltd | Original shareholder |
| TCS Financial Solutions Beijing Co., Ltd. | Subsidiary of ultimate holding company |
| Tata America International Corporation (TCS AMERICA) | Subsidiary of ultimate holding company |
| Tata Consultancy Services Deutschland GmbH | Subsidiary of ultimate holding company |
| Tata Consultancy Services Sverige AB | Subsidiary of ultimate holding company |
| Tata Consultancy Services Switzerland Ltd. | Subsidiary of ultimate holding company |
| Tata Consultancy Services France S.A.S | Subsidiary of ultimate holding company |
| Tata Consultancy Services Asia Pacific Pte Ltd | Subsidiary of ultimate holding company |
| Tata Consultancy Services Belgium N.V./S.A. | Subsidiary of ultimate holding company |
| Tata Consultancy Services Japan, Ltd. | Subsidiary of ultimate holding company |
| TCS (Thailand) Limited | Subsidiary of ultimate holding company |
| Tata Consultancy Services Netherland B.V. | Subsidiary of ultimate holding company |
| TCS Canada Inc. | Subsidiary of ultimate holding company |
| PT Tata Consultancy Services Indonesia | Subsidiary of ultimate holding company |
| Tata Consultancy Services Ireland Limited | Subsidiary of ultimate holding company |
| TCS Malaysia Sdn Bhd | Subsidiary of ultimate holding company |
| TITAN COMPANY LIMITED | Subsidiary of ultimate holding company |
| Tata Sons Priviate Limited | Subsidiary of ultimate holding company |
| TCS Italia srl | Subsidiary of ultimate holding company |
| Tata Consultancy Services Limited | Subsidiary of ultimate holding company |

## 3. Transactions with related parties

### (1) Purchases/sales

#### *(1) Receiving of services*

(RMB)

| Related party | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Tata Consultancy Services Limited | **76,893,203.42** | 63,908,558.06 |
| TATA Consultancy Services Asia Pacific Pte Ltd. | **620,862.01** | 801,496.16 |
| Tata America International Corporation | **6.89** | - |
| TCS Canada Inc. | **0.06** | - |

## Notes forming part of the Financial Statements

### *(2) Rendering of services*

(RMB)

| Related Party | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Tata Consultancy Services Limited | **291,163,580.20** | 241,506,056.63 |
| Tata Consultancy Services Deutschland GmbH | **25,176,675.44** | 19,359,112.09 |
| Tata Consultancy Services Japan, Ltd | **13,602,566.72** | 12,171,103.63 |
| Tata Consultancy Services France S.A.S | **9,385,960.69** | 11,203,122.44 |
| Tata Consultancy Services Switzerland Ltd. | **5,974,654.08** | 5,140,694.90 |
| Tata Consultancy Services Netherlands B.V. | **4,182,407.98** | 4,253,379.39 |
| Tata Consultancy Services Belgium S.A./N.V | **3,671,449.41** | 3,008,477.11 |
| Tata Consultancy Services Asia Pacific Pte Ltd | **3,371,722.19** | 3,529,267.16 |
| Tata Consultancy Services Sverige AB | **2,362,340.65** | 2,559,201.44 |
| PT Tata Consultancy Services Indonesia | **1,111,681.41** | - |
| Tata Consultancy Services Ireland Limited | **1,074,111.67** | - |
| TCS (Thailand) Limited | **241,472.18** | 432,869.45 |
| TCS Malaysia Sdn Bhd | **1,286.66** | 298,891.04 |
| TCS Italia srl | **0.57** | - |
| TCS Canada Inc | **-** | 836,291.77 |

## (2) Leases

### *(1) As the lessor*

(RMB)

| Lessee | | Year 2022 | Year 2021 |
|---|---|---|---|
| | Type of assets leased | Lease income recognized | Lease income recognized |
| TCS Financial Solutions Beijing Co., Ltd. | Rent | **616,480.12** | 1,102,287.55 |

### *(2) As the lessee*

(RMB)

| Lesser | | Year 2022 | Year 2021 |
|---|---|---|---|
| | Type of assets leased | Lease cost recognized | Lease expense recognized |
| Beijing Zhongguancun Software Park Development Co.,Ltd | Rent | **1,813,045.62** | 1,737,070.68 |

*(3) Funding from related party*

(RMB)

| Related party | Amount of funding | Maturity date | Note |
|---|---|---|---|
| Funds received | 10,000,000.00 | **2024 - 4 - 1** | Working capital financing |

Note: With the approval of Group Headquarters, lent the company a working capital loan of RMB 10,000,000.00 (the loan interest rate is 7.00%). The term is from 2 April 2022 to 1 April 2024. As of December 31, 2022, TCS Financial Solutions Beijing Co., Ltd has repaid the principal and paid interest in advance.

*(4) Other*

(RMB)

| Related party | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| TITAN COMPANY LIMITED | **-558,161.92** | - |
| Tata Sons Private Limited | **1,256,757.55** | 1,086,950.50 |

**4. Receivables from and payables to related parties**

*(1) Receivables from related parties*

(RMB)

| Related party | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Tata Consultancy Services Limited | **45,663,110.47** | 30,221,824.34 |
| Tata Consultancy Services Deutschland GmbH | **1,686,505.52** | 4,667,684.41 |
| Tata Consultancy Services Japan, Ltd. | **932,483.00** | 894,832.44 |
| Tata Consultancy Services Belgium N.V./S.A. | **1,103,481.06** | 581,126.58 |
| Tata Consultancy Services Asia Pacific Pte Ltd | **1,306,738.81** | 303,318.33 |
| Tata Consultancy Services Switzerland Ltd | **1,310,481.04** | 206,327.22 |
| Tata Consultancy Services Sverige AB | **205,311.92** | 201,234.70 |
| TCS (Thailand) Limited | **100,961.47** | 34,173.39 |
| Tata Consultancy Services Netherlands B.V. | **280,843.71** | - |
| Tata Consultancy Services France S.A.S | **2,733,759.80** | - |
| Tata Consultancy Services Ireland Limited | **101,343.29** | - |
| PT Tata Consultancy Services Indonesia | **211,375.00** | - |
| **Total** | **55,636,395.09** | 37,110,521.41 |

## Notes forming part of the Financial Statements

***(2) Payables to related parties***

(RMB)

| Related party | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Tata Consultancy Services Limited | **12,487,826.16** | 7,633,038.15 |
| Tata Consultancy Services Asia Pacific Pte Ltd. | **446,993.60** | - |
| Tata America International Corporation | **207,511.02** | - |
| Tata Consultancy Services Netherlands B.V. | **-** | 2,580,976.76 |
| TITAN COMPANY LIMITED | **-** | 551,117.04 |
| Tata Consultancy Services France S.A.S | **-** | 660,680.59 |
| **Total** | **13,142,330.78** | 11,425,812.54 |

## IX. CONTINGENCIES

As at 31 Dec 2022 there is no material contingency arising from pending litigation and guarantee provided to other entities.

## X. COMMITMENTS

**Operating lease commitments**

As at the balance sheet date, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

(RMB)

| The total future minimum lease payments under non-cancellable operating leases | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Within 1 year | **13,601,839.03** | 15,271,345.91 |
| Within 2 years | **2,501,189.46** | 10,911,783.02 |
| Within 3 years | **-** | 3,026,313.46 |
| **Total** | **16,103,028.49** | 29,209,442.39 |

## XI. POST BALANCE SHEET DATE EVENTS

As at 28 February 2023 , there is no events after the balance sheet date to be disclosed.

## XII. APPROVAL OF FINANCIAL STATEMENTS

These financial statements and the accompanying notes to the financial statements have been approved by the Company's management on 28 February 2023.

**TATA Consultancy Services (China) Co., Ltd.**
**28 February 2023**

# TATA CONSULTANCY SERVICES (THAILAND) LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the year ended**
**31 March 2023**

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2023

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|---|---|

# INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF**
**TATA CONSULTANCY SERVICES (THAILAND) LIMITED**

## Opinion

I have audited the financial statements of Tata Consultancy Services (Thailand) Limited (the "Company"), which comprise the statement of financial position as at 31 March 2023, the statements of income and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs).

## Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS for NPAEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

## Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's 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.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

**(Vilaivan Pholprasert)**
Certified Public Accountant
Registration No. 8420

KPMG Phoomchai Audit Ltd.
Bangkok
19 May 2023

## Statements of financial position as at 31 March, 2023

(Unit :Baht)

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | **3,106,935** | 29,045,709 |
| Trade accounts receivable | 5 | **98,121,214** | 75,138,104 |
| Unbilled contract work in progress | 6 | **17,509,131** | 100,738,952 |
| Other receivables | 7 | **615,315** | 2,784,962 |
| Other current assets | 8 | **43,811,237** | 23,130,668 |
| **Total current assets** | | **163,163,832** | 230,838,395 |
| **Non-current assets** | | | |
| Equipment | 9 | **5,840,693** | 5,698,332 |
| Refundable deposits | | **614,400** | 719,280 |
| **Total non-current assets** | | **6,455,093** | 6,417,612 |
| **TOTAL ASSETS** | | **169,618,925** | 237,256,007 |
| **LIABILITIES AND EQUITY** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 10 | **83,922,785** | 161,922,631 |
| Excess of progress billings over contract work in progress | 6 | **52,587,032** | 30,302,953 |
| Provision for project loss | | **2,273,224** | - |
| **Total current liabilities** | | **138,783,041** | 192,225,584 |
| **Non - Current Liability** | | | |
| Provision for retirement benefits | 11 | **5,238,003** | 5,566,068 |
| **Total Non-current liability** | | **5,238,003** | 5,566,068 |
| **TOTAL LIABILITIES** | | **144,021,044** | 197,791,652 |
| **Equity** | | | |
| **Share capital** | | | |
| Authorized share capital (800,000 ordinary shares, par value at baht 10 per share) | | **8,000,000** | 8,000,000 |
| Issued and paid-up share capital (800,000 ordinary shares, par value at Baht 10 per share) | | **8,000,000** | 8,000,000 |
| **Retained earnings** | | | |
| Appropriated to legal reserve | 12 | **800,000** | 800,000 |
| Unappropriated | | **16,797,881** | 30,664,355 |
| **Total equity** | | **25,597,881** | 39,464,355 |
| **TOTAL LIABILITIES AND EQUITY** | | **169,618,925** | 237,256,007 |

**The accompanying notes are an integral part of these financial statements.**

## Statements of income for the year ended 31 March 2023

(Unit :Baht)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from rendering of services | | **371,550,363** | 483,565,885 |
| Net foreign exchange gain | | **-** | 6,221 |
| Other income | | **1,107,659** | 11,302 |
| **TOTAL REVENUE** | | **372,658,022** | 483,583,408 |
| **EXPENSES** | | | |
| Cost of rendering of services | | **307,680,288** | 408,889,330 |
| Selling expenses | | **163,205** | 54,868 |
| Administrative expenses | 13 | **67,493,025** | 59,542,052 |
| Net foreign exchange loss | | **1,836,285** | - |
| **TOTAL EXPENSES** | | **377,172,803** | 468,486,250 |
| **PROFIT (LOSS) BEFORE INCOME TAX EXPENSE** | | **(4,514,781)** | 15,097,158 |
| Tax expense (income) | | **(648,307)** | 2,350,931 |
| **PROFIT (LOSS) FOR THE YEAR** | | **(3,866,474)** | 12,746,227 |
| **Basic earnings (loss) per share (in Baht)** | 15 | **(4.83)** | 15.93 |

**The accompanying notes are an integral part of these financial statements.**

## Statement of changes in equity for the year ended 31 March 2023

(Unit :Baht)

| | Note | Issued and paid-up share capital | Retained earnings | | Total equity |
|---|---|---|---|---|---|
| | | | Appropriated to legal reserve | Unappropriated | |
| ***Year ended 31 March 2022*** | | | | | |
| **Balance at 1 April 2021** | | 8,000,000 | 800,000 | 55,518,128 | 64,318,128 |
| Profit for the year | | - | - | 12,746,227 | 12,746,227 |
| Dividends | 16 | - | - | (37,600,000) | (37,600,000) |
| **Balance at 31 March 2022** | | 8,000,000 | 800,000 | 30,664,355 | 39,464,355 |
| ***Year ended 31 March 2023*** | | | | | |
| **Balance at 1 April 2022** | | **8,000,000** | **800,000** | **30,664,355** | **39,464,355** |
| Loss for the year | | **-** | **-** | **(3,866,474)** | **(3,866,474)** |
| Dividends | 16 | **-** | **-** | **(10,000,000)** | **(10,000,000)** |
| **Balance at 31 March 2023** | | **8,000,000** | **800,000** | **16,797,881** | **25,597,881** |

**The accompanying notes are an integral part of these financial statements.**

## Notes to the financial statements for the year ended 31 March 2023

| Note | Contents |
|---|---|
| 1 | General information |
| 2 | Basis of preparation of the financial statements |
| 3 | Significant accounting policies |
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# Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issue by the directors on 19 May 2023.

## 1 GENERAL INFORMATION

Tata Consultancy Services (Thailand) Limited, the "Company", is incorporated in Thailand on 12 May 2013 and has its registered office at 1818, Rasa Two Building, 17th Floor, Room No. 1707, Phetchaburi Road, Makkasan Sub-district, Ratchathewi District, Bangkok.

The parent company and ultimate parent company during the financial year were Tata Consultancy Services Asia Pacific Pte. Ltd. and Tata Consultancy Services Limited, which were incorporated in Singapore and India, respectively.

The principal activities of the Company are IT consulting, software solutions and IT outsourcing services.

## 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs) and guidelines promulgated by the Federation of Accounting Professions.

In addition, the Company has complied Thai Financial Reporting for Publicly Accountable Entities ("TFRS for PAEs") as follows:

| TFRS | Topic |
|---|---|
| TAS 33 | Earnings per share |

The financial statements are prepared and presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make judgments, estimates and assumptions that affect the application of the Company's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### (a) Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the exchange rates at that date. Gains or losses arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities arising from foreign currency translations that are measured at cost are translated to Thai Baht at the exchange rates at the dates of the transactions.

### (b) Cash and cash equivalents

Cash and cash equivalents comprise call deposits and short-term fixed deposits in bank.

### (c) Trade and other receivables

Trade and other receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories. Bad debts are written off when incurred. Bad debts recovered are recognised in other income in the statement of income.

**(d) Contract work in progress**

Unbilled contracts work in progress represents the gross unbilled amount expected to be collected from customers. Unbilled contract work in progress measured at cost of contract work plus profit recognised to date (see note 3(i)) less progress billings and recognised losses. Cost of contract work includes all expenditure related to specific contracts.

Revenue from rendering of services that is recognised for which contract billings are undue is presented as "unbilled contract work in progress" under current assets in the statement of financial position. If progress billing exceeds recognised revenue, then the difference is presented as "excess of progress billings over contract work in progress" under current liabilities in the statement of financial position.

**(e) Equipment**

***Owned assets***

Equipment are measured at cost less accumulated depreciation and losses on decline in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Any gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised in statement of income.

***Subsequent costs***

The cost of replacing a part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment are recognised in statement of income as incurred.

***Depreciation***

Depreciation is calculated based on the depreciable amount which excludes assets under construction, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each component of an item of equipment. The estimated useful lives are as follows:

| | | |
|---|---|---|
| Furniture, fixtures and office equipment | 4 - 5 | years |

**(f) Losses on decline in value**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised if the carrying amount of an asset exceeds its recoverable amount. The loss on decline in value is recognised in the statement of income.

**(g) Trade and other payables**

Trade and other payables are stated at cost.

**(h) Provision**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate method.

***Provision for retirement benefits***

Provision for retired benefits are recognised using the best estimate method at the reporting date. The Company derecognises the provision when actual payment is made.

## Notes to the financial statements

**(i) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

***Services rendered***

Service income is recognised as services are provided.

***Contract revenue***

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of income in proportion to the stage of completion of the contract.

The stage of completion is assessed based on cost-to-cost method. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the statement of income.

**(j) Operating leases**

Payments made under operating leases are recognised on a straight-line basis over the term of the lease. Contingent rentals are recognised as expense in the accounting period in which they are incurred.

**(k) Income tax**

Income tax is calculated on the taxable income or loss for the year, using tax rates enacted at the reporting date.

**(l) Earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

## 4. CASH AND CASH EQUIVALENTS

(Unit : in thousand Baht)

| | 2023 | 2022 |
|---|---|---|
| Cash at banks - current accounts | **3,107** | 7,043 |
| Cash at bank - short term fixed deposits | **-** | 22,003 |
| **Total** | **3,107** | 29,046 |

## 5. TRADE ACCOUNTS RECEIVABLE

(Unit : in thousand Baht)

| | 2023 | 2022 |
|---|---|---|
| Related parties | **15,568** | 8,785 |
| Other parties | **82,553** | 66,353 |
| **Total** | **98,121** | 75,138 |
| **Reversal of bad and doubtful debts expense for the year** | **-** | (3,026) |

The normal credit term granted by the Company ranges from 30 days to 60 days.

## 6. UNBILLED CONTRACT WORK IN PROGRESS AND EXCESS OF PROGRESS BILLINGS OVER CONTRACT WORK IN PROGRESS

The Company has outstanding contract assets and contract liabilities with customers were as follow:

(Unit : in thousand Baht)

| | 2023 | 2022 |
|---|---|---|
| ***UNBILLED CONTRACT WORK IN PROGRESS*** | | |
| At 1 April | **92,466** | 54,601 |
| Amount recognised as revenue on percentage of completion basis during the year | **3,362** | 92,492 |
| **Less:** value of total billed during the year | **(92,316)** | (54,627) |
| | **3,512** | 92,466 |
| Unbilled contract work in progress from other revenues | **13,997** | 8,273 |
| **At 31 March** | **17,509** | 100,739 |
| ***EXCESS OF PROGRESS BILLING OVER CONTRACT WORK IN PROGRESS*** | | |
| At 1 April | **30,303** | 37,569 |
| Value of total billed during the year | **34,479** | 30,245 |
| **Less:** Amount recognised as revenue on percentage of completion basis during the year | **(12,195)** | (37,511) |
| **At 31 March** | **52,587** | 30,303 |

## 7. OTHER RECEIVABLES

(Unit : in thousand Baht)

| | 2023 | 2022 |
|---|---|---|
| Advance to employees | **407** | 2,347 |
| Advance to suppliers | **208** | 438 |
| **Total** | **615** | 2,785 |

## 8. OTHER CURRENT ASSETS

(Unit : in thousand Baht)

| | 2023 | 2022 |
|---|---|---|
| Deferred expenses | **23,459** | 12,206 |
| Refundable withholding tax | **20,218** | 10,811 |
| Others | **134** | 114 |
| **Total** | **43,811** | 23,131 |

## Notes to the financial statements

### 9. EQUIPMENT

(Unit :in thousand Baht)

| | Furniture, fixture and office equipment | Assets under construction | Total |
|---|---|---|---|
| **Cost** | | | |
| **At 1 April 2021** | 6,702 | 298 | 7,000 |
| Additions | **4,294** | **117** | **4,411** |
| Disposals | (1,405) | (298) | (1,703) |
| **At 31 March 2022 and 1 April 2022** | **9,591** | **117** | **9,708** |
| Additions | **3,528** | **-** | **3,528** |
| Transfer | **117** | **(117)** | **-** |
| Disposals | **(1,415)** | **-** | **(1,415)** |
| **At 31 March 2023** | **11,821** | **-** | **11,821** |
| **Depreciation** | | | |
| **At 1 April 2021** | 3,904 | - | 3,904 |
| Depreciation charge for the year | 1,469 | - | 1,469 |
| Disposals | (1,363) | | (1,363) |
| **At 31 March 2022 and 1 April 2022** | **4,010** | **-** | **4,010** |
| Depreciation charge for the year | **1,970** | **-** | **1,970** |
| Disposals | **-** | **-** | **-** |
| **At 31 March 2023** | **5,980** | **-** | **5,980** |
| **Net book value** | | | |
| **At 31 March 2022** | 5,581 | 117 | 5,698 |
| **At 31 March 2023** | **5,841** | **-** | **5,841** |

The gross carrying amounts of the Company's fully depreciated equipment that was still in use at 31 March 2023 amounted to Baht 2.4 million (2022: *Baht 4.9 million*).

### 10. TRADE AND OTHER PAYABLES

(Unit : in thousand Baht)

| | 2023 | 2022 |
|---|---|---|
| Trade and other payables - related parties | **43,929** | 103,535 |
| Accrued operation expenses | **15,587** | 31,366 |
| Trade and other payables - other parties | **9,125** | 12,421 |
| Provision for accumulated leave | **7,367** | 7,399 |
| Accrued bonus | **7,067** | 7,202 |
| Advances received from customers | **848** | - |
| **Total** | **83,923** | 161,923 |

### 11. PROVISION FOR RETIREMENT BENEFITS

(Unit : in thousand Baht)

| | 2023 | 2022 |
|---|---|---|
| At 1 April | **5,566** | 4,252 |
| Additions | **-** | 1,314 |
| Reversal | **(328)** | - |
| **At 31 March** | **5,238** | 5,566 |

## 12. LEGAL RESERVE

Legal reserve is set up under the provision of the Civil and Commercial Code, which requires that a company shall allocate not less than 5% of its net profit to a reserve account ("legal reserve") upon each dividend distribution, until the balance reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

## 13. ADMINISTRATIVE EXPENSES

(Unit : in thousand Baht)

| | 2023 | 2022 |
|---|---|---|
| Employee benefit expenses | **48,441** | 38,309 |
| Facility expenses | **2,536** | 1,554 |
| Depreciation expenses | **1,434** | 776 |
| Travelling expenses | **1,075** | 825 |
| Professional fees | **1,008** | 1,187 |
| Communication expenses | **205** | 270 |
| Recruitment expenses | **167** | 855 |
| Reversal of bad and doubtful debts | **-** | (3,026) |
| Others | **12,627** | 18,792 |
| **Total** | **67,493** | 59,542 |

## 14. EMPLOYEE BENEFIT EXPENSES

(Unit : in thousand Baht)

| | 2023 | 2022 |
|---|---|---|
| Salaries and overtime and bonuses | **183,274** | 220,711 |
| Contribution to defined contribution plan | **4,234** | 3,854 |
| Provision for employee benefits | **(328)** | 1,314 |
| Others | **6,321** | 2,022 |
| **Total** | **193,501** | 227,901 |

The define contribution plan comprises a provident fund established by the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates 5% of their basic salaries and by the Company at rates 5% of the employee's basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed Fund Manager.

## 15.BASIC EARNINGS (LOSS) PER SHARE

The calculations of basic earnings (loss) per share for the years ended 31 March 2023 and 2022 were based on the profit or loss for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

(in thousand Baht / thousand shares)

| | 2023 | 2022 |
|---|---|---|
| **Profit (loss) attributable to ordinary shareholders of' the Company** | **(3,866)** | 12,746 |
| **Number of ordinary shares outstanding** | **800** | 800 |
| **Basic earnings (loss) per share *(in Baht)*** | **(4.83)** | 15.93 |

## Notes to the financial statements

### 16. DIVIDENDS

The board of directors of the Company have approved dividends as follows:

| Approval date | Payment schedule | Dividend rate per share (Baht) | Amount (in thousand Baht) |
|---|---|---|---|
| **27 February 2023** | **March 2023** | **12.50** | **10,000** |
| 17 February 2022 | March 2022 | 47.00 | 37,600 |

### 17. COMMITMENTS

(Unit : in thousand Baht)

| | 2023 | 2022 |
|---|---|---|
| *Non-cancellable operating lease commitments* | | |
| Within 1 year | **2,398** | 2,398 |
| After 1 year but within 5 years | **1,399** | 3,796 |
| **Total** | **3,797** | 6,194 |

As at 31 March 2023, the Company had operating lease agreements covering its office premises and service for the periods 3 years expiring on various dates up to 31 October 2024.

# PT TATA CONSULTANCY SERVICES INDONESIA

## ANNUAL FINANCIAL STATEMENTS

**For the year ended**
**March 31, 2023**

# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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# Board of Directors' Statement of Responsibility

## For the Financial Statements
## Year ended 31 March 2023
## PT Tata Consultancy Services Indonesia ("The Company")

I, the undersigned:

| | |
|---|---|
| Name: | Bhavin Zaveri |
| Office Address: | Gedung Menara Prima #16 Unit F |
| | Jl. DR. Ide Anak Agung Gde Agung Blok 6.2 |
| | Kuningan, Jakarta Selantan 12950 |
| Office Telephone: | 021 57947951 |
| Function: | Director |

declare that:

1. I am responsible for the preparation and presentation of the financial statements of the Company;
2. The financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. The disclosures I have made in the financial statements are complete and accurate;
   b. The financial statements do not contain misleading information, and I have not omitted any information or facts that would be material to the financial statements; and
4. I am responsible for the internal control.

This statement is made truthfully.

For and on behalf of Board of Directors

17 May 2023

(signature)

(Stamp duty)

Bhavin Zaveri

*Director*

# Independent Auditor's Report

**No. : 00290/2.1005/AU.1/05/1694-3/1/V/2023**
**THE SHAREHOLDERS,**
**BOARD OF COMMISSIONERS AND DIRECTOR**
**PT TATA CONSULTANCY SERVICES INDONESIA:**

**Report on Audit of the Financial Statements**

### Opinion

We have audited the financial statements of PT Tata Consultancy Services Indonesia ("the Company"), which comprise the statement of financial position as of 31 March 2023, the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. 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 ethical requirements that are relevant to our audit of the financial statements in Indonesia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### 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 the Standards on Auditing 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 the Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 those charged with governance 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.

Siddharta Widjaja & Rekan
Registered Public Accountants

Angga Pujaprayoga, CPA
*Public Accountant License No. AP. 1694*

17 May 2023

## Statement of Financial Position

(In millions of Rupiah)

| | Notes | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash in banks and cash equivalents | 4 | **17,885** | 15,046 |
| Trade and other receivables, net | 5 | **73,698** | 38,624 |
| Contract assets | 10 | **57,708** | 65,849 |
| Prepaid value added taxes | | **637** | 5,731 |
| Prepayments and advances | | **14,647** | 4,517 |
| **Total current assets** | | **164,575** | 129,767 |
| **Non-current assets** | | | |
| Fixed assets, net | | **2,635** | 1,757 |
| Claims for tax refund | 13a | **-** | 16,835 |
| Deferred tax assets, net | 13e | **6,723** | 5,359 |
| Refundable deposits | | **180** | 176 |
| **Total non-current assets** | | **9,538** | 24,127 |
| **TOTAL ASSETS** | | **174,113** | 153,894 |
| **LIABILITIES AND EQUITY** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 6 | **85,478** | 75,361 |
| Unearned revenue | 7 | **16,920** | 5,436 |
| Income tax payable | 13b | **2,619** | 4,463 |
| Other taxes payable | | **3,812** | 2,450 |
| Short-term employee benefits obligation | 8 | **131** | 332 |
| Lease liabilities | | **138** | 471 |
| **Total current liabilities** | | **109,098** | 88,513 |
| **Non-current liabilities** | | | |
| Employee benefits obligation | 8 | **5,260** | 4,772 |
| **Total non-current liabilities** | | **5,260** | 4,772 |
| **TOTAL LIABILITIES** | | **114,358** | 93,285 |
| **Equity** | | | |
| Share capital | 9 | **1,003** | 1,003 |
| **Retained earnings** | | | |
| Unappropriated | | **58,551** | 59,405 |
| Appropriated | 9 | **201** | 201 |
| **Total equity** | | **59,755** | 60,609 |
| **TOTAL LIABILITIES AND EQUITY** | | **174,113** | 153,894 |

**See Notes to the Financial Statements, which form an integral part of these financial statements.**

## Statement Of Profit or Loss and Other Comprehensive Income

(In millions of Rupiah)

| | Notes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Revenue | 10 | **190,623** | 189,287 |
| Cost of revenue | 11 | **(126,100)** | (123,935) |
| **GROSS PROFIT** | | **64,523** | 65,352 |
| General and administrative expenses | 12 | **(24,462)** | (22,930) |
| Loss on impairment of trade receivables and contract assets | | **(1,199)** | (2,550) |
| Other expense, net | | **(123)** | - |
| Currency exchange loss, net | | **(893)** | (175) |
| | | **(26,677)** | (25,655) |
| **OPERATING PROFIT** | | **37,846** | 39,697 |
| Finance income | | **290** | 206 |
| **PROFIT BEFORE TAX** | | **38,136** | 39,903 |
| Income tax expense | 13c | **(8,338)** | (15,089) |
| **PROFIT** | | **29,798** | 24,814 |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Changes resulting from actuarial remeasurements of employee benefits obligation | | **446** | (57) |
| Tax on other comprehensive income (loss) | 13e | **(98)** | 13 |
| **TOTAL OTHER COMPREHENSIVE INCOME (LOSS)** | | **348** | (44) |
| **TOTAL COMPREHENSIVE INCOME** | | **30,146** | 24,770 |

**See Notes to the Financial Statements, which form an integral part of these financial statements.**

## Statement of Changes In Equity

(In millions of Rupiah)

| | Notes | Share capital | Retained earnings | | Total equity |
|---|---|---|---|---|---|
| | | | Unappropriated | Appropriated | |
| **Balance as of 31 March 2021** | | 1,003 | 56,148 | 201 | 57,352 |
| **Comprehensive income - 2022** | | | | | |
| Profit | | - | 24,814 | - | 24,814 |
| Other comprehensive loss | | - | (44) | - | (44) |
| Distributions to shareholders - cash dividends | 14 | - | (21,513) | - | (21,513) |
| **Balance as of 31 March 2022** | | 1,003 | 59,405 | 201 | 60,609 |
| **Comprehensive income - 2023** | | | | | |
| Profit | | **-** | **29,798** | **-** | **29,798** |
| Other comprehensive income | | **-** | **348** | **-** | **348** |
| Distributions to shareholders - cash dividends | 14 | **-** | **(31,000)** | **-** | **(31,000)** |
| **Balance as of 31 March 2023** | | **1,003** | **58,551** | **201** | **59,755** |

**See Notes to the Financial Statements, which form an integral part of these financial statements.**

## Statement of Cash Flows

(In millions of Rupiah)

| | Notes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Profit** | | **29,798** | 24,814 |
| **Adjustments for:** | | | |
| Depreciation | | **888** | 548 |
| (Reversal) additional of impairment loss of trade receivables and contract assets | 5,16 | **(343)** | 2,550 |
| Loss on trade receivables write-off | 5 | **1,542** | - |
| Finance income | | **(290)** | (206) |
| Income tax expense | 13c | **8,338** | 15,089 |
| **Changes in:** | | | |
| Trade and other receivables, net | | **(36,273)** | 2,330 |
| Contract assets | | **8,141** | (15,476) |
| Prepaid value added taxes | | **5,094** | (2,714) |
| Prepayments and advances | | **(10,130)** | 1,322 |
| Claims for tax refund | | **69** | 4,858 |
| Refundable deposits | | **(4)** | (137) |
| Trade and other payables | | **10,117** | 14,520 |
| Unearned revenue | | **11,484** | (7,935) |
| Other taxes payable | | **1,362** | (524) |
| Short-term employee benefits obligation | | **(201)** | 207 |
| Lease liabilities | | **-** | 471 |
| Employee benefits obligation | | **934** | 1,038 |
| Interest received | | **290** | 206 |
| Income tax refund | | **16,766** | - |
| Income tax paid | | **(11,644)** | (14,241) |
| **Net Cash From Operating Activities** | | **35,938** | 26,720 |
| **CASH FLOWS USED IN INVESTING ACTIVITIES** | | | |
| Acquisition of fixed assets | | **(1,766)** | (1,754) |
| Proceeds from sale of fixed assets | | **-** | 20 |
| **Net cash used in investing activities** | | **(1,766)** | (1,734) |
| **CASH FLOWS USED IN FINANCING ACTIVITIES** | | | |
| Payment of lease liabilities | | **(333)** | (188) |
| Dividends paid | 14 | **(31,000)** | (21,513) |
| **Net cash used in financing activities** | | **(31,333)** | (21,701) |
| **NET INCREASE IN CASH IN BANKS AND CASH EQUIVALENTS** | | **2,839** | 3,285 |
| **CASH IN BANKS AND CASH EQUIVALENTS, BEGINNING OF YEAR** | | **15,046** | 11,761 |
| **CASH IN BANKS AND CASH EQUIVALENTS, END OF YEAR** | 4 | **17,885** | 15,046 |

**See Notes to the Financial Statements, which form an integral part of these financial statements.**

## Notes forming part of Financial Statements

### 1. GENERAL

**a.** PT Tata Consultancy Services Indonesia (the "Company") was established in the Republic of Indonesia in 2006.

The Company's office is located at Gedung Menara Prima #16 Unit F, Jl. DR. Ide Anak Agung Gde Agung Blok 6.2, Kuningan, Jakarta Selatan 12950.

**b.** The Company is engaged in the Information Technology (IT) services, consulting and business solutions.

### 2. BASIS OF PREPARATION

**a. Statement of compliance**

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK").

**b.** The Company's Director approved the financial statements for issuance on 17 May 2023.

**c. Basis of measurement**

The financial statements are prepared on the accrual basis using the historical cost concept, except where the accounting standards require fair value measurement.

**d. Functional and presentation currency**

The financial statements are presented in Rupiah, rounded to the nearest million, which is the Company's functional currency.

**e. Use of judgments, estimates and assumptions**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimated amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

**(i) Judgments**

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in Note 10 – revenue recognition: contractual performance obligations, timing of revenue recognition and revenue classification.

**(ii) Assumptions and estimation uncertainties**

Information about the assumptions and estimation uncertainties that may result in a material adjustment to the carrying amounts of assets and liabilities in the following year is included in Note 8 – Measurement of employee benefits obligation: actuarial assumptions.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

**a. Cash equivalents**

Short-term time deposits with original maturities of three months or less are considered as cash equivalents.

**b. Fixed assets**

Fixed assets are measured using the cost model, i.e. initially measured at cost and subsequently carried net of accumulated depreciation and accumulated impairment losses. Depreciation is applied using the straight-line method over the estimated useful lives of the assets as follows:

## Notes forming part of Financial Statements

| | | |
|---|---|---|
| Computers | : | 4 years |
| Installations | : | 2 years |
| Office equipment | : | 5 - 10 years |
| Furniture and fixtures | : | 5 - 10 years |
| Leasehold improvement | : | lease period |

**c. Impairment of non-financial assets**

The carrying amount of the each cash-generating unit ("CGU") within non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets. Impairment losses are recognized in profit or loss.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**d. Post-employment benefits**

The obligation for post-employment benefits is calculated at the present value of estimated future benefits that the employees have earned in return for their services in the current and prior periods. The calculation is performed by a qualified actuary using the project unit credit method.

Gains or losses arising from actuarial remeasurement of the net defined benefit liability are recognized immediately in other comprehensive income. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

**e. Financial instruments**

*(i) Financial assets*

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or, fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The financial assets that are measured at amortized cost consist of cash in banks and cash equivalents, trade and other receivables and refundable deposits. These financial assets are initially recognized at fair value plus directly attributable transaction costs, and subsequently are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Gains or losses on derecognition of these financial assets are recognized in profit or loss.

*(ii) Financial liabilities*

Financial liabilities are classified as either measured-at-amortized cost, or at FVTPL. A FVTPL financial liability is measured as such if it is classified as held-for-trading, if it is a derivative, or if it is designated as measured-at-FVTPL on initial recognition.

Trade and other payables are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Gains or losses on derecognition are also recognized in profit or loss.

*(iii) Derecognition*

**Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred: i.e. when control over the financial asset is relinquished.

In transactions where a financial asset is transferred but the risks and rewards associated with ownership are somehow retained the transferred asset is not derecognized.

**Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or otherwise extinguished. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability, based on the modified terms, is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

*(iv) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

*(v) Impairment*

The Company recognizes loss allowances for expected credit loss ("ECL") on financial assets measured at amortized cost.

*Measurement of ECLs*

ECLs are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

*Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Company measures loss allowances at an amount that reflects the lifetime ECL, except for cash in banks and cash equivalents and refundable deposits for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, wherein the loss allowances are determined based on the 12-month ECL.

Loss allowances for trade and other receivables, and for contract assets that are measured at amortized cost, are measured at an amount that represents the lifetime ECL.

## Notes forming part of Financial Statements

**f. Leases**

At inception of a contract, the Company determines if a contract is, or contains, a lease by considering whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. A contract conveys the right to control the use of an identified asset if all of the following conditions are met:

- the contract involves the use of substantially all of the capacity of an identified asset that is physically distinct (as specified explicitly or implicitly in the contract). If the supplier has a substantive substitution right, then the asset cannot be considered as identifiable;

- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

- the Company has the right to direct the use of the asset: i.e. it has decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of fixed assets. In addition, the right-of-use asset is periodically reduced by impairment losses if any and adjusted for certain remeasurements (as described below) of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability consist of the following:

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an option renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase option, a term extension option or a termination option.

When the lease liability is measured this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company's right-of-use assets are presented as "Fixed assets". The lease liability are presented as "Lease liabilities" in the statement of financial position.

**g. Revenue**

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when in transfers control over a product or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms, and the related revenue recognition policies.

| Type of product / service | Nature and timing of satisfaction of performance obligations, including significant payment terms | Revenue recognition policies |
|---|---|---|
| Consultancy, maintenance and support services | Invoices are issued on a basis of contractual terms and are usually payable within 30 - 90 days. | Revenue is recognized based on time elapsed mode and revenue is straight lined over the period of performance. |
| Time and material and job contracts | Invoices are issued on a monthly basis and are usually payable within 30 - 90 days. | Revenue is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc. |
| Fixed price contracts | Invoices are issued on the basis contractual milestone and are usually payable within 30 - 90 days. | Revenue is recognized using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations. |
| Third party hardware or software<br>Internally developed software and manufactured systems<br>(collectively termed as "products") | Customers obtain control of the products when the products are delivered to the customer's premises. Invoices are generated and revenue is recognized at that point in time. Invoices are usually payable within 30 – 90 days. | Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.<br><br>Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer. |

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned revenue is recognized when there is billings in excess of revenues.

**h. Foreign currency transactions**

Transactions in foreign currencies are translated to the Company's functional currency (Rupiah) at the rates of exchange prevailing at transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the reporting date. Foreign currency gains or losses on monetary items are

## Notes forming part of Financial Statements

comprised of the difference between amortized cost measured in the functional currency at the beginning of the period as adjusted for effective interest and payments during the period, and the amortized cost measured in foreign currency translated at the exchange rate at reporting date.

Non-monetary assets and liabilities denominated in a foreign currency that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency gains and losses on retranslation of monetary assets and liabilities that arise from operating activities are generally recognized in profit or loss.

### i. Finance income

Finance income comprises interest income on funds invested in banks.

### j. Income tax

Income tax expense consist of current and deferred corporate income tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax expense is the amount of tax paid, or payable on taxable income or loss for the year, using tax rates substantively enacted as of the reporting date, and includes true-up adjustments made to the previous years' tax provisions either to reconcile them with the income tax reported in annual tax returns, or to account for differences arising from tax assessments. Current tax expense is measured using the best estimate of the amount expected to be paid or received, taking into consideration the uncertainty associated with the complexity of tax regulations.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted as of the reporting date. This accounting policy also requires the recognition of tax benefits, such as tax loss carry forwards, which are originated in the current period that are expected to be realized in the future periods, to the extent that realization of such benefits is probable.

Deferred tax assets represent the net remaining balance of deferred tax benefits that have been originated and utilized through the reporting date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of their realization through future taxable profits improves.

## 4. CASH IN BANKS AND CASH EQUIVALENTS

(In millions of Rupiah)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash in banks | **5,885** | 8,546 |
| Short-term time deposits in Rupiah | **12,000** | 6,500 |
| | **17,885** | 15,046 |

## Notes forming part of Financial Statements

### 5. TRADE AND OTHER RECEIVABLES, net

(In millions of Rupiah)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables resulting from revenue generation activities consist of the following: | | |
| Third parties | **83,830** | 50,571 |
| Related parties (Note 15d) | **2,378** | 1,070 |
| | **86,208** | 51,641 |
| Other third parties receivables | **780** | 616 |
| Total trade and other receivables | **86,988** | 52,257 |
| Less: provision for impairment of trade receivables | **(13,290)** | (13,633) |
| Total trade and other receivables, net | **73,698** | 38,624 |

For the year ended 31 March 2023, a total of Rp 1,542 million was directly written off from trade receivables (2022: nil).

### 6. TRADE AND OTHER PAYABLES

(In millions of Rupiah)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade payables: | | |
| Related parties (Note 15d) | **39,506** | 19,720 |
| Third parties | **9,043** | 4,293 |
| | **48,549** | 24,013 |
| Other payables and accrued expenses: | | |
| Related parties (Note 15d): | | |
| Technical services | **28,472** | 37,438 |
| Royalty | **454** | 463 |
| Other | **6** | 22 |
| Third parties: | | |
| Employees' salaries and other compensation | **5,556** | 8,688 |
| Professional fees | **470** | 1,898 |
| Others | **1,971** | 2,839 |
| | **36,929** | 51,348 |
| | **85,478** | 75,361 |

## Notes forming part of Financial Statements

### 7. UNEARNED REVENUE

(In millions of Rupiah)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance at 1 April | **5,436** | 13,371 |
| Billings during the year | **16,609** | 5,436 |
| Revenue recognized during the year | **(5,125)** | (13,371) |
| Balance at 31 March | **16,920** | 5,436 |

### 8. EMPLOYEE BENEFITS OBLIGATION

In accordance with Indonesian labor regulations, the Company is required to provide certain post-employment benefits to its employees when their employment is terminated or when they retire. These benefits are primarily based on years of service and the employees' compensation at termination or retirement.

The following table reflects the balance of the obligation for post-employment benefits as of the reporting dates, as well as the movements in the obligation, and the expense recognized during 2023 and 2022:

(In millions of Rupiah)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Movement in the defined benefit obligation** | | |
| Defined benefit obligation, beginning of year | **5,104** | 3,802 |
| - Past service cost | **(542)** | (383) |
| - Current service cost | **1,257** | 1,375 |
| - Interest cost | **284** | 256 |
| **Included in other comprehensive income** | | |
| Actuarial (gains) losses arising from: | | |
| - financial assumptions | **(17)** | 62 |
| - experience adjustment | **(429)** | (5) |
| **Others** | | |
| - Benefits paid | **(266)** | (3) |
| Defined benefit obligation, end of year | **5,391** | 5,104 |
| Short-term employee benefits obligation | **(131)** | (332) |
| Employee benefits obligation | **5,260** | 4,772 |

**Actuarial assumptions**

Principal assumptions used in the actuarial calculations were as follows:

| | 2023 | 2022 |
|---|---|---|
| Discount rate | **6.01% - 7.21% per annum** | 3.18% - 7.34% per annum |
| Future salary increase rate | **7.00% per annum** | 7.00% per annum |

At 31 March 2023, the weighted-average duration of the defined benefit obligation was 13.65 years (2022: 17.41 years).

The discount rate is used in determining the present value of the benefit obligation at valuation date. In general, the discount rate correlates with the yield on high quality zero coupon government bonds that are traded in active capital markets at the reporting date.

The future salary increase assumptions projects the benefit obligation starting from the valuation date through the normal retirement age. The salary increase rate is generally determined by applying inflation adjustments to pay scales, and by taking account of the length of service.

**Sensitivity analysis**

It is reasonably possible that the key actuarial assumptions applied in estimating the post-employment benefits may turn out to be different than expected. The range of such reasonably expected variability would affect the defined benefit obligation at the reporting date by the following amounts:

(In millions of Rupiah)

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Discount rate | **(442)** | **504** | (513) | 604 |
| Future salary increase rate | **498** | **(446)** | 599 | (518) |

This analysis depicts the approximate sensitivity of the benefits obligation to a reasonably possible change in assumptions, but does not take account of the variability in the timing of the distribution of benefit payments expected under the plan.

## 9. SHARE CAPITAL AND APPROPRIATED RETAINED EARNINGS

As of 31 March 2023 and 2022, the Company's authorized share capital amounted to Rp 2,508 million (250 shares at a nominal value of Rp 10,030,000 (whole Rupiah) or USD 1,000 per share), of which amounted to Rp 1,003 million (100 shares at a nominal value of Rp 10,030,000 (whole Rupiah) or USD 1,000 per share) have been fully issued and paid-up by the following shareholders:

| | Nominal value | | | |
|---|---|---|---|---|
| **Shareholders** | **Number of shares** | **In millions of Rupiah** | **USD** | **%** |
| Tata Consultancy Services Asia Pacific Pte., Ltd, Singapore | 99 | 993 | 99,000 | 99% |
| Tata Consultancy Services Malaysia Sdn., Bhd, Malaysia | 1 | 10 | 1,000 | 1% |
| | 100 | 1,003 | 100,000 | 100% |

Based on the General Shareholders' Meeting, the Company established a statutory reserve of 20% of the issued and paid up share capital amounting to Rp 201 million in accordance with the Indonesian Limited Liability Company Law.

## 10. REVENUE AND CONTRACT ASSETS

**Revenue**

(In millions of Rupiah)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Rendering of consultancy, maintenance and support services (timing on revenue recognition: overtime):** | | |
| Third parties | **179,604** | 181,615 |
| Related parties (Note 15a) | **8,919** | 4,000 |
| | **188,523** | 185,615 |
| **Sales of hardware and software (timing on revenue recognition: point in time):** | | |
| Third parties | **2,100** | 3,672 |
| | **190,623** | 189,287 |

## Notes forming part of Financial Statements

### Contract assets

The contract assets primarily relate to the Company's right for consideration for work completed but not billed at the reporting date for its consultancy services. The following table provide information about contract assets from contracts with customers:

(In millions of Rupiah)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance 1 April | **65,849** | 50,373 |
| Recognized as revenue | **35,095** | 189,417 |
| Transferred to receivables | **(43,236)** | (173,941) |
| Balance 31 March | **57,708** | 65,849 |

## 11. COST OF REVENUE

(In millions of Rupiah)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Professional fees | **65,354** | 56,087 |
| Employees' salaries and other compensation | **46,203** | 43,675 |
| Project | **11,750** | 19,547 |
| Hardware and software | **1,187** | 3,304 |
| Others | **1,606** | 1,322 |
| | **126,100** | 123,935 |

## 12. GENERAL AND ADMINISTRATIVE EXPENSES

(In millions of Rupiah)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Employees' salaries and other compensation | **19,705** | 18,275 |
| Travel | **1,232** | 578 |
| Professional fees | **879** | 1,716 |
| Marketing and sales promotion | **541** | 107 |
| Utilities | **351** | 476 |
| Others | **1,754** | 1,778 |
| | **24,462** | 22,930 |

## 13. TAXATION

**a. Claims for tax refund consist of:**

(In millions of Rupiah)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Corporate income tax:** | | |
| Fiscal year 2017 | **-** | 16,686 |
| **Value added tax:** | | |
| Fiscal year 2017 | **-** | 149 |
| | **-** | 16,835 |

**Corporate income tax (CIT) - fiscal year 2013**

The 2013 CIT overpayment case is being processed at the Supreme Court following a judicial review filed by the Company disputing the amount of Rp 4,858 million on 5 February 2020. As of 31 March 2022, the Company recognized a full provision for this tax dispute. As of the issuance of these financial statements, no verdict on the judicial review has been issued yet.

**Corporate income tax (CIT) - fiscal year 2017**

The 2017 CIT overpayment case has been processed at the Tax Court following an appeal filed by the Company disputing the amount of Rp 16,686 million on 30 December 2020. In November 2022, tax court issued a verdict that approve the Company's claim of Rp 16,617 million, which is lower than the initial claim. The Company agreed with the verdict result and charged the unrecoverable amount of Rp 69 million as adjustment to prior years' tax expense. In December 2022, the Company received the CIT refund of Rp 16,617 million.

**Value added tax (VAT) - fiscal year 2017**

The 2017 VAT underpayment case have been processed at the Tax Court following an appeal filed by the Company disputing the amount of Rp 149 million on 17 December 2020. In November 2022, tax court issued a verdict that approve the Company's appeal of Rp 149 million. In December 2022, the Company received the VAT refund of Rp 149 million.

**b. Income tax payable consist of:**

(In millions of Rupiah)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Corporate income tax: | | |
| Fiscal year 2023 | **775** | - |
| Fiscal year 2022 | **-** | 3,944 |
| Fiscal year 2018 | **1,214** | - |
| Income tax installments, article 25 | **630** | 519 |
| | **2,619** | 4,463 |

The Company's corporate income tax (CIT) for fiscal year 2018 has been audited by the Tax Authorities. The tax assessment letter issued in March 2023, resulting an underpayment of CIT of Rp 1,214 million. The Company agreed with the tax assessment result and recorded the CIT underpayment of Rp 1,214 million as part of income tax payables as of 31 March 2023.

## Notes forming part of Financial Statements

**c. The components of income tax recognized in profit or loss are as follows:**

(In millions of Rupiah)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Current tax expense:** | | |
| Current year | **10,115** | 12,369 |
| Provision for the 2013 corporate income tax | **-** | 4,858 |
| Adjustments to prior years' tax expense | **(315)** | - |
| | **9,800** | 17,227 |
| **Deferred tax benefit:** | | |
| Origination and reversal of temporary differences | **(1,462)** | (2,138) |
| | **8,338** | 15,089 |

**d. Income tax expense is reconciled with profit before tax as follows:**

(In millions of Rupiah)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit before tax | **38,136** | 39,903 |
| Statutory tax rate | **22%** | 22% |
| | **8,390** | 8,779 |
| Non-deductible expenses | **263** | 1,452 |
| Provision for the 2013 corporate income tax | **-** | 4,858 |
| Adjustments to prior years' tax expense | **(315)** | - |
| Income tax expense | **8,338** | 15,089 |

**e. Recognized deferred tax balances and the movement thereof during the year were comprised of the following:**

(In millions of Rupiah)

| | Year ended March 31, 2022 | Recognized in profit or loss | Recognized in other comprehensive income | Year ended March 31, 2023 |
|---|---|---|---|---|
| Deferred tax assets (liabilities): | | | | |
| Provision for impairment of trade receivables | **3,005** | **(81)** | **-** | **2,924** |
| Accrued expenses | **1,236** | **1,360** | **-** | **2,596** |
| Employee benefits obligation | **1,122** | **162** | **(98)** | **1,186** |
| Fixed assets | **(4)** | **21** | **-** | **17** |
| Deferred tax assets, net | **5,359** | **1,462** | **(98)** | **6,723** |



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(In millions of Rupiah)

| | Year ended March 31, 2021 | Recognized in profit or loss | Recognized in other comprehensive income | Year ended March 31, 2022 |
|---|---|---|---|---|
| Deferred tax assets (liabilities): | | | | |
| Provision for impairment of trade receivables | 2,500 | 505 | - | 3,005 |
| Accrued expenses | (128) | 1,364 | - | 1,236 |
| Employee benefits obligation | 836 | 273 | 13 | 1,122 |
| Fixed assets | - | (4) | - | (4) |
| Deferred tax assets, net | 3,208 | 2,138 | 13 | 5,359 |

The temporary difference that give rise to the deferred tax asset for the provision for impairment of trade receivables does not expire, however before such provision can be deductible the Company must provide evidence that the receivables are not collectible, and thereby must write off the uncollectible balances. Management believes that the Company will be able to provide evidence that the receivables are not collectible as required by the Indonesian Income Tax Law.

**f.** Under the taxation laws of Indonesia, the Company submits tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within the statute of limitations, under prevailing regulations.

The Company's tax positions may be challenged by the tax authorities. The Company's tax positions are formed on sound technical bases, in compliance with the tax regulations. Accordingly, management believes that no accruals for potential income tax liabilities is necessary. This assessment relies on estimates and assumptions and may involve judgment about future events. New information may become available that causes management to change its judgment. Such changes will impact tax expense in the period in which such determination is made.

**g.** In October 2021, Law No. 7/2021 amended the previously promulgated Law No. 2/2020, and thereby changed the statutory tax rate applicable for 2022 onwards from 20% to 22%.

## 14. DISTRIBUTIONS TO SHARE HOLDERS

The annual general shareholders' meeting on 27 February 2023 declared the distribution of cash dividends of Rp 31,000 million. The dividends were paid on 15 March 2023.

The annual general shareholders' meeting on 17 February 2022 declared the distribution of cash dividends of Rp 21,513 million. The dividends were paid on 8 March 2022.

## 15. RELATED PARTIES

The Company is ultimately controlled by Tata Sons Limited (incorporated in India).

The Company's parent company is Tata Consultancy Services Asia Pacific Pte., Ltd (incorporated in Singapore) and its intermediate parent is Tata Consultancy Services Limited (incorporated in India).

The Company's entities under common control are Tata Consultancy Services Malaysia Sdn., Bhd (incorporated in Malaysia), Tata Consultancy Services (China) Co., Ltd. and Tata America International Corporation (incorporated in United States).

## Notes forming part of Financial Statements

The following transactions were carried out with related parties:

### (a) Revenue

(In millions of Rupiah)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Consultancy services rendered to (Note 10): | | |
| Intermediate parent | **3,606** | 2,231 |
| Parent | **5,313** | 1,769 |
| | **8,919** | 4,000 |

### (b) Purchases of services

(In millions of Rupiah)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Services provided by: | | |
| Intermediate parent | **64,090** | 58,785 |
| Entities under common control | **5,688** | 3,841 |
| Parent | **3,808** | 2,801 |
| Ultimate parent | **454** | 463 |
| | **74,040** | 65,890 |

### (c) Key management compensation

Key management includes Director. The following reflects the compensation paid or payable to key management individuals for services rendered in their capacity as employees:

(In millions of Rupiah)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Salaries and other short-term benefits | **2,484** | 2,073 |

**(d) Year-end balances**

(In millions of Rupiah)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Receivables from (Note 5): | | |
| Intermediate parent | **1,338** | 835 |
| Parent | **1,040** | 235 |
| | **2,378** | 1,070 |
| Contract assets from: | | |
| Parent | **446** | 359 |
| Intermediate parent | **286** | 102 |
| | **732** | 461 |
| Payables to (Note 6): | | |
| Intermediate parent | **57,362** | 48,043 |
| Entities under common control | **5,915** | 5,860 |
| Parent | **4,707** | 3,277 |
| Ultimate parent | **454** | 463 |
| | **68,438** | 57,643 |

## 16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

**Financial instruments**

The Company's financial assets and liabilities are expected to be realized, or settled in the near term. Therefore, their carrying amounts approximate their fair values.

**Financial risk management**

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and currency risk.

**Credit risk**

Credit risk is the risk of financial loss in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk principally arises from trade receivables from customers.

The carrying amounts of financial assets represent the maximum credit exposure.

**Trade and other receivables and contract assets**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Company minimizes its exposure to credit risk of trade and other receivables and contract assets by assessing and monitoring the credit worthiness of customers. The exposure is also further limited by mandating payment terms of no longer than 30 days and by actively enforcing collection from customers prior to the due date.

## Notes forming part of Financial Statements

The Company's most significant customer, PT Bank Negara Indonesia (Persero), Tbk., accounts for Rp 37,905 million of the trade receivables carrying amount at 31 March 2023 (2022: Rp 14,314 million).

An analysis of the credit quality of trade and other receivables and contract assets is summarized below:

(In millions of Rupiah)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| | Carrying amount | Carrying amount |
| Not past due | **99,480** | 71,951 |
| Past due: | | |
| Less than 90 days | **27,067** | 26,574 |
| 91 days to 1 year | **4,805** | 5,832 |
| 1 year and above | **54** | 116 |
| | **131,406** | 104,473 |

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables and contract assets as at 31 March 2023 and 2022:

(In millions of Rupiah)

| | 31 March 2023 | | |
|---|---|---|---|
| | Weighted average loss rate | Gross carrying amount | Loss allowance |
| Not past due | **0%** | **99,480** | **-** |
| Past due: | | | |
| Less than 90 days | **0%** | **27,067** | **-** |
| 91 days to 1 year | **0%** | **4,805** | **-** |
| 1 year and above | **99%** | **13,344** | **13,290** |
| | | **144,696** | **13,290** |

(In millions of Rupiah)

| | 31 March 2022 | | |
|---|---|---|---|
| | Weighted average loss rate | Gross carrying amount | Loss allowance |
| Not past due | **0%** | **71,951** | **-** |
| Past due: | | | |
| Less than 90 days | **0%** | **26,574** | **-** |
| 91 days to 1 year | **20.16%** | **7,305** | **1,473** |
| 1 year and above | **99.06%** | **12,276** | **12,160** |
| | | **118,106** | **13,633** |

The movement in the allowance for impairment in respect of trade and other receivables and contract assets during the year was as follows:

(In millions of Rupiah)

| | Year ended March 31,2023 | Year ended March 31, 2022 |
|---|---|---|
| Balance at 1 April | **13,633** | 11,083 |
| Net remeasurement of loss allowance | **(343)** | 2,550 |
| Balance at 31 March | **13,290** | 13,633 |

**Cash in banks and cash equivalents**

The Company's cash in banks and cash equivalents are deposited at reputable banks that are subject to tight regulations, therefore, the exposure to loss is minimized.

**Refundable deposits**

Refundable deposits represents cash paid in advance by the Company whereby the Company expects to be refundable after a specific period of time, or when certain conditions are satisfied, therefore, no significant credit risk factors was identified.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages this liquidity risk by on-going monitoring of the projected and actual cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

(In millions of Rupiah)

| | | Contractual cash flows |
|---|---|---|
| | Carrying amount | Total/Within 1 year |
| **31 March 2023** | | |
| **Financial liabilities** | | |
| Trade and other payables | **85,478** | **85,478** |
| Lease liabilities | **138** | **139** |
| | **85,616** | **85,617** |

(In millions of Rupiah)

| | | Contractual cash flows |
|---|---|---|
| | Carrying amount | Total/Within 1 year |
| **31 March 2022** | | |
| **Financial liabilities** | | |
| Trade and other payables | 75,361 | 75,361 |
| Lease liabilities | 471 | 483 |
| | 75,832 | 75,844 |

## Notes forming part of Financial Statements

**Currency risk**

The Company is exposed to currency risk on few sales and purchases that are denominated in a currency other than their functional currency, primarily in US Dollars. Management mitigates the overall risk by buying or selling currencies of US Dollars at spot rate when necessary.

The Company's net exposure to currency risk is as follows:

(In full amount)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| In full amount | **US Dollars** | US Dollars |
| Assets | **836,915** | 233,477 |
| Liabilities | **(562,269)** | (473,066) |
| Net exposure | **274,646** | (239,589) |

At reporting dates, balances of monetary assets and liabilities denominated in US Dollars are translated into Rupiah using the prevailing exchange rates which is Rp 14,925/US Dollars at 31 March 2023; and Rp 14,369/US Dollars at 31 March 2022.

The Company believes that a strengthening/weakening of Rupiah, against the US Dollars would not have significant impact to equity and profit or loss after income tax. This analysis is based on US Dollars rate variances that management considers as being reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

**Capital risk management**

The Company manages capital with the objective of being able to continue as a going concern and sustaining its ability to provide returns for shareholders and benefits for other stakeholders, as well as maintaining an optimal capital structure to minimize the effective cost of capital. This objective is achieved by limiting the amounts of dividends.

# TATA CONSULTANCY SERVICES (PHILIPPINES), INC.

**(A Wholly-Owned Subsidiary of Tata Consultancy Services Asia Pacific Pte. Ltd.)**

# FINANCIAL STATEMENTS

**For the year ended March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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# INDEPENDENT AUDITOR'S REPORT

**THE BOARD OF DIRECTORS AND STOCKHOLDERS**
**TATA CONSULTANCY SERVICES (PHILIPPINES), INC.**

**10th Floor, Panorama Tower**
**34th Street Corner Lane A**
**Bonifacio Global City, Taguig City**

### Report on the Audit of the Financial Statements

## Opinion

We have audited the financial statements of Tata Consultancy Services (Philippines), Inc. (the "Company"), a wholly-owned subsidiary of Tata Consultancy Services Asia Pacific Pte. Ltd., which comprise the statements of financial position as at March 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard (PFRSs).

## Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). 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 Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## 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 PSAs 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 PSAs, we exercise professional judgment and maintain professional skepticism 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 those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

## Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**R.G. MANABAT & CO.**

VERNILO G. YU
Partner
CPA License No. 108798
SEC Accreditation No. 1815-A, Group A, valid until August 20, 2023
Tax Identification No. 225-454-652
BIR Accreditation No. 08-001987-035-2021
Issued June 29, 2021; valid until June 28, 2024
PTR No. MKT 9563856
Issued January 3, 2023 at Makati City

May 16, 2023
Makati City, Metro Manila

## Statements of Financial Position

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 5, 23, 24 | **P490,085,081** | P370,499,151 |
| Trade receivables - net | 6, 19, 23, 24 | **1,815,614,385** | 1,309,072,184 |
| Prepayments and other current assets | 7, 23, 24 | **270,635,505** | 283,431,341 |
| **Total Current Assets** | | **2,576,334,971** | 1,963,002,676 |
| **Non - current Assets** | | | |
| Property and equipment - net | 8 | **238,243,717** | 250,156,231 |
| Intangibles - net | 9 | **11,578** | 19,181 |
| Right-of-use assets - net | 21 | **685,822,420** | 732,956,797 |
| Others non current assets | 10, 23, 24 | **85,804,764** | 79,965,271 |
| **Total Non-current Assets** | | **1,009,882,479** | 1,063,097,480 |
| **TOTAL ASSETS** | | **P3,586,217,450** | P3,026,100,156 |
| **LIABILITIES AND EQUITY** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 11, 23, 24 | **P1,809,883,650** | P1,315,657,088 |
| Lease liabilities - current portion | | **288,753,101** | 229,954,152 |
| Income tax payable | | **21,704,897** | 17,223,111 |
| **Total Current Liabilities** | | **2,120,341,648** | 1,562,834,351 |
| **Non-current Liabilities** | | | |
| Lease liabilities - net of noncurrent portion | | **447,353,691** | 536,021,920 |
| Retirement benefit obligation | 12 | **179,263,215** | 155,862,750 |
| **Total Non-current Liabilities** | | **626,616,906** | 691,884,670 |
| **TOTAL LIABILITIES** | | **2,746,958,554** | 2,254,719,021 |
| **EQUITY** | | | |
| Share capital | 13 | **276,200,000** | 276,200,000 |
| Accumulated remeasurements on retirement benefits | | **43,313,628** | 26,872,455 |
| Retained earnings: | | | |
| Appropriated | 14 | **400,000,000** | 100,000,000 |
| Unappropriated | 14 | **672,265,268** | 920,828,680 |
| Treasury shares | 13 | **(552,520,000)** | (552,520,000) |
| **Total Equity** | | **839,258,896** | 771,381,135 |
| **TOTAL LIABILITIES AND EQUITY** | | **P3,586,217,450** | P3,026,100,156 |

SEE NOTES TO THE FINANCIAL STATEMENTS.

## Statements of Comprehensive Income

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Revenues - Net | 15, 19 | **P6,553,764,184** | P5,292,513,304 |
| Cost of services | 16 | **5,426,060,702** | 4,470,346,663 |
| **GROSS PROFIT** | | **1,127,703,482** | 822,166,641 |
| General and administrative expenses | 17 | **458,585,472** | 382,725,171 |
| **INCOME FROM OPERATIONS** | | **669,118,010** | 439,441,470 |
| **Other Income (charges)** | | | |
| Interest expense | 21 | **(49,549,533)** | (51,276,986) |
| Foreign exchange gain (loss) - net | | **(5,846,282)** | 18,327,178 |
| Reversal of bad debts | | **-** | 24,922,620 |
| Interest income | 5, 21 | **3,422,674** | 3,151,675 |
| Others – net | | **1,251,122** | 259,570 |
| | | **(50,722,019)** | (4,615,943) |
| **INCOME BEFORE INCOME TAX** | | **618,395,991** | 434,825,527 |
| Income tax expense | 20 | **69,959,403** | 52,037,418 |
| **NET INCOME** | | **548,436,588** | 382,788,109 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement gain on retirement benefits | 12 | **16,441,173** | 13,942,382 |
| **TOTAL COMPREHENSIVE INCOME** | | **P564,877,761** | P396,730,491 |

SEE NOTES TO THE FINANCIAL STATEMENTS.

## Statements of Changes in Equity

| | Note | Share Capital (Note 13) | Accumulated Remeasurements on Retirement Benefits | Retained Earnings (Note 14) | | | Treasury Shares (Note 13) | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | Appropriated | Unappropriated | Total | | |
| **Balances as at March 31, 2021** | | P276,200,000 | P12,930,073 | P - | P898,040,571 | P898,040,571 | (P552,520,000) | P634,650,644 |
| Net income | | - | - | - | 382,788,109 | 382,788,109 | - | 382,788,109 |
| Other comprehensive loss | 12 | - | 13,942,382 | - | - | - | - | 13,942,382 |
| **Total comprehensive income** | | - | 13,942,382 | - | 382,788,109 | 382,788,109 | - | 396,730,491 |
| Additional appropriations | 14 | - | - | 100,000,000 | (100,000,000) | - | - | - |
| Dividend Distribution | 14 | - | - | - | (260,000,000) | (260,000,000) | - | (260,000,000) |
| Transaction with owners of the company | | - | - | 100,000,000 | (360,000,000) | (260,000,000) | - | (260,000,000) |
| **Balances as at March 31, 2022** | | **276,200,000** | **26,872,455** | **100,000,000** | **920,828,680** | **1,020,828,680** | **(552,520,000)** | **771,381,135** |
| Net Income | | **-** | **-** | **-** | **548,436,588** | **548,436,588** | **-** | **548,436,588** |
| Other comprehensive income | 12 | **-** | **16,441,173** | **-** | **-** | **-** | **-** | **16,441,173** |
| **Total comprehensive income** | | **-** | **16,441,173** | **-** | **548,436,588** | **548,436,588** | **-** | **564,877,761** |
| Reversal of appropriations | | **-** | **-** | **(100,000,000)** | **100,000,000** | **-** | **-** | **-** |
| Additional appropriation | 14 | **-** | **-** | **400,000,000** | **(400,000,000)** | **-** | **-** | **-** |
| Dividend distribution | 14 | **-** | **-** | **-** | **(497,000,000)** | **(497,000,000)** | **-** | **(497,000,000)** |
| Transactions with owners of the Company | | **-** | **-** | **300,000,000** | **(797,000,000)** | **(497,000,000)** | **-** | **(497,000,000)** |
| **Balances as at March 31, 2023** | | **P276,200,000** | **P43,313,628** | **P400,000,000** | **P672,265,268** | **P1,072,265,268** | **(P552,520,000** | **P839,258,896** |

SEE NOTES TO THE FINANCIAL STATEMENTS.

## Statements of Cash Flows

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Income before tax** | | **P618,395,991** | P434,825,527 |
| **Adjustments for :** | | | |
| Depreciation and amortization | 8, 9, 21 | **378,436,729** | 373,875,758 |
| Retirement benefit expense | 12,18 | **39,841,638** | 32,666,890 |
| Gain on sublease & lease modification | | **1,033,018** | - |
| Dividend Income | | **(20)** | (75) |
| Provision for impairment losses on receivables | 6 | **(8,578)** | (24,845,884) |
| Unrealized foreign exchange gain - net | | **(144,923)** | (6,097,885) |
| Interest Income | 5, 21 | **(3,422,674)** | (3,151,675) |
| Provision for volume discount | | **(8,223,347)** | (20,747) |
| **Operating cash flows before working capital changes** | | **1,025,907,834** | 807,251,911 |
| **Decrease (increase) in:** | | | |
| Trade receivables | | **(512,978,310)** | (518,394,356) |
| Prepayments and other current assets | | **12,796,812** | (46,898,741) |
| Increase in trade and other payables | | **503,597,198** | 261,085,361 |
| **Cash generated from operations** | | **1,029,323,534** | 503,044,174 |
| Income taxes paid | | **(65,477,618)** | (45,521,368) |
| Benefits paid | | **-** | (3,154,837) |
| **Net cash provided by operating activities** | | **963,845,916** | 454,367,969 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Additions to property and equipment (net of disposal) | 8 | **(87,557,631)** | (106,858,384) |
| Decrease (increase) in other assets | | **3,936,609** | (20,978,087) |
| Interest Income received | 5 | **348,746** | 374,109 |
| Dividend income received | | **20** | 75 |
| **Net cash used in investing activities** | | **(83,272,256)** | (127,462,287) |
| **CASH FLOWS FROM A FINANCING ACTIVITIES** | | | |
| Dividends paid | 14 | **(497,000,000)** | (260,000,000) |
| Repayment of lease liabilities | 21 | **(268,556,116)** | (258,691,693) |
| **Net cash used in financing activities** | | **(765,556,116)** | (518,691,693) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **P115,017,544** | (P191,786,011) |
| **EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS** | | **4,568,386** | 10,411,771 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | **370,499,151** | 551,873,391 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 5 | **P490,085,081** | P370,499,151 |

SEE NOTES TO THE FINANCIAL STATEMENTS.

## Notes forming part of the Financial Statements

### 1. CORPORATE INFORMATION

Tata Consultancy Services (Philippines) Inc. (the "Company") was organized under the laws of the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 19, 2008. The Company's principal activities are to provide information technology (IT), business solutions and outsourcing services.

The Company is a wholly-owned subsidiary of Tata Consultancy Services Asia Pacific Pte. Ltd. (the "Parent Company"), a company incorporated under the laws of Singapore. Tata Consultancy Services Limited (the "Intermediate Parent"), a company incorporated in India and Tata Sons Limited ("the Ultimate Parent"), a company incorporated in India is the Company's ultimate parent company.

The Company is registered with the Philippine Economic Zone Authorities (PEZA) under Republic Act No. 7916 (The Special Economic Zone Act of 2005) as an Ecozone IT Enterprise on June 2, 2010.

The Company is concurrently registered with the Philippine Board of Investments (BOI) under Executive Order No. 226 (Omnibus Investment Code of 1987) as an Export Market Enterprise on December 22, 2022.

### 2. BASIS OF PREPARATION

**Statement of Compliance**

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

**Basis of Measurement**

The financial statements of the Company have been prepared on the historical cost basis of accounting, except for the retirement benefit obligation which is measured at the present value of defined benefit obligation, certain financial instruments which are measured at fair value or amortized cost at the end of each reporting period & Lease liability which is measured at amortized cost.

**Functional and Presentation Currency**

The financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Philippine Peso, which is the Company's functional currency. All amounts are rounded to the nearest Peso, except when otherwise indicated.

**Authorization for Issuance of the Financial Statements**

The accompanying financial statements were approved and authorized for issue by the Company's Board of Directors (BOD) on May 15, 2023.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in the financial statements, except for the changes in accounting policies as explained below.

**Adoption of New or Revised Standards, Amendments to Standards and Interpretations**

The Company has adopted the following amendments to standard and interpretation starting April 1, 2022 and accordingly changed its accounting policies. Except as otherwise indicated, the adoption of these new standards did not have any significant impact on Company's financial statements.

- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16 Property, Plant and Equipment)*. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with *PAS 2 Inventories*.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- *Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37 Provisions, Contingent Liabilities and Contingent Assets)*. The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprise both incremental costs and an allocation of other direct costs.
- The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.
- Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to four standards:
  - *Subsidiary as a First-time Adopter (Amendment to PFRS 1 First-time Adoption of Philippine Financial Reporting Standards)*. The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to PFRS.
  - *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9 Financial Instruments)*. The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
  - *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16 Leases)*. The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.
  - *Taxation in Fair Value Measurements (Amendment to PAS 41 Agriculture)*. The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in PAS 41 with those in PFRS 13 *Fair Value Measurement*.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

- *Reference to the Conceptual Framework (Amendment to PFRS 3 Business Combinations)*. The amendments:
  - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework
  - added a requirement that, for transactions and other events within the scope of PAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
  - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

## Notes forming part of the Financial Statements

**Standard Issued But Not Yet Adopted**

A number of new standards and amendments to standards are effective for annual periods beginning after April 1, 2022. However, the Company has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

**Effective January 1, 2023**

- *Classification of Liabilities as Current or Non-current (Amendments to PAS 1 Presentation of Financial Statements)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
  - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
  - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

In November 2021, the International Accounting Standards Board issued the Exposure Draft, *Non-Current Liabilities with Covenants* after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

  - Conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or non-current.
  - Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.
  - Separate presentation in the statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.

The effective date of the amendments will be deferred to no earlier than January 1, 2024.

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)*. To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements)*. The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves

immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

  The amendments are effective from January 1, 2023. Earlier application is permitted.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes)*. The amendments clarify that that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

  For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

*Effective January 1, 2024*

*Lease Liability in a Sale and Leaseback (Amendment to PFRS 16 Leases)* In September 2022, the board issued 'Lease Liability in a Sale and Leaseback (Amendments to PFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The company does not expect this amendment to have any significant impact in its financial statements

*Effective January 1, 2025*

- *PFRS 17 Insurance Contracts* replaces the interim standard, *PFRS 4 Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:
  - combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
  - presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
  - requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. Early application is permitted for entities that apply *PFRS 9 Financial Instruments* on or before the date of initial application of PFRS 17.

## Notes forming part of the Financial Statements

*Deferral of the local implementation of Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 Consolidated Financial Statements and PAS 28 Investments in Associates and Joint Ventures)*. The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

  The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint venture.

**Financial Assets & Financial Liabilities**

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The entity derecognises financial liabilities when, and only when, the entity obligations are discharged, cancelled or have expired.

**Financial Assets at Amortized Cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial Assets at Fair Value through Other Comprehensive Income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial Assets at fair Value through Profit or Loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

**Financial Liabilities**

Financial liabilities are measured at amortized cost using the effective interest method.

**Impairment of Financial Assets (Other than at Fair Value)**

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. PFRS 9 requires expected credit losses to be measured through a loss allowance. The entity recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the entity has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**Prepayments**

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of services related to the prepayments are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

**Property and Equipment**

Property and equipment are initially measured at cost. The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs 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; and
- the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

At the end of each reporting period, item of property and equipment measured using the cost model are carried at cost less any subsequent accumulated depreciation, amortization and impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

| | Number of Years |
|---|---|
| Computer equipment | 4 |
| Furniture and fixtures | 5 |
| Office equipment | 5 - 10 |
| Leasehold improvements | 5 or lease term, whichever is shorter |

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets commences at the time the assets are ready for their intended use.

## Notes forming part of the Financial Statements

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

**Leases**

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

*As a Lessee*

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Company uses the lessee's incremental borrowing rate as the discount rate.

The Company determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Impairment of Nonfinancial Assets**

At the end of each reporting period, the Company assesses whether there is any indication that any of its nonfinancial assets, which comprise of property and equipment, may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. A reasonable and consistent basis of allocation can be identified, assets are also allocated to individual (CGUs), or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an 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. An impairment loss is recognized as an expense.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

**Share Capital**

Share capital are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

**Treasury Shares**

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in additional paid-in capital.

**Retained Earnings**

Retained earnings represent accumulated profits or losses. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders. Appropriated retained earnings represent that portion which has been restricted and, therefore, not available for dividend declaration. When appropriation is no longer needed, it is reversed.

**Other Comprehensive Income (OCI)**

Other comprehensive income represents income and expense that are not recognized in profit or loss as required or permitted by the related accounting standards.

**Revenue Recognition**

The Company earns revenue primarily from providing IT services, business solutions and outsourcing services. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

## Notes forming part of the Financial Statements

- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognized using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognized upfront at the point in time when the system/software is delivered to the customer. In cases where implementation and/or customization services rendered significantly modifies or customizes the software, these services and software are accounted for as a single performance obligation and revenue is recognized over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognized at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract fulfilment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalization. Such costs are amortized over the contractual period or useful life of the license, whichever is less. The assessment of this criteria requires the application of judgement, when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there are billings in excess of revenues. Contract liability is presented in the Company's financial statements as "unearned revenue".

The billing schedules agreed with customers could include periodic performance-based payments and/or milestone-based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with PAS 37, the Company recognizes an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography, and nature of services.

Use of significant judgments in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products and services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- Judgment is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The Company has applied the practical expedient provided by PFRS 15, whereby the Company does not adjust the transaction price for the effects of the time value of money where the period between when the control on goods and services transferred to the customer and when payment thereof is due, is one year or less. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognized using percentage-of-completion method. The Company uses judgment to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**Finance and other income**

*Interest Income*

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

*Other Income*

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Company and it can be measured reliably.

**Expense Recognition**

Costs and expenses are recognized when incurred and have been classified according to their primary functions in the following categories:

*Cost of revenue*

These costs primarily include employee compensation of personnel engaged in providing services, travel expenses, fees to external consultants, cost of equipment and software licenses, depreciation and amortization of production related equipment and software, facility expenses, communication expenses and other project related expenses.

*Selling, general and administrative expenses*

Selling costs primarily include employee compensation for sales and marketing personnel, travel expenses, advertising, business promotion expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances, facility expenses for sales and marketing offices and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortization expenses of non-production equipment and software, facility expenses for administrative offices, communication expenses, fees to external consultants and other general expenses.

## Notes forming part of the Financial Statements

### Employee Benefits

*Short-term Benefits*

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

*Compensated absences*

Compensated absences are recognized as undiscounted liability as at the end of the reporting periods.

*Post-employment Benefits*

The Company classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.

The Company presents the first two components of defined benefit costs in profit or loss in the line item of cost of services and general and administrative expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statements of financial position represents the present value of the defined benefit obligation.

### Taxes

Current and deferred taxes are recognized in profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Income tax expense represents the sum of current tax expense and deferred tax.

*Current Tax*

The current tax expense is based on taxable profit for the year. Taxable profit differs from net income as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. As a PEZA-registered entity, the Company is entitled to corporate income tax holiday (ITH) for four years for IT and Business Process Outsourcing (BPO) projects effective on the committed date of start of commercial operations, or the actual date of start of commercial operations, whichever is earlier. The Company's liability for current tax is calculated using 0% tax rate for PEZA-registered activities under ITH and 5% tax rate for PEZA and BOI-registered activities and 25% tax rate for ordinary activities.

*Deferred Tax*

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences and carry forward benefits of unused net operating loss carry over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward benefits of NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 recovered. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax asset to be recovered.

Deferred tax liabilities and assets are measured using substantial enacted tax rates that are expected to apply in the period in which the liability is settled or the asset realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and 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.

*Value-added Tax (VAT)*

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of sales tax recoverable from or payable to the tax authority is included as part of receivables or payables in the Company's statements of financial position.

**Foreign Currency Denominated Transactions and Translation**

Transactions in currencies other than Philippine Peso are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Gains and losses arising on settlement and retranslation are included in profit or loss for the year. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

**Related Parties and Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

**Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of reimbursement. If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

**Contingencies**

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to the financial statements unless the outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

**Events After the Reporting Period**

The Company identifies events after the end of the reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

## Notes forming part of the Financial Statements

### 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical Judgments in Applying Accounting Policies**

The following are the critical judgments, apart from those involving estimations, that management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

*Determining Functional Currency*

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the Company in determining the costs and selling price of its services.

*Determining Term and Discount Rate of Lease Agreement*

The company evaluates if an arrangement qualifies to be a lease as per the requirements of PFRS 16. Identification of a lease requires significant judgment. The entity uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the entity is reasonably certain not to exercise that option. In assessing whether the entity is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the entity to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Entity revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**Key Sources of Estimation Uncertainty**

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key source of estimation of uncertainty in respect of revenue recognition, impairment has been discussed in their respective policies.

*Estimating Impairment Losses on Trade Receivable*

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. PFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.



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As at March 31, 2023 and 2022, the management provided for allowances amounting to nil and P0.008 million, respectively considering doubtful collection from accounts (see Note 6).

Trade receivables recognized in the Company's statements of financial position amounted to P1,815.61 million and P1,309.07 million, as at March 31, 2023 and 2022, respectively (see Note 6).

*Estimating Useful Lives of Property and Equipment*

The useful lives of the Company's property and equipment are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Company's assets. In addition, the estimation of the useful lives is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recognized operating expenses and decrease non-current assets.

There is no change in the EUL of the Company's property and equipment in 2023 and 2022.

As at March 31, 2023 and 2022, the carrying amounts of the Company's property and equipment amounted to P238.24 million and P250.16 million, respectively (see Note 8).

*Estimating Impairment of Nonfinancial Assets*

The Company performs an impairment review when certain impairment indicators are present. Determining the recoverable amount of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, require the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and equipment and intangible asset are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

As at March 31, 2023 and 2022, the Company's management determined that there are no impairment indicators affecting its property and equipment.

*Recoverability of Deferred Tax Assets*

The Company reviews its deferred tax assets at each reporting date and reduces the carrying amounts to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company also reviews expected timing and rates upon reversal of temporary differences and adjust impact of deferred tax assets accordingly. The Company's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on Company's past results and future expectation on revenues and expenses.

As at March 31, 2023 and 2022, Company has not recognized deferred tax assets for retirement benefit obligation, bonus and leave liability as management believes it is not probable that future taxable profits from its non-PEZA-registered and PEZA registered activities will be available against which the company can utilize the carryforward benefits of retirement benefit obligation, bonus and leave liability, respectively (see Notes 20 and 22).

*Estimating Retirement Benefit Obligation and Expense*

The determination of the retirement benefit obligation and expense is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include discount rates, mortality rates and rates of compensation increase, among others. Actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligations.

## Notes forming part of the Financial Statements

The retirement benefit expense charged to operations amounted to P39.84 million and P32.67 million in 2023 and 2022, respectively. The carrying amount of the retirement benefit obligation in the Company's statements of financial position amounted to P179.26 million P155.86 million as at March 31, 2023 and 2022, respectively (see Note 12).

*Estimating Provisions and Contingent Liabilities*

The Company is involved in a certain claim, which arise in the normal course of business. The management believes that the claims lack legal basis and will contest any future proceedings. The estimate on the probable costs for the resolution of these possible claims is based upon analysis of potential results. Currently, the Company does not believe these claims will have a material adverse effect on the Company's financial statements. It is possible that future financial performance could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceeding.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

### 5. CASH AND CASH EQUIVALENTS

This account consists of:

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Cash on hand | | **P95,000** | P398,960 |
| Cash in banks | 23, 24 | **200,336,331** | 125,100,191 |
| Cash equivalents | 23, 24 | **289,653,750** | 245,000,000 |
| | | **P490,085,081** | P370,499,151 |

Cash pertains to cash on hand and unrestricted cash in banks, which earned an average interest of 0.01%. Interest for time deposit earned an average interest of 0.85% and 0.08% in 2023 and 2022, respectively. Income earned on cash in banks amounted to P0.10 million and P0.32 million in 2023 and 2022, respectively, while interest income earned on time deposits amounted to P0.25 million and to P0.05 million in 2023 and 2022, respectively.

### 6. TRADE RECEIVABLES - NET

This account consists of:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Trade:** | | |
| Billed receivables | **P1,335,292,674** | P967,719,442 |
| Unbilled receivables | **480,321,711** | 341,361,320 |
| | **1,815,614,385** | 1,309,080,762 |
| Allowance for impairment losses | **-** | (8,578) |
| | **P1,815,614,385** | P1,309,072,184 |

The average credit period taken on sales of services is 15-75 days. No interest is charged in the receivable exceeding the credit period.

Out of the total trade receivables, due from related parties amounted to P927.58 million and P811.41 million as at March 31, 2023 and 2022, respectively (see Note 19).

**Movements of allowance for impairment losses:**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance at beginning of year | **P8,578** | P24,854,462 |
| Reversal | **(8,578)** | (24,845,884) |
| Balance at end of year | **P -** | P8,578 |

## 7. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consist of:

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Contract assets | 15, 19 | **P160,131,235** | P147,546,484 |
| Prepaid expenses | | **65,324,296** | 109,561,737 |
| Advances to employees | | **11,456,424** | 7,901,377 |
| Advance Rent | | **11,017,243** | 504,696 |
| Other receivables | | **4,892,409** | 6,836,344 |
| Sublease receivable | | **1,884,985** | - |
| Refundable deposits | 21, 23, 24 | **1,833,600** | 1,833,600 |
| Others | | **14,095,313** | 9,247,103 |
| | | **P270,635,505** | P283,431,341 |

Prepaid expenses include health medical insurance.

Other receivables include receivables from Social Security System for advances made on behalf of the Company's employees.

## 8. PROPERTY AND EQUIPMENT

Movements in the carrying amounts of the property and equipment are as follows:

| | Computer Equipment | Furniture and Fixtures | Office Equipment | Leasehold Improvements | Construction in Progress | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance, March 31, 2021 | P422,870,225 | P93,058,694 | P265,917,659 | P489,810,614 | P9,311,687 | P1,280,968,879 |
| Disposal/(adjustment) | (53,196) | - | - | (6,968,772) | - | (7,021,968) |
| Addition | 102,343,972 | 732,333 | 1,817,623 | 2,302,083 | 47,927,115 | 155,123,126 |
| Reclassifications | 5,379,961 | - | 1,100,000 | - | (6,479,961) | - |
| Balance, March 31, 2022 | 530,540,962 | 93,791,027 | 268,835,282 | 485,143,925 | 50,758,841 | 1,429,070,037 |
| Disposal/(Adjustment) | **(96,427)** | **-** | **-** | **-** | **-** | **(96,427)** |
| Additions | **86,400,820** | **-** | **1,691,506** | **-** | **374,356** | **88,466,682** |
| Reclassifications | **39,393,920** | **-** | **10,700,920** | **-** | **(50,094,840)** | **-** |
| **Balance, March 31, 2023** | **656,239,275** | **93,791,027** | **281,227,708** | **485,143,925** | **1,038,357** | **1,517,440,292** |
| **Accumulated Depreciation and Amortization** | | | | | | |
| Balance, March 31, 2021 | 350,232,892 | 76,766,674 | 213,566,926 | 425,356,334 | - | 1,065,922,826 |
| Depreciation and Amortization | 48,757,261 | 5,830,788 | 17,263,778 | 41,162,484 | - | 113,014,311 |
| Disposals | (23,331) | - | - | - | - | (23,331) |
| Balance, March 31, 2022 | 398,966,822 | 82,597,462 | 230,830,704 | 466,518,818 | - | 1,178,913,806 |
| Depreciation and Amortization | **73,170,089** | **4,241,735** | **16,600,635** | **6,330,646** | **-** | **100,343,105** |
| Disposals | **(60,336)** | **-** | **-** | **-** | **-** | **(60,336)** |
| **Balance, March 31, 2023** | **472,076,575** | **86,839,197** | **247,431,339** | **472,849,464** | **-** | **1,279,196,575** |

## Notes forming part of the Financial Statements

| | Computer Equipment | Furniture and Fixtures | Office Equipment | Leasehold Improvements | Construction in Progress | Total |
|---|---|---|---|---|---|---|
| **Carrying Amounts** | | | | | | |
| March 31, 2022 | P131,574,140 | P11,193,565 | P38,004,578 | P18,625,107 | P50,758,841 | P250,156,231 |
| **March 31, 2023** | **P184,162,700** | **P6,951,830** | **P33,796,369** | **P12,294,461** | **P1,038,357** | **P238,243,717** |

The total amount of additions to property and equipment includes cash acquisitions amounting to P87.59 million and P113.86 million as at March 31, 2023 and 2022, respectively.

Management believes that there are no impairment indicators offsetting the Company's property and equipment.

Depreciation and amortization is recognized in profit or loss as follows:

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Cost of services | 16 | **P87,892,946** | P101,216,084 |
| General and administrative expenses | 17 | **12,450,159** | 11,798,227 |
| | | **P100,343,105** | P113,014,311 |

## 9. INTANGIBLE ASSET - NET

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Cost | | **P30,406** | P30,406 |
| Amortization | 16 | **(18,828)** | (11,225) |
| Carrying Amount, March 31, 2023 | | **P11,578** | P19,181 |

## 10. OTHER NONCURRENT ASSETS

This account consists of:

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Refundable deposits | 21, 23, 24 | **P78,318,047** | P76,827,879 |
| Sublease receivable | | **7,233,918** | - |
| Contract assets | 15 | **252,781** | 3,137,374 |
| Others | | **18** | 18 |
| | | **P85,804,764** | P79,965,271 |

## 11. TRADE AND OTHER PAYABLES

This account consists of:

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Trade payables | | **P843,328,789** | P516,440,852 |
| Accrued short-term employee benefits | | **644,345,745** | 514,264,286 |
| Unearned revenues | 15 | **125,274,539** | 132,292,403 |
| Withholding taxes payables | | **110,864,200** | 70,274,841 |
| Provision for volume discount | | **31,759,149** | 39,614,432 |
| Output VAT - net | | **19,284,190** | 17,354,212 |
| Other statutory payables | | **35,027,038** | 25,416,062 |
| | 24 | **P1,809,883,650** | P1,315,657,088 |

The average credit period on purchases of goods and services from suppliers is 30-45 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Accrued short-term employee benefits include provision for employee bonus, sick leave, and vacation leave accruals.

Output VAT is net of input VAT amounting to P13.01 million and P8.00 million as at March 31, 2023 and 2022, respectively. Claims for tax credit amounted to P34.06 million and P9.26 million as at March 31, 2023 and 2022.

Out of the total trade payables, due to related parties amounted to P 837.29 million and P454.70 million as at March 31, 2023 and 2022, respectively (see Note 19).

Refer to Note 15 for changes in contract liabilities, presented above as "Unearned revenues".

## 12. RETIREMENT BENEFIT PLAN

The Company operates a defined benefit plan for qualifying employees. Under the plan, the employees upon reaching the age of 60 years or more but not beyond 65 years, which is declared the compulsory retirement age, and have served at least five years in the Company are entitled to retirement benefits equivalent to at least one half month salary for every year of service rendered in the Company.

The plan typically exposes the participants to actuarial risks such as: interest rate risk, longevity risk and salary risk.

**Interest Rate Risk**

A decrease in the government bond interest rate will increase the plan liability.

**Longevity Risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary Risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out at March 31, 2023 by an independent actuary. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

## Notes forming part of the Financial Statements

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| | Valuation at | |
|---|---|---|
| | **2023** | **2022** |
| Discount rate | **6.64%** | 5.72% |
| Expected rate of salary increase | **4.50%** | 4.00% |

Amounts recognized in profit or loss and other comprehensive income in respect of this defined benefit plan are as follows:

| | Defined Benefit Obligation | |
|---|---|---|
| | **2023** | **2022** |
| Balance at beginning of year | **P155,862,750** | P140,293,079 |
| **Included in Profit or Loss** | | |
| Current service cost | **30,926,289** | 25,624,177 |
| Interest cost | **8,915,349** | 7,042,713 |
| | **39,841,638** | P32,666,890 |
| **Contribution paid** | **-** | (3,154,837) |
| **Included in OCI** | | |
| Remeasurement loss (gain) arising from: | | |
| Changes in financial assumptions | **(10,221,633)** | (16,732,094) |
| Deviations of experience from assumptions | **(6,219,540)** | 2,789,712 |
| | **(16,441,173)** | (13,942,382) |
| **Balance at end of year** | **P179,263,215** | P155,862,750 |

The total retirement benefits expense charged to cost of services amounted to P31.94 million and P26.09 million in 2023 and 2022, respectively. Total retirement benefits expense charged to general and administrative expenses amounted to P7.91 million and P6.58 million in 2023 and 2022, respectively (see Notes 16, 17 and 18).

The reasonably possible changes to the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| | Increase (Decrease) in Defined Benefit Obligation | |
|---|---|---|
| | **As at March 31, 2023** | **As at March 31, 2022** |
| **Discount rate** | | |
| Increase by 0.5% | **(P11,489,853)** | (P10,617,540) |
| Decrease by 0.5% | **12,642,709** | 11,752,271 |
| **Salary rate** | | |
| Increase by 0.5% | **12,897,046** | 11,929,047 |
| Decrease by 0.5% | **(11,847,205)** | (10,895,891) |
| **Employee Turnover** | | |
| Increase by 10% | **15,074,409** | 14,393,636 |
| Decrease by 10% | **(15,074,409)** | (14,393,636) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statements of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Company to manage its risks from prior periods.

## 13. SHARE CAPITAL

An analysis of the Company's share capital is as follows:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Authorized 3,000,000 ordinary shares of P100 par value | | |
| Issued | **P2,762,000** | P2,762,000 |
| Treasury shares | **(380,000)** | (380,000) |
| Total issued and outstanding | **P2,382,000** | P2,382,000 |

The Company has one class of ordinary shares which carries no right to fixed income.

**Treasury Shares**

On July 26, 2017, the BOD approved to buy-back 380,000 shares from Tata Consultancy Services Asia Pacific Pte. Ltd. for P1,454 per share for a total of P552.52 million. These shares will not be retired and shall be deemed as treasury shares.

## 14. RETAINED EARNINGS

Under the Revised Corporation Code of the Philippines, the Company is prohibited to retain surplus profits in excess of one hundred percent (100%) of its paid-up capital except: when justified by definite corporate expansion projects or programs approved by the BOD; when a company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not yet been secured; or when it can be clearly shown that such retention is necessary under special circumstances, such as when there is a need for reserve for probable contingencies.

The Company has appropriated its retained earnings for various future business expansion as follows:

On May 14, 2021, the BOD approved appropriation of P100.00 million out of the total retained earnings of P898.04 as at March 31, 2021 for business expansion for the next three years.

On February 17, 2022, the BOD approved the declaration of cash dividends at P109.15 per share amounting to P260.00 million. The dividends were paid on March 04, 2022.

On March 3, 2023, the Company reversed the appropriated retained earnings amounting to P100 million for the purpose of business expansion but due to the business requirement, the expansion was put on hold. Further, the BOD approved the declaration of cash dividends at P208.65 per share amounting to P497 million. The dividends were paid on March 14, 2023. Furthermore, the BOD approved the appropriation of reserve fund in the amount of P400 million out of the total retained earnings of P1,072.07 million as at March 31, 2023 of which P200 million is allocated for Panorama Tower expansion in 2024 while the remaining is allocated for business expansion of the Company which is expected to continue in 2025 to 2026.

## Notes forming part of the Financial Statements

### 15. REVENUE

An analysis of the Company's revenue is as follows:

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Sale of service to third parties | | **P2,131,540,844** | P1,380,029,664 |
| Sale of service to related parties | 19 | **4,422,223,340** | 3,912,483,640 |
| | | **P6,553,764,184** | P5,292,513,304 |

Sale of services is net of volume discount amounting to P77.65 million and P49.07 million in 2023 and 2022, respectively.

Revenue disaggregation by industry vertical is as follows:

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Banking, financial and insurance | **P1,981,075,912** | P1,425,069,385 |
| Energy, Resources and Utilities | **1,424,540,633** | 1,162,927,487 |
| Life Sciences and Healthcare | **663,867,450** | 731,548,849 |
| Communication, media, and technology | **861,815,198** | 919,115,983 |
| High-tech industry practice | **830,875,701** | 430,265,617 |
| Others | **791,589,290** | 623,585,983 |
| **Total** | **P6,553,764,184** | P5,292,513,304 |

Revenue disaggregation by geography is as follows:

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| America | **P3,093,528,410** | P2,498,701,155 |
| Asia Pacific | **2,322,445,117** | 1,967,362,608 |
| Europe | **223,043,695** | 223,987,322 |
| Others | **914,746,962** | 602,462,219 |
| Total | **P6,553,764,184** | P5,292,513,304 |

| | Note | As at March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Contract Assets Movement** | | | |
| Balance at the beginning of the year | | **P150,683,858** | P107,467,933 |
| Revenue recognized during the year | | **108,168,010** | 97,482,437 |
| Invoices raised during the year | | **(100,332,852)** | (55,314,456) |
| Translation exchange difference | | **1,865,000** | 1,047,944 |
| **Balance at the end of the year** | 7, 10 | **P160,384,016** | P150,683,858 |

| | Note | As at March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Contract Liabilities Movement** | | | |
| Balance at the beginning of the year | | **(P132,292,403)** | (P103,728,840) |
| Increase due to invoicing during the year excluding amounts recognized as revenue during the year | | **(103,184,741)** | (128,922,887) |
| Revenue recognized that was included in the contract liability balance at the beginning of the period | | **108,827,519** | 102,148,540 |
| Translation exchange difference | | **1,375,086** | (1,789,216) |
| **Balance at the end of the year** | 11 | **(P125,274,539)** | (P132,292,403) |

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in PFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations P3 billion out of which 36.58% is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

## 16. COST OF SERVICES

This account consists of:

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Salaries and other short-term employee benefits | 18 | **P4,069,617,194** | P3,254,405,810 |
| Direct cost-intercompany charges | 19 | **550,467,552** | 466,557,504 |
| Depreciation and amortization | 8, 21 | **365,986,569** | 362,077,531 |
| Repairs and maintenance | | **86,603,294** | 87,601,695 |
| Communication | | **78,851,027** | 89,561,899 |
| Recruitment and training | | **63,877,623** | 44,815,703 |
| Project cost | | **58,226,642** | 10,011,924 |
| Facilities | | **46,175,835** | 27,114,219 |
| Security services | | **36,291,016** | 27,142,072 |
| Retirement benefit expense | 12,17 | **31,935,609** | 26,088,739 |
| Transportation and travel | | **6,240,015** | 42,760,960 |
| Taxes and licenses | | **4,713,852** | 5,055,069 |
| Legal and professional fees | | **1,422,149** | 4,970,381 |
| Rent | 21 | **1,194,948** | 4,870,838 |
| Others | | **24,457,377** | 17,312,319 |
| | | **P5,426,060,702** | P4,470,346,663 |

Others include office supplies, cleaning supplies and other miscellaneous items.

## Notes forming part of the Financial Statements

### 17. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Salaries and other short-term employee benefits | 18 | **P304,759,272** | P267,470,093 |
| Management cost | 19 | **71,828,078** | 46,899,178 |
| Legal and professional fees | | **14,528,752** | 10,221,884 |
| Communication | | **12,632,476** | 3,805,664 |
| Depreciation and amortization | 8,9 | **12,450,159** | 11,798,227 |
| Retirement benefits expense | 12, 17 | **7,906,029** | 6,578,151 |
| Brand equity contribution | 19 | **5,332,799** | 3,440,732 |
| Fees paid to business associates | | **5,132,750** | 3,963,234 |
| Transportation and travel | | **5,030,608** | 4,269,933 |
| Recruitment and training | | **4,741,658** | 8,627,060 |
| Advertising | | **4,450,222** | 7,099,978 |
| Representation and entertainment | | **2,182,304** | 295,205 |
| Taxes and licenses | | **1,409,391** | 2,219,530 |
| Printing and stationery | | **712,867** | 522,131 |
| Repairs and maintenance | | **586,853** | 2,629,231 |
| Director's fees | | **116,700** | 91,170 |
| Doubtful expense | 6 | **(8,578)** | - |
| Others | | **4,793,132** | 2,793,770 |
| | | **P458,585,472** | P382,725,171 |

Others include cleaning expenses and miscellaneous items.

### 18. EMPLOYEE BENEFITS

Employee benefits consist of:

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Salaries and other short-term employee benefits | 16 ,17 | **P4,374,376,466** | P3,521,875,903 |
| Retirement benefits expense | 12, 16, 17 | **39,841,638** | 32,666,890 |
| | | **P4,414,218,104** | P3,554,542,793 |

## 19. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacts with companies which are considered related parties under PAS 24, *Related Party Disclosures*.

The summary of the Company's transactions and outstanding balances with related parties as at and for the years ended March 31, 2023 and 2022 are as follows:

| | | | Outstanding Balance | | | | |
|---|---|---|---|---|---|---|---|
| | Note | Transactions during the year | Trade Receivables | Other Assets | Trade Payables | Terms | Condition |
| **2023** | | | | | | | |
| **Ultimate Parent** | | | | | | | |
| Brand Equity | b | P5,332,799 | P - | P - | P5,328,852 | 30-day; non-interest bearing | Unsecured, not impaired |
| **Intermediate Parent** | | | | | | | |
| Sales | a | 4,331,414,538 | 891,434,866 | 60,695,105 | 741,455,602 | 30-day; non-interest bearing | Unsecured, not impaired |
| Volume Discount | a | 77,158,330 | - | - | 30,660,682 | - | - |
| Purchase | a | 116,621,923 | - | - | - | - | - |
| Direct Cost | | 506,338,421 | - | - | - | - | - |
| Management cost | d | 48,134,434 | - | - | - | - | - |
| **Parent Company** | | | | | | | |
| Sales | a | 12,721,737 | 2,824,973 | - | 41,186,581 | 30-day; non-interest bearing | Unsecured, not impaired |
| Volume Discount | | 18,029 | - | - | 154,902 | | |
| Management cost | c | 23,693,644 | - | - | - | - | - |
| Purchase | | 841,480 | - | - | - | - | - |
| Direct Cost | | 3,932,288 | | | | | |
| Dividend Declaration | | 497,000,000 | - | - | - | - | - |
| **Fellow Subsidiaries** | | | | | | - | |
| Sales | | 155,261,923 | 33,304,661 | 1,543,970 | 18,503,711 | 30-day; non-interest bearing | Unsecured, not impaired |
| Volume Discount | | (1,501) | - | - | (56) | - | - |
| Purchases | | 12,937,535 | - | - | - | - | - |
| Direct Cost | | 40,316,370 | - | - | - | - | - |
| Dividend Income | | 20 | - | - | - | - | - |
| Rental income | | 607,445 | - | 9,118,903 | | | |
| Other income | | 144,753 | - | - | - | - | - |
| Reimbursement of Expense | | (11,966) | 11,966 | - | - | - | - |
| | | | P927,576,466 | P71,357,978 | P837,290,274 | | |

## Notes forming part of the Financial Statements

| | Note | Transactions during the year | Outstanding Balance Trade Receivables | Outstanding Balance Other Assets | Outstanding Balance Trade Payables | Terms | Condition |
|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | |
| **Ultimate Parent** | | | | | | | |
| Brand Equity | b | P3,440,732 | P - | P - | P3,440,732 | 30-day; non-interest bearing | Unsecured, not impaired |
| **Intermediate Parent** | | | | | | | |
| Sales | a | 3,761,098,405 | 794,827,472 | 105,218,074 | 370,997,557 | 30-day; non-interest bearing | Unsecured, unimpaired |
| Volume Discount | a | 50,655,868 | - | - | 39,054,033 | - | - |
| Purchase | a | 113,731,731 | - | - | - | - | - |
| Direct Cost | | 429,609,603 | - | - | - | - | - |
| Management cost | d | 28,689,160 | - | - | - | - | - |
| **Parent Company** | | | | | | | |
| Sales | a | 26,320,662 | 4,019,074 | 1,734,585 | 17,333,542 | 30-day; non-interest bearing | Unsecured, not impaired |
| Volume Discount | | (1,070,634) | - | - | 126,550 | | |
| Management cost | c | 18,210,018 | - | - | - | - | - |
| Purchase | | - | - | - | - | - | - |
| Direct cost | a | - | | | | | |
| Dividend Declaration | | 260,000,000 | - | - | - | - | - |
| **Fellow Subsidiaries** | | | | | | | |
| Sales | a | 174,661,345 | 12,563,801 | 1,189,770 | 23,752,767 | 30-day; non-interest bearing | Unsecured, not impaired |
| Volume Discount | a | 1,539 | - | - | 1,457 | - | - |
| Purchases | a | 7,102,927 | - | - | - | | |
| Direct Cost | | 51,783,953 | - | - | - | - | - |
| Dividend Income | | 75 | - | - | - | - | - |
| Other Group of Companies | | - | - | - | - | | |
| Purchases | | - | - | - | - | - | - |
| | | | P811,410,347 | P108,142,429 | P454,706,638 | | |

a. Sales to related parties were made at the Company's usual list prices. Purchases and direct cost-intercompany charges, representing subcontract costs for employee-related costs recoveries and reimbursements, were made at market price discounted to reflect the services purchased and the relationships between the parties. Sale of services is net of volume discount amounting to P77.17 million and P49.59 million in 2023 and 2022, respectively.

   Contract assets amounting to P9.83 million and P20.32 million are recognized from the Intermediate Parent as at 2023 and 2022, respectively.

b. On December 23, 2009, the BOD approved the subscription of the Company to Tata Brand Equity & Business Promotion Scheme (Scheme) and authorized its intermediate parent company, Tata Consultancy Services Limited, to enter into a Brand Equity and Business Promotion Agreement through its authorized signatories with Ultimate parent company Tata Sons Limited, on behalf of the Company, towards the Company's subscription to the Scheme. Total fees charged to the Company amounted to P5.33 million and P3.44 million in 2023 and 2022, respectively (see Note 17).

c. The Company's Parent Company has allocated its management cost to all its Asia Pacific subsidiaries. The management cost is allocated based on time spent of management personnel for respective subsidiaries. Total charges allocated to the Company amounted to P23.69 million and P18.21 million in 2023 and 2022, respectively (see Note 17).

d. On April 1, 2013, the Company and its Intermediate parent signed an agreement for General Services and Cost Sharing. The Company is a subsidiary company of Tata Consultancy Services Limited, a group of companies (the "TCS group"), that is engaged in business of promoting, marketing, designing, developing, delivering, maintaining information technology services and products and delivery of information technology-enabled services. The Corporate Office of Tata Consultancy Services Limited ("TCS-HQ") raises charges on various subsidiaries distributing the expenses incurred by TCS-HQ comprising cost towards staffing and support activities and other support functions which has been provided by TCS-HQ and which can reasonably be allocated to subsidiaries. The Company hereby recognizes the efficiency and acknowledges benefit of the said referred services since services are not locally performed within the Philippines. Total management cost allocated to the Company amounted to P48.13 million and P28.69 million in 2023 and 2022, respectively (see Note 17).

**Remuneration of Key Management Personnel**

The remuneration of the key management personnel of the Company consists of short-term benefits amounting to P17.80 million and P14.96 million in 2023 and 2022, respectively.

## 20. INCOME TAXES

The Company's income tax expense represents current tax expense amounting to P69.96 million and P52.04 million in 2023 and 2022, respectively.

The reconciliation of the income tax expense computed at the statutory tax rate of 5% and the income tax expense shown in profit or loss is as follows:

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Income before income tax | **P618,395,991** | P434,825,527 |
| Income tax at statutory rate | **P30,919,800** | P21,741,276 |
| Income subject to 25% in ordinary tax | **850,327** | - |
| Additions to (reductions in) income: | - | - |
| Tax resulting from the tax effects of: | | |
| Non-deductible expenses | **38,206,713** | 28,178,603 |
| Prior Period Adjustment | **-** | 2,136,244 |
| Income subject to final tax | **(17,437)** | (18,705) |
| **Income tax expense** | **P69,959,403** | P52,037,418 |

As at March 31, 2023 and 2022, the gross amount of the Company's unrecognized deferred tax assets on retirement benefit obligations amounted to P31.94 million and P26.09 million as of March 31, 2023 and 2022, respectively, on accrued bonuses amounted to P59.71 million and P29.36 million as of March 31, 2023 and 2022, respectively and on accrued leave amounted to P32.78 million and P29.27 million as of March 31, 2023 and 2022, respectively.

Management believes it is not probable that future taxable profits from the Company's non-PEZA-registered and PEZA-registered activities will be available against which the Company can utilize the benefits from retirement benefit obligation, bonus and leave liability. As a result, the Company has not recognized the deferred tax assets on retirement benefit obligation, accrued bonus and leave.

The Fiscal Incentives Regulatory Board (FIRB) issued FIRB Resolution No. 017-22 for Registered Business Enterprises (RBEs) in IT-BPM sector allowing the Investment Promotion Agencies (IPAs) to continue implementing the work from home (WFH) arrangement without adversely affecting the fiscal incentives under the CREATE Act from April 1, 2022 until September 12, 2022 only. The number of employees under the WFH arrangement shall not exceed thirty percent (30%) of the total workforce of the RBE, while the remaining seventy percent (70%) of the total workforce shall render work or service within the geographical boundaries of the ecozone of freeport being administered by the IPA with which the project/activity is registered. The Company has exceeded the threshold which were subjected to regular income tax of 25% covering the period from April 1 to June 30, 2022 only.



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## 21. LEASES

The Company has entered into lease agreements with third parties in respect of the leases of office building spaces ranging from five to six years, renewable at the option of the lessee. The rent is payable monthly with an escalation rate ranging from 5% to 6% on the subsequent years. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

**Right-of-Use Assets**

The details of the right-of-use assets held by the Company is as follows:

| | Additions for the Year Ended March 31, 2023 | Deletion for the Year Ended March 31, 2023 | Net Carrying Amount as at March 31, 2023 |
|---|---|---|---|
| Building | **P228,108,696** | **P -** | **P678,707,380** |
| Building - Security Deposit | **2,842,948** | **-** | **7,115,040** |
| **Total** | **P230,951,644** | **P -** | **P685,822,420** |

| | Additions for the Year Ended March 31, 2022 | Deletion for the Year Ended March 31, 2022 | Net Carrying Amount as at March 31, 2022 |
|---|---|---|---|
| Building | P236,594,842 | P - | P725,759,503 |
| Building - Security Deposit | 2,052,177 | - | 7,197,294 |
| **Total** | P238,647,019 | P - | P732,956,797 |

Amortization on right-of-use asset is as follows:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Building | **P275,160,819** | P258,079,561 |
| Building - Security Deposit | **P2,925,202** | 2,774,285 |
| **Total** | **P278,086,021** | P260,853,846 |

Amortization of right-of-use assets charges to cost of services amounted to P278.09 million and P260.83 million in March 31, 2023 and 2022 respectively..

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Lease Liabilities** | | |
| Balance at April 1 | **P765,976,072** | P788,072,923 |
| Payments made | **(318,105,649)** | (309,968,677) |
| Interest charge for the year | **49,549,533** | 51,276,985 |
| Additions to lease liabilities | **238,686,836** | 236,594,841 |
| **Balance at March 31** | **P736,106,792** | P765,976,072 |

Total cash outflow for leases is P318.10 million and P309.97 million for the year ended March 31, 2023 and 2022, respectively.

**Other Leases**

The Company applied the recognition exemption for right-of-use asset and lease liability on various short-term leases. Rental expense incurred on these lease agreements amounted to P1.19 million and P4.87 million in March 31, 2023 and 2022 respectively (see notes 16 and 17).

**Security Deposits**

Total deposits made on these lease agreements amounted to P80.15 million and P78.66 million as at March 31, 2023 and 2022 (see Notes 7 and 10). Total advance rent amounted to 11.02 million and Nil as at March 31, 2023 and 2022, respectively (see Notes 7 and 10).

Interest income recognized in the statements of comprehensive income amounted to P2.89 million and P2.78 million in 2023 and 2022, respectively.

At the end of each reporting period, the Company had outstanding commitments for future minimum rentals payable under these lease agreements as follows:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Not later than one year | **P321,495,340** | P269,856,264 |
| Later than one year but not later than five years | **471,707,955** | 570,858,991 |
| | **P793,203,295** | P840,715,255 |

All additions, alteration and improvements made on the leased office units at Bench Tower and Panorama by the lessee (except movable furniture and fixtures, equipment, appliances, electronic items and others) installed at the lessee's expense and removable without damaging the leased office units and the premises, shall become the lessor's property upon the termination of the contract or its extension, without any obligation on the lessor's part to reimburse the lessee for the value thereof.

Should the lessor decide, at its sole discretion, that it does not wish to retain any of the said additions, alterations and improvements, it shall so advise the lessee at least 60 days prior to the termination of the Contract, and the lessee hereby undertakes to remove such additions, alterations and improvements from the leased office units at its sole expense.

Said obligation is considered contingent since the existence will be confirmed only by the occurrence or non-occurrence of an uncertain future event, i.e., lessor's decision prior to termination of contract.

## 22. REGISTRATION WITH PHILIPPINE ECONOMIC ZONE AUTHORITY AND PHILIPPINE BOARD OF INVESTMENTS

As discussed in Note 1, the Company was registered with PEZA to set up an I.T.-enabled facility to perform information technology outsourcing services and BPO to all types of enterprises, organizations, entities and companies at the E-Square Information Technology Park, Bonifacio Global City, Taguig City. As a registered enterprise, the Company's project shall be entitled to incentives granted to non-pioneer projects under R.A. 7916 (The Special Economic Zone Act of 2005), as amended, and the PEZA IT. Guidelines.

Incentives include the following:

a. Corporate Income Tax Holiday (ITH) for four (4) years for original project effective on the committed date of start of commercial operations, or the actual date of start of commercial operations, whichever is earlier; ITH entitlement for the original project can also be extended for another three (3) years provided specific criteria are met for each additional year and prior PEZA approval is obtained; duly approved and registered "Expansion" and "New" projects are entitled to a three-year and four-year ITH, respectively;

b. Tax and duty-free importation of merchandise which include raw materials, capital equipment, machineries, and spare parts;

c. Exemption from wharfage dues and export tax, impost, or fees;

d. VAT zero-rating of local purchases subject to compliance with Bureau of Internal Revenue (BIR) and PEZA requirements; and

e. Exemption from payment of any and all local government imposts, fees, licenses or taxes except real estate tax; however, machinery installed and operated in the ecozone for manufacturing, processing or for industrial purposes shall not be subject to payment of real estate taxes for the first three years of operation of such machineries; production equipment not attached to real estate shall be exempt from real property taxes.

## Notes forming part of the Financial Statements

At the end of ITH, the following incentives shall apply:

a. The Company shall pay a 5% final tax on gross income, in lieu of all national and local taxes.

b. Additional deduction for training expenses (1/2 of value) against the 5% tax on gross income earned, but not to exceed 3%, subject to guidelines to be formulated by PEZA in coordination with the Department of Labor and Employment and the Department of Finance.

The 9th Floor of Entec2 Building, IT Services and Processing Outsourcing was under ITH until August 2019 and obtained an extension until August 2021. The 8th Floor of Entec2 Building, IT Services and Processing Outsourcing was under ITH until August 2021.

The Company was registered with PEZA to set up an I.T.-enabled facility to perform information technology outsourcing services and BPO to all types of enterprises, organizations, entities and companies at the E-Square Information Technology Park, Bonifacio Global City, Taguig City. As a registered enterprise, the Company's project shall be entitled to incentives granted to non-pioneer projects under R.A. 7916 (The Special Economic Zone Act of 2005), as amended, and the PEZA IT. Guidelines.

Incentives include the following:

As discussed in Note 1, the Company was concurrently registered with the Philippine Board of Investments (BOI) under Executive Order No. 226 (Omnibus Investment Code of 1987), as amended, Title XIII of the National Internal Revenue Code of 1997, as amended by Republic Act No. 11534, or the CREATE Act, and the Fiscal Incentives Review Board Resolution No. 026-22. As a registered enterprise, the Company's project shall be entitled to the remaining incentives and subject to the representations and commitments set forth in its application for registration with PEZA, the provisions of the above-cited law, the rules and regulations promulgated thereunder, and the terms and conditions with PEZA and its Registrations or Supplemental Agreement. PEZA shall monitor the registered project's compliance thereof and administer the availment of remaining incentives.

Incentives include the following until 11 April 2031:

a. Five (5%) tax on Gross Income Earned

b. Duty Exemption

c. VAT Exemption and Zero Rating.

### 23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Company's financial assets and financial liabilities are shown below:

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial Assets** | | | | |
| Cash and cash equivalents | **P490,085,081** | **P490,085,081** | P370,499,151 | P370,499,151 |
| Trade receivables | **1,815,614,385** | **1,815,614,385** | 1,309,072,184 | 1,309,072,184 |
| Refundable deposits | **80,151,647** | **80,151,647** | 78,661,480 | 78,661,480 |
| | **P2,385,851,113** | **P2,385,851,113** | P1,758,232,815 | P1,758,232,815 |
| **Financial Liabilities** | | | | |
| Trade and other payables* | **P1,358,397,629** | **P1,358,397,629** | P920,440,754 | P920,440,754 |
| Lease liabilities | **736,106,792** | **736,106,792** | 765,976,074 | 765,976,074 |
| | **P2,094,504,421** | **P2,094,504,421** | P1,686,416,828 | P1,686,416,828 |

** Excluding non-financial instruments amounting to P451.49 million and P395.21 million as at March 31, 2023 and 2022, respectively.*

The difference between the carrying amount of the trade and other payables disclosed in the statements of financial position and the amount disclosed in this note pertains to government payables, provisions and deferred revenues that are not considered as financial liabilities.



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Due to the short-term maturities of cash, trade receivables, other receivables, current refundable deposits and trade and other payables, their carrying amounts approximate their fair values.

The fair value of noncurrent refundable deposits cannot be measured reliably since there were no comparable market data and inputs for the sources of fair value such as discounted cash flow analysis. However, Management believes that their carrying amounts approximate their fair values. Fair value measurement of lease liabilities is not required.

## 24. FINANCIAL RISK MANAGEMENT

### Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks such as market risks (including foreign exchange risk and interest rate risk), credit risk and liquidity risk The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below:

### Market Risk

Market risk refers to the possibility that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's profit or the value of its holdings of financial instruments. The Company focuses on two market risk areas such as interest rate risk and foreign currency risk. The objective and management of these risks are discussed below:

### Foreign Exchange Risk

Foreign exchange risk arises when an investment's value changed due to changes in currency exchange rate. The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions other than the functional currency. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Significant fluctuation in the exchange rates could significantly affect the Company's financial position. The exposure is managed partly by natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies. The Company kept its foreign currency transaction at a minimum to minimize the effect of foreign currency fluctuations.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and their Philippine peso equivalents at the end of each reporting period are as follows:

| | | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | Currency | Currency Amount | PHP | Currency Amount | PHP |
| **Financial Assets** | | | | | |
| **Cash** | USD | **5,000,115** | **271,848,811** | 1,306,516 | 67,618,076 |
| | AUD | **7,348** | **266,798** | 6,488 | 251,049 |
| | | | **272,115,609** | | 67,869,125 |
| **Trade receivables** | USD | **21,411,196** | **1,164,073,172** | 14,396,107 | 745,070,601 |
| | GBP | **2,975,155** | **199,941,309** | 2,396,168 | 162,805,100 |
| | AUD | **3,387,493** | **122,988,402** | 3,669,634 | 142,004,629 |
| | EUR | **360,565** | **21,322,203** | (54,919) | (3,165,495) |
| | MYR | **208,050** | **2,563,145** | 14,440 | 177,672 |
| | AED | **-** | **-** | 5,552 | 78,230 |
| | KRW | **5,821,442** | **243,115** | 15,896,222 | 678,864 |
| | SGD | **(21,009)** | **(858,914)** | (21,009) | (803,027) |
| | CAD | **57,108** | **2,290,358** | - | - |
| | | | **1,512,562,790** | | 1,046,846,574 |

## Notes forming part of the Financial Statements

| | Currency | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | | Currency Amount | PHP | Currency Amount | PHP |
| **Financial Liabilities** | | | | | |
| **Trade and other payables** | USD | **4,098,007** | **223,542,456** | 2,628,884 | 136,574,606 |
| | EUR | **48,017** | **2,839,527** | 5,463 | 314,897 |
| | INR | **13,543,009** | **8,953,879** | 7,179,224 | 4,908,572 |
| | GBP | **80,645** | **5,419,670** | 209,005 | 14,200,653 |
| | AUD | **149,837** | **5,440,065** | (97,403) | (3,769,232) |
| | | | **246,195,597** | | 152,229,496 |
| | | | **1,538,482,802** | | 962,486,203 |

Foreign exchange rates as at March 31 are shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Closing exchange rate:** | | |
| USD | **54.37** | 51.75 |
| AUD | **36.31** | 38.70 |
| GBP | **67.20** | 67.94 |
| INR | **0.66** | 0.68 |
| EUR | **59.14** | 57.64 |
| MYR | **12.32** | 12.30 |
| AED | **14.80** | 14.09 |
| KRW | **0.04** | 0.04 |
| SGD | **40.88** | 38.22 |
| CAD | **40.11** | 41.33 |

The sensitivity rate used in reporting foreign currency risk internally to key management personnel is 10% and it represents Management's assessment of the reasonably 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 10% in foreign currency rates. The sensitivity analysis includes all the Company's foreign currency denominated monetary assets and liabilities.

The table below details the Company's sensitivity to a 10% increase and decrease in the Philippine Peso against the relevant foreign currencies. The sensitivity rate used reporting foreign currency risk internally to key management personnel is 10% and it represents Management's assessment of the reasonably 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 10% in foreign currency rates. The sensitivity analysis includes all the Company's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase in profit when the Philippine Peso strengthens 10% against the relevant currency. For a 10% weakening of the Philippine Peso against the relevant currency, there would be an equal and opposite impact on the profit and the balances below would be negative.

| | March 31, 2023 | |
|---|---|---|
| | Effect on Income before Income Tax | |
| | 10% Increase in the Exchange Rate | 10% Decrease in the Exchange Rate |
| USD | **121,237,953** | **(121,237,953)** |
| GBP | **19,452,164** | **(19,452,164)** |
| SGD | **(85,891)** | **85,891** |
| AUD | **11,781,513** | **(11,781,513)** |
| INR | **(895,388)** | **895,388** |
| MYR | **256,314** | **(256,314)** |
| EUR | **1,848,268** | **(1,848,268)** |
| AED | **-** | **-** |
| KRW | **24,312** | **(24,312)** |
| CAD | **229,036** | **(229,036)** |
| | **153,848,281** | **(153,848,281)** |

| | March 31, 2022 | |
|---|---|---|
| | Effect on Income before Income Tax | |
| | 10% Increase in the Exchange Rate | 10% Decrease in the Exchange Rate |
| USD | 67,611,408 | (67,611,408) |
| GBP | 14,860,444 | (14,860,444) |
| SGD | (80,302) | 80,302 |
| AUD | 14,602,490 | (14,602,490) |
| INR | (490,857) | 490,857 |
| MYR | 17,767 | (17,767) |
| EUR | (348,039) | 348,039 |
| AED | 7,823 | (7,823) |
| KRW | 67,886 | (67,886) |
| | 96,248,620 | (96,248,620) |

Management does not foresee or expect any significant change in its foreign currency risk exposures or in the strategies it employs to manage them soon.

**Interest Rate Risk**

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest.

The primary source of the Company interest rate risk relates to cash in banks. The interest rates on these assets are disclosed in Note 5 to the financial statements.

The cash in banks are short-term in nature and with the current interest rate level, any variation in the interest will not have a material impact on profit or loss of the Company.

## Notes forming part of the Financial Statements

### Credit Risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, when appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The following table presents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Cash in banks | 5 | **P200,336,331** | P125,100,191 |
| Cash equivalents | 5 | **289,653,750** | 245,000,000 |
| Trade receivables | 6 | **1,815,614,385** | 1,309,072,184 |
| Refundable deposits | 7, 10, 23 | **80,151,647** | 78,661,480 |
| | | **P2,385,756,113** | P1,757,833,855 |

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

As at March 31, 2023 and 2022, the aging analysis of the Company's financial assets is as follows:

| | Neither Past Due nor Impaired | Past Due Account but not Impaired | | | | Impaired Financial Assets | Total |
|---|---|---|---|---|---|---|---|
| | | 1-90 Days Past Due | 91-180 Days Past Due | 181-270 Days Past Due | Over 271 Days Past Due | | |
| **2023** | | | | | | | |
| Cash in banks | **P200,336,331** | **P -** | **P -** | **P -** | **P -** | **P -** | **P200,336,331** |
| Cash equivalents | **289,653,750** | **-** | **-** | **-** | **-** | **-** | **289,653,750** |
| Trade receivables | **1,815,614,385** | **-** | **-** | **-** | **-** | **-** | **1,815,614,385** |
| Refundable deposits | **80,151,647** | **-** | **-** | **-** | **-** | **-** | **80,151,647** |
| | **P2,385,756,113** | **P -** | **P -** | **P -** | **P -** | **P -** | **2,385,756,113** |

| | Neither Past Due nor Impaired | Past Due Account but not Impaired | | | | Impaired Financial Assets | Total |
|---|---|---|---|---|---|---|---|
| | | 1-90 Days Past Due | 91-180 Days Past Due | 181-270 Days Past Due | Over 271 Days Past Due | | |
| 2022 | | | | | | | |
| Cash in banks | P125,100,191 | P - | P - | P - | P - | P - | P125,100,191 |
| Cash equivalents | 245,000,000 | - | - | - | - | - | 245,000,000 |
| Trade receivables | 1,309,063,606 | - | - | - | - | 8,578 | 1,309,072,184 |
| Refundable deposits | 78,661,480 | - | - | - | - | - | 78,661,480 |
| | P1,757,825,277 | P - | P - | P - | P - | P8,578 | P1,757,833,855 |

The Company provided an allowance on past due account that believed to be impaired. Management believes that there is no change in the credit quality of financial assets from the date credit was initially granted up to the end of each reporting period.

The table below details the credit quality of the Company neither past due nor impaired financial assets:

| | Neither Past Due nor Impaired | | |
|---|---|---|---|
| | **High Grade** | **Satisfactory Grade** | **Total** |
| **2023** | | | |
| Cash in banks | **P200,336,331** | **P -** | **P200,336,331** |
| Cash equivalents | **289,653,750** | **-** | **289,653,750** |
| Trade receivables | **1,815,614,385** | **-** | **1,815,614,385** |
| Refundable deposits | **-** | **80,151,647** | **80,151,647** |
| | **P2,305,604,466** | **P80,151,647** | **P2,385,756,113** |

| | Neither Past Due nor Impaired | | |
|---|---|---|---|
| | High Grade | Satisfactory Grade | Total |
| 2022 | | | |
| Cash in banks | P125,100,191 | P - | P125,100,191 |
| Cash equivalents | 245,000,000 | - | 245,000,000 |
| Trade receivables | 1,309,063,606 | - | 1,309,063,606 |
| Refundable deposits | - | 78,661,480 | 78,661,480 |
| | P1,679,163,797 | P78,661,480 | P1,757,825,277 |

The Company uses internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary rating below.

*High Grade* - This applies to highly rated financial obligors, strong corporate counterparties, and personal borrowers with whom the Company has excellent repayment experience.

*Satisfactory Grade* - This applies to financial assets that are performing as expected, including loans and advances to small and medium sized entities and recently established businesses.

*Acceptable Grade* - This applies to counterparties with risk profiles that are subject to closer monitoring and scrutiny with the objective of managing risk and moving accounts to improved rating category.

*Low Grade* - This applies to risks that is neither past due nor expected to result in loss but where the Company requires a workout of the relationship unless an early reduction in risk is achievable.

*Cash in Banks and Cash Equivalents*

Cash in banks and cash equivalents are held with counterparties with high external credit ratings. The credit quality of these financial assets is high grade. Impairment on cash in banks and cash equivalents have been measured on a 12-month ECL basis and reflects the short maturities of the exposures. The Company considers that its cash in banks and cash equivalents have low risk based on the external credit ratings of its counterparties.

*Trade Receivables*

The Company computes impairment loss on trade receivables based on past collection experiences, current circumstances, and the impact of future economic conditions, if any, available at the reporting period. Loss rates are based on actual credit loss experience. Any adjustments to the loss rates for forecasts of future economic conditions are not expected to be material. The Company applies the simplified approach in providing for ECL prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix. The maturity of the Company's trade receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

## Notes forming part of the Financial Statements

*Other Receivables and Refundable Deposits*

With respect to credit risk arising from other receivables and refundable deposits, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these financial assets. The Company trades only with reputable and recognized third parties.

*Liquidity Risk*

Liquidity risk is the possibility that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows. The Company maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity.

### 25. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders. The Company is governed by the following fundamental strategies:

a. The Company enters bank guarantee for some operational transactions.

b. It does not enter high risk security or equity investments. The Company's overall strategy remains unchanged from 2015.

The capital structure of the Company consists of equity attributable to the shareholders comprising of share capital and retained earnings.

Equity is defined as capital and retained earnings of the Company, while assets include current and noncurrent assets.

The Company's equity ratio is as follows:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Total equity | **P839,258,896** | P771,381,135 |
| Total assets | **3,586,217,450** | 3,026,100,156 |
| Equity ratio | **0.23:1** | 0.25:1 |

The Company has not externally imposed capital requirement. There was no change in the Company's approach to capital management for the years ended March 31, 2023 and 2022.

### 26. CONTINGENT LIABILITIES AND COMMITMENT

The Company has contractually committed P8.20 million and P15.60 million as at March 31, 2023 and 2022 respectively, for purchase of property, plant, and equipment. The company has given financial guarantees worth P47.94 million and P45.67 million as at March 31, 2023 and 2022, respectively.

The Company has contingent liability in respect of tax demand received from tax authority during the year of P165.26 million and P85.63 million as at March 31, 2023 and 2022, respectively. This demand order is being contested by the Company based on the management evaluation and advice of tax consultant.

## 27. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR) UNDER REVENUE REGULATIONS (RR) NO. 15-2010

In addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS. Following are the tax information required for the taxable period ended March 31, 2023:

### A. VAT

| | Amount |
|---|---|
| Output VAT | **P84,454,932** |
| Basis of the Output VAT | |
| Vatable sales | **P703,791,101** |
| Exempt sales | **-** |
| Zero-rated sales | **5,678,124,130** |
| | **P6,381,915,231** |

| | Amount |
|---|---|
| Input VAT | |
| Beginning of the year | **P9,268,854** |
| Current year's domestic purchases: | |
| Domestic purchases of goods other than capital goods | **47,828** |
| Purchase of capital goods exceeding 1 million | **9,116,544** |
| Purchase of capital goods not exceeding 1 million | **96,743** |
| Importation of goods other than capital goods | **-** |
| Domestic purchases of services | **24,794,713** |
| Total | **43,324,682** |
| Less: Input VAT applied the year | **(9,268,854)** |
| Balance at the end of the period | **P34,055,828** |

### B. Withholding Taxes

| | Amount |
|---|---|
| Withholding tax - compensation | **P414,379,375** |
| Withholding tax - expanded | **28,181,671** |
| Withholding tax - final | **76,754,139** |
| Fringe benefit tax | **1,444,696** |
| | **P520,759,881** |

## Notes forming part of the Financial Statements

### C. All Other Taxes (Local and National)

Details of the Company's other taxes and licenses and permits paid or accrued during 2023 are as follows:

| | Amount |
|---|---|
| **Charged to Cost of Services** | |
| PEZA processing fee for local sales, permit fees | **P4,713,852** |
| **Charged to General and Administrative Expenses** | |
| Permit fees, fringe benefit tax | **1,409,391** |
| | **P6,123,243** |

### D. As at March 31, 2023 the Company received Letter of Authority, Preliminary Assessment Notice, and Notice of Discrepancy

During the Fiscal year 2022-23, Company received a Formal Letter of Demand Notice from the Bureau of Internal Revenue covering fiscal year 2019, amount of P 183 Mn (Including Base Amount, Penalty & Interest) for deficiency taxes on Income Tax, Withholding Tax, Final Tax, Fringe Benefit Tax, Documentary Stamp Tax, Withholding Vat, Value-Added Tax. This demand order is being contested by the Company based on the management evaluation and advise of tax consultant.

On March 17, 2022, the Company received a Letter of Authority from the Bureau of Internal Revenue for Value-Added Tax covering fiscal year 2020. On March 21, 2023, a Preliminary Assessment Notice has been received amounting to P 4.812 Mn (including Base Amount, Penalty & Interest) for deficiency taxes on Value-Added Tax and Final Withholding Value-Added Tax. The Company submitted the response on April 4, 2023 opposing the proposed assessment and submitted further additional documentary evidences.

On September 30, 2022, the Company received from the Bureau of Internal Revenue an Audit Assessment Notice for Failure to Register Annual Books of Accounts covering the calendar year 2020 amounting to P0.05Mn. On October 5, 2022, the Company submitted the response refuting the proposed assessment and submitted documentary evidences.

On April 29, 2022, the Company received a Letter of Authority from the Bureau of Internal Revenue for all internal revenue taxes except Value-Added Tax covering fiscal year 2020. The Company submitted on December 19, 2022 books of accounts, documentary, and registration requirements. On March 20, 2023, a Notice of Discrepancy has been received amounting to P1,109.20 Mn (including Base Amount, Penalty & Interest). The Company submitted the response on April 19, 2023 opposing the proposed assessment and submitted further additional documentary evidences.

Information on amounts of customs duties, tariff fees and excise taxes are not applicable, since there is not transaction that the Company will be subjected to these taxes during the year.

# SCHEDULE OF RECONCILATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS OF MARCH 31, 2023

| | | Amount |
|---|---|---|
| **Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning** | | **P372,406,871** |
| **Add: Net income actually earned/realized during the period** | | |
| Net income during the period closed to Retained Earnings | P548,436,588 | |
| Less: Non-actual/unrealized income net of tax | | |
| Equity in net loss (income) of associate/joint venture | - | |
| Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents) | - | |
| Unrealized actuarial gain | - | |
| Fair value adjustments (M2M gains) | - | |
| Fair value adjustment of investment property resulting to gain | - | |
| Adjustment due to deviation from PFRS/GAAP-gain | - | |
| Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS | - | |
| Sub-total | 548,436,588 | |
| Add: Non-actual losses | | **-** |
| Depreciation on revaluation increment (after tax) | - | **-** |
| Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents) | 104,098 | **-** |
| Deferred tax expense | - | |
| Adjustment due to deviation from PFRSs/GAAP - loss | - | |
| Loss on fair value adjustment of investment property (after tax) | - | |
| **Net income actually earned during the period** | | **548,540,686** |
| Add (Less): | | |
| Dividend declarations paid during the period | | **(497,000,000)** |
| Reversal of Appropriations | | **100,000,000** |
| Issuance of shares through stock dividends | | **-** |
| Appropriations | | **(400,000,000)** |
| Effects of prior period adjustments | | **-** |
| Treasury shares | | **-** |
| **Total Retained Earnings, end available for dividend** | | **P123,947,557** |



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# Tata Consultancy Services Japan, Ltd

## ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the year ended**
**31 March 2023**

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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This is unofficial convenience translation of the Japanese original version.
If there is any discrepancy between the Japanese original and this translation, the Japanese original will always prevail.

# INDEPENDENT AUDITOR'S REPORT

May 10, 2023

**TO THE BOARD OF DIRECTORS OF**
**TATA CONSULTANCY SERVICES JAPAN, LTD**.

KPMG AZSA LLC Tokyo Office
Yasuhisa Yajima
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

## Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of Tata Consultancy Services Japan, Ltd. ("the Company") as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The other information comprises the business report and its supplementary schedules . Management is responsible for the preparation and presentation of the other information. Corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules 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 and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules 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 Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, 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, while the objective of the audit is not to express 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 auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

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

### Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(Translation)

## Balance Sheet as of March 31, 2023

(In Millions of Yen)

| Accounts | Amount | Accounts | Amount |
|---|---|---|---|
| **(ASSETS)** | | **(LIABILITIES)** | |
| **Current assets** | **29,186** | **Current liabilities** | **18,658** |
| Cash and deposits | 12,862 | Accounts payable-trade | 5,922 |
| Notes, Accounts receivable and Contract assets | 13,820 | Lease obligations | 406 |
| Merchandise | 194 | Accounts payable-other | 183 |
| Supplies | 7 | Accrued expenses | 2,567 |
| Prepaid expenses | 1,027 | Accrued income taxes | 1,968 |
| Guarantee deposits | 1,002 | Accrued consumption taxes | 1,358 |
| Provision for doubtful debts | (1) | Unearned revenue | 1,323 |
| Other current assets | 273 | Provision for bonuses | 3,533 |
| | | Provision for loss on contracts | 99 |
| | | Asset retirement obligations | 728 |
| **Non-current assets** | **18,146** | Other current liabilities | 566 |
| **Tangible fixed assets** | **1,875** | | |
| Buildings | 187 | **Non-current liabilities** | **1,355** |
| Tools, furniture and fixtures | 273 | Lease obligations | 1,085 |
| Leased assets | 1,340 | Provision for loss on contracts | 209 |
| Construction in progress | 73 | Asset retirement obligations | 56 |
| | | Other non-current liabilities | 3 |
| **Intangible fixed assets** | **119** | **Total Liabilities** | **20,013** |
| Software | 119 | **(EQUITY)** | |
| | | **Shareholders' equity** | **27,319** |
| | | **Common stock** | **4,327** |
| | | **Capital surplus** | **2,942** |
| **Investments and other assets** | **16,151** | Legal capital surplus | 2,352 |
| Long-term prepaid expenses | 234 | Other capital surplus | 590 |
| Guarantee deposits | 262 | **Retained earnings** | **20,048** |
| Long-term time deposits | 13,000 | Legal reserve | 58 |
| Deferred tax assets | 2,593 | Other retained earnings | 19,990 |
| Other non-current assets | 60 | Retained earnings brought forward | 19,990 |
| | | **Total Equity** | **27,319** |
| **Total Assets** | **47,332** | **Total Liabilities and Equity** | **47,332** |

(Amounts less than one million yen are rounded down)

**THE NOTES ON PAGES 29.7 TO 29.12 FORM PART OF THESE FINANCIAL STATEMENTS**

(Translation)

## Statement of Income from April 1, 2022 to March 31, 2023

(In Millions of Yen)

| Accounts | Amount | |
|---|---|---|
| **Net sales** | | 85,275 |
| **Cost of sales** | | 61,106 |
| **GROSS PROFIT** | | 24,168 |
| **Selling, general and administrative expenses** | | 16,428 |
| **OPERATING INCOME** | | **7,739** |
| **Non-operating income** | | |
| Foreign exchange gains | 181 | |
| Other income | 118 | 299 |
| **Non-operating expenses** | | |
| Interest expenses | 55 | 55 |
| Other expenses | 0 | |
| **ORDINARY INCOME** | | **7,984** |
| **Extraordinary loss** | | |
| Loss on sale of fixed assets | 2 | 2 |
| **INCOME BEFORE INCOME TAXES** | | **7,982** |
| **Income taxes-current** | 2,645 | |
| **Income taxes-deferred** | (148) | 2,496 |
| **NET INCOME** | | **5,485** |

(Amounts less than one million yen are rounded down)

**THE NOTES ON PAGES 29.7 TO 29.12 FORM PART OF THESE FINANCIAL STATEMENTS**

(Translation)

## Statement of Changes in Equity from April 1, 2022 to March 31, 2023

(In Millions of Yen)

| | Shareholders' Equity | | | | | | | | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Capital surplus | | | Retained earnings | | | Shareholders' Equity Total | |
| | | Legal capital suplus | Other capital surplus | Total | Legal reserve | Other retained earnings – Retained earnings brought forward | Total | | |
| **Balance as of April 1, 2022** | 4,327 | 2,352 | 590 | 2,942 | 58 | 16,494 | 16,552 | 23,822 | 23,822 |
| Changes during the period | | | | | | | | | |
| Dividends of surplus | | | | | | (1,989) | (1,989) | (1,989) | (1,989) |
| Net income | | | | | | 5,485 | 5,485 | 5,485 | 5,485 |
| Total Changes during the period | - | - | - | - | - | 3,496 | 3,496 | 3,496 | 3,496 |
| **Balance as of March 31, 2023** | 4,327 | 2,352 | 590 | 2,942 | 58 | 19,990 | 20,048 | 27,319 | 27,319 |

(Amounts less than one million yen are rounded down)

**THE NOTES ON PAGES 29.7 TO 29.12 FORM PART OF THESE FINANCIAL STATEMENTS**

(Translation)

## (Notes to Significant Accounting Policies)

### 1. VALUATION STANDARD AND METHOD OF INVENTORY (MERCHANDISE, SUPPLIES)

At cost determined by the specific identification method (The balance sheet amount has been determined at the lower of cost and net realizable value.)

### 2. DEPRECIATION METHOD OF FIXED ASSETS

**(1) Tangible fixed assets excluding leased assets:** Straight-line method:

Major useful lives are as follows:

| | |
|---|---|
| Buildings | 5-10 years |
| Tools, furniture and fixtures | 4-10 years |

**(2) Intangible fixed assets excluding leased assets**

Software

Internal use: Straight-line method over the anticipated useful period (2-7 years)

**(3) Leased assets**

Finance leases that do not transfer ownership of leased assets to the lessee:

Depreciation is computed using the straight-line method based on the lease term or the applicable useful life of an owned fixed asset, whichever is shorter, with a residual value of zero.

### 3. PROVISION

**(1) Provision for doubtful debts**

The Company provides for possible credit losses stemming from monetary claims and other receivables. Estimates of irrecoverable amounts are determined by considering historical loan-loss ratios for general receivables and on consideration of recoverable amounts on a case-by-case basis in instances of suspected bad debt or other dubious accounts.

**(2) Provision for bonuses**

Provision for bonuses is recorded based on estimated bonus payment amounts.

**(3) Provision for loss on contracts**

In anticipation of loss arising from contracts, the excess of estimated future cost over the order amount is recorded for which the loss is foreseeable and the amount can be reasonably estimated.

### 4. RECOGNITION OF REVENUES AND COSTS

For system integration contracts, etc., we assume an obligation to fulfill the provision of products and services in accordance with customer specifications, and as the obligation is satisfied over a certain period of time, revenue is recognized in accordance with the manner in which expenses are incurred (such as the progress measured as the ratio of actual costs to total estimated costs). With respect to maintenance and support service contracts, we have obligations to provide support services related to product maintenance and software development, etc., and because these obligations are fulfilled over a certain period of time, we recognize revenues based on a percentage of the total amount of goods or services transferred (the Output Method) or as time passes.

For products such as hardware equipment, revenue is recognized upon transfer of control because performance obligations are satisfied primarily when products are sold and the delivery to the customer is completed.

Transaction prices are measured based on the amount of consideration that the company expects to be entitled to in exchange for the transfer of promised goods or services to customers. The amount of consideration promised does not include important financial factors.

## Notes forming part of the Financial Statements

(Translation)

### 5. ACCOUNTING TREATMENT OF CONSUMPTION TAXES

Accounting treatment of consumption taxes is based on the tax exclusion method.

## (Notes on Accounting Estimates)

Items whose amounts are recorded in the financial statements for the current fiscal year based on accounting estimates and which may have a material impact on the financial statements for the following fiscal year are as follows.

Deferred tax assets 2,593 million yen

Provision for loss on order received 309 million yen

Information on important accounting estimates for identified items

The recognition of deferred tax assets takes into account the possibility that deductible temporary differences may be made available to taxable income in the future. In assessing the recoverability of deferred tax assets, the expected reversal of deferred tax liabilities, expected future taxable income and tax planning are taken into account.

Our company estimates deferred tax assets based on its past taxable income levels and future business plans for the periods in which deferred tax assets can be recognized and believes that the calculation is reasonable. However, the projections of future taxable income may change depending on market trends and economic conditions surrounding our company.

Please refer to (Notes on Items Related to Important Accounting Policies 3. Accounting Standard for the Provision (3) Reserve for Loss on Orders Received) for the accounting standard of the reserve for loss on orders received.

## (Notes to Changes in Accounting Policies)

**Application of Accounting Standard for Fair Value Measurement**

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ (Accounting Standards Board of Japan) Guidance No. 31, June 17, 2021. Hereafter referred to as the "Guidance on Accounting Standard for Fair Value Measurement") from the beginning of the fiscal year, and in accordance with the transitional measures set forth in Article 27-2 of Accounting Standard for Fair Value Measurement, it will apply the new accounting policy provided in the Guidance on Accounting Standard for Fair Value Measurement preopectively. This has no impact on the financial statements.

## (Notes to Balance Sheet)

### 1. Of notes receivable, accounts receivable and contract assets, the amounts of receivables and contract assets arising from contracts with customers are as follows, respectively:

| | |
|---|---|
| Notes receivable | 0 million yen |
| Accounts receivable | 12,059 million yen |
| Contract assets | 1,759 million yen |

### 2. Financial assets and liabilities from/to affiliates:

| | |
|---|---|
| Short-term financial assets | ¥ 1,627 million |
| Short-term financial liabilities | ¥ 3,577 million |

### 3. Accumulated depreciation of tangible fixed assets ¥ 5,434 million

The accumulated depreciation includes accumulated impairment losses.

# Notes forming part of the Financial Statements

(Translation)

## (Notes to Statement of Income)

### 1. Transactions with affiliates

**Operating transactions**

| | |
|---|---|
| Net sales | ¥ 15,844 million |
| Cost of sales | ¥ 17,571 million |
| Selling, general and administrative expenses | ¥ 1,215 million |

## (Notes to Statement of Changes in Equity)

### 1. Number of issued shares as of the end of the fiscal year

| | |
|---|---|
| Common Stock | 94,969 shares |

### 2. Dividends

(1) Payments of dividends

| Resolution | Type of shares | Source of dividends | Total amount of dividends (in Million Yen) | Dividends per share (in Yen) | Record date | Effective date |
|---|---|---|---|---|---|---|
| The Shareholders' Meeting on May 17, 2022 | Common stock | Retained earnings | 1,989 | 20,947 | March 31st 2022 | May 18th 2022 |

(2) Dividends for which the record date is in the year ended March 31, 2023, but for which the effective date is in the next fiscal year

During the shareholders' meeting in May 2023, resolution as follows is expected to be resolved:

| Resolution | Type of shares | Source of dividends | Total amount of dividends (in Million Yen) | Dividends per share (in Yen) | Record date | Effective date |
|---|---|---|---|---|---|---|
| **The Shareholders' Meeting on May 30, 2023** | **Common stock** | **Retained earnings** | **2,742** | **28,880** | **March 31st, 2023** | **May 31, 2023** |

## (Notes to Revenue Recognition)

Basic information to understand revenue

Is as follows Recognition of revenues and costs in [Notes to Significant Accounting Policies]

## Notes forming part of the Financial Statements

(Translation)

### [Notes to Tax Effect Accounting]

### Significant components of deferred tax assets and liabilities

**Deferred tax assets**

(In Millions of Yen)

| | |
|---|---|
| Provision for bonuses | 1,081 |
| Accrued expenses | 551 |
| Asset retirement obligation | 241 |
| Social security payable | 231 |
| Depreciation | 189 |
| Accrued enterprise taxes | 134 |
| Provision for loss on contracts | 94 |
| Long-term prepaid expenses | 60 |
| Accrued business establishment tax | 25 |
| Inventory write-down | 24 |
| Others | 10 |
| Deferred tax assets Subtotal | 2,647 |
| Valuation allowance | (24) |
| Deferred tax assets Total | 2,622 |

**Deferred tax liabilities**

| | |
|---|---|
| Asset retirement obligation (assets) | (29) |
| Deferred tax liabilities Total | (29) |

**Net deferred tax assets** 2,593

### (Notes to financial instruments)

#### Policy on financial instruments

The Company makes efforts to limit credit risk of customers affecting notes receivable and accounts receivable in line with the Risk Management Rule and Risk Management Practice Rule.

### (Notes to Transactions with Related Parties)

1. **Parent Company**

(In Millions of Yen)

| Attribute | Name | Voting Rights | Relationship | Transaction Details | Transaction Amount | Accounts | Ending balance |
|---|---|---|---|---|---|---|---|
| Parent | Tata Consultancy Services Limited | 66% indirectly owned | System Development consignment, Co-headed directors | Receiving of services | 17,516 | Accounts payable-trade | 3,261 |

Transaction terms and decision policies

(Note) Ordinary transaction terms are the same as those of other third parties.

## Notes forming part of the Financial Statements

(Translation)

**2. Affiliates**

(In Millions of Yen)

| Attribute | Name | Voting Rights | Relationship | Transaction Details | Transaction Amount | Accounts | Ending balance |
|---|---|---|---|---|---|---|---|
| Other affiliate | Mitsubishi Corporation | 34% directly owned | System Development Turnkey, Co-headed Directors | Net sales | 14,593 | Accounts receivable | 817 |

Transaction terms and decision policies

(Note) Ordinary transaction terms are the same as those of other third parties.

## (Notes to Per Share Information)

1. **Net assets per share** ¥ 287,662
2. **Net income per share** ¥ 57,760

## The 27th (FY2023) Supplementary Schedule From April 1, 2022 To March 31, 2023

### 1. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

(In Millions of Yen)

| Category | Asset type | Beginning book value | Increase for the period | Decrease for the period | Depreciation for the period | Ending book value | Accumulated depreciation | Ending acquisition cost |
|---|---|---|---|---|---|---|---|---|
| Tangible fixed assets | Buildings | 360 | 62 | 1 | 234 | 187 | 2,743 | 2,930 |
| | Tools, furniture and fixtures | 324 | 126 | 0 | 176 | 273 | 2,232 | 2,506 |
| | Leased assets | 238 | 1,370 | - | 267 | 1,340 | 458 | 1,799 |
| | Construction in progress | 2 | 73 | 2 | - | 73 | - | 73 |
| | **TOTAL** | **925** | **1,633** | **4** | **678** | **1,875** | **5,434** | **7,310** |
| Intangible fixed assets | Software | 124 | 68 | 0 | 73 | 119 | | |
| | Lease assets | 0 | - | 0 | 0 | - | | |
| | Software in progress | 0 | - | 0 | - | - | | |
| | **TOTAL** | **124** | **68** | **0** | **73** | **119** | | |

1. Increase in Leased Assets includes ¥ 1,353 million for Internal PC Replacement.
2. Accumulated depreciation of "Tools, furniture and fixtures" includes accumulated impairment loss of 1 million yen.

## Notes forming part of the Financial Statements

(Translation)

### 2. DETAILS OF PROVISIONS

(In Millions of Yen)

| Division | Beginning balance | Increase for the period | Decrease for the period | Ending balance |
|---|---|---|---|---|
| Provision for doubtful debts | 3 | 1 | 3 | 1 |
| Provision for bonuses | 3,408 | 3,533 | 3,408 | 3,533 |
| Provision for loss on contracts | 7 | 309 | 7 | 309 |

The basis for accounting and calculation is stated in "3. Provision" under "Notes to the Significant Accounting Policies".

### 3. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

(In Millions of Yen)

| Accounts | Amount |
|---|---|
| Employee salary | 7,568 |
| Employee retirement benefit expenses | 198 |
| Employee bonuses | 1,568 |
| Welfare benefits | 1,758 |
| Office expenses | 1,293 |
| Depreciation and amortization | 312 |
| Travel expenses | 178 |
| Entertainment | 35 |
| Office supplies | 15 |
| Information processing | 439 |
| Commissioned services | 477 |
| Tax and public charge | 526 |
| Advertising & publicity | 287 |
| Provision for doubtful debts | 0 |
| Others | 1,766 |
| **Total** | **16,428** |

# Tata Consultancy Services Italia S.r.l.

**Annual Report and Financial Statements**
**For the year ended**
**March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

# Unitary Report of the Board of Statutory Auditors to the shareholder

**To the Shareholders' Meeting of Tata Consultancy Services Italia S.r.l.**

## Introduction

On the basis of the mandate granted by the company Tata Consultancy Services Italia S.r.l. (hereinafter the "Company"), the Board of Statutory Auditors has performed in the year closing on March 31, 2023, both the functions provided for in Article 2403 et seq. of the Italian Civil Code and the statutory audit functions provided for in Article 2409-bis of the Italian Civil Code.

This unitary report includes in section A) the "Report of the independent auditor pursuant to Article 14 of Legislative Decree No. 39 of 27 January 2010" and in section B) the "Report pursuant to Article 2429, paragraph 2 of the Italian Civil Code".

It is recalled that the Board of Statutory Auditors was appointed by the ordinary shareholders' meeting of June 6, 2020, and it will remain in office until the approval of the Company's financial statements as at March 31, 2023; the statutory audit of the Company is also entrusted to the same.

The Board of Directors has made available the following documents approved on April 28,2023 relating to the financial statement at March 31, 2023: financial statements (Balance Sheet, Income Statement and Cash Flow Statement), explanatory note and Management report.

### A) Report of the independent auditor pursuant to Article 14 of Legislative Decree No. 39 of 27 January 2010

**Report on the financial statements**

***Opinion***

We have carried out the statutory audit on the Company's financial statements, consisting of the balance sheet as at March 31, 2023, the income statement, the cash flow statement for the year closing on that date and the explanatory notes.

In our opinion, the financial statements gives a true and fair view of the financial position of the Company at March 31, 2023 and the net income and the cash flow for the year ending on that date, in accordance with Italian legislation on the criteria for their preparation.

***Elements underlying the opinion***

We conducted our statutory audit in accordance with international auditing standards (ISA Italia). Our responsibilities pursuant to these principles are further described in the section Responsibility of the auditor for the financial statement of this report. We are independent of the Company in compliance with the rules and principles on ethics and independence applicable in the Italian legal system for auditing the financial statements.

We consider that the audit evidence obtained is sufficient and appropriate to provide our opinion.

***Responsibility of directors and Board of Statutory Auditors for the financial statements***

The directors are responsible for filing a financial statement that provides a true and fair view in accordance with Italian legislation governing its preparation and according to the terms provided for by the law, for such internal control necessary to enable the preparation of a financial statement free from material misstatements whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue operating as an operating entity and, in drafting the financial statements, for the appropriateness of the use of the assumption of business continuity, as well as for adequate disclosure in matter. The directors use the assumption of business continuity in the preparation of the financial statements unless they have assessed that the conditions for the liquidation of the Company or for the interruption of the activity exit or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for supervising, within the terms provided by law, the process of preparing the Company's financial disclosure.

### *Responsibility of the auditor for the financial statements*

Our objectives are the acquisition of reasonable assurance that the financial statements as a whole do not contain significant errors, due to fraud or unintentional behavior or events, and the issuance of an audit report that includes our opinion. Reasonable security means a high level of security which, however, does not provide the assurance that a financial audit carried out in accordance with ISA Italia international auditing standards will always identify a significant error, if this exists. Errors can result from fraud or unintentional behavior or events and they are considered significant if it can reasonably be expected that they, individually or as a whole, are able to influence the economic decisions made by the users on the basis of the financial statements.

As part of the financial audit carried out in accordance with ISA Italia international auditing standards, we have exercised professional judgment and maintained professional scepticism throughout the financial audit. Furthermore:

- we have identified and assessed the risks of material misstatement in the financial statements due to fraud or unintentional behavior or events; we have defined and performed audit procedures in response to these risks; we have acquired sufficient and appropriate audit evidence on which to base our judgment. The risk of not identifying a significant error due to fraud is higher than the risk of not identifying a significant error deriving from unintentional behavior or events, since fraud can imply the existence of collusion, falsification, intentional omission, misleading representations or forcing internal control;
- we have acquired an understanding of the internal control relevant for auditing purposes in order to define appropriate audit procedures in the circumstances and not to express an opinion on the effectiveness of the internal control of the company;
- we have assessed the appropriateness of the accounting principles used and the reasonableness of accounting estimates made by the directors, including the related disclosure;
- we have come to a conclusion on the appropriateness of the use by the directors of the assumption of business continuity and, considering the audit evidence, on the possible existence of significant uncertainty regarding events or circumstances that may give rise to significant doubts about the ability of the company to continue operating as an operating entity. In the presence of significant uncertainty, we are obliged to draw attention to the audit report on the related disclosures in the financial statements, or, if such disclosure is inadequate, to reflect this fact in the formulation of our opinion. Our conclusions are based on the audit evidence obtained up to the date of this report. However, subsequent events or circumstances may result in the Company ceasing to operate as an operating entity;
- we have assessed the presentation, structure and content of the financial statements as a whole, including the disclosure, and whether the financial statements represent the underlying transactions and events in order to provide a correct representation;
- we have communicated to the managers of the governance activities, identified at an appropriate level as required by the ISA Italia, among other aspects, the scope and timing planned for the audit and the significant results that emerged, including any significant deficiencies in the internal control identified during the financial audit.

### Report on other legislative and regulatory provisions

The directors are responsible for preparing the Company's management report as at March 31, 2023, including its consistency with the related annual financial statements and its compliance with the law.

We have followed the procedures required in auditing standard (ISA Italia) No. 720B in order to express an opinion on the consistency of the directors' report, which is the responsibility of directors, with the financial statements of the Company as at March 31 2023 and on compliance with the law, as well as to make a declaration on any significant errors.

In our opinion, the directors' report is consistent with the financial statements of the Company as at March 31, 2023 and it is prepared in accordance with the law.

With reference to the declaration pursuant to Article 14, paragraph 2, let. e), of Legislative Decree 39/2010, issued on the basis of the knowledge and understanding of the Company and the relative context acquired during the audit activities, we have nothing to report.

## B) Report on supervisory activities pursuant to Article 2429, paragraph 2, of the Italian Civil

During the financial statement as at March 31, 2023, our activity was inspired by the provisions of the law and the rules of conduct of the Board of Statutory Auditors issued by the National Council of Chartered Accountants and

Accounting Experts, in respect of which we carried out the self-assessment, with a positive result, for each member the Board of Statutory Auditors.

**B1) Supervisory activities pursuant to Article 2403 et seq. of the Italian Civil Code**

We've monitored compliance with the law and the bylaws and compliance with the principles of correct administration.

We have participated in the shareholders' meetings and the meetings of the board of directors, in relation to which, on the basis of the information available, we have not detected violations of the law and the bylaws, nor manifestly imprudent, risky transactions in potential conflict of interest or such as compromise the integrity of the company's assets.

We've acquired from the financial director, during the meetings held, information on the general performance of the management and its foreseeable evolution, as well as on the most significant transactions, due to their size or characteristics, carried out by the company and, on the basis of information acquired, we did not have particular observations to report.

We have acquired knowledge and supervised, as far as we are responsible, on the adequacy and functioning of the Company's organizational structure, also by collecting information from the heads of the departments and in this regard we have no particular observations to report.

We have acquired knowledge and supervised, as far as we are responsible, on the adequacy and functioning of the administrative-accounting system, as well as on the reliability of the latter to correctly represent the management facts, by obtaining information from the heads of the functions and the examination of company documents, and in this regard, we have no particular observations to report.

No complaints were received from the shareholders pursuant to Article 2408 of the Italian Civil Code.

During the year no opinions provided by the law were issued by the Board of Statutory Auditors.

During the course of the supervisory activity, as described above, no other significant facts emerged such as to be worthy of mention in this report.

**B2) Observations on the financial statements**

As far as we're aware, the administrative body has not departed from the provisions of law established at Article 2423, paragraph 4, of the Italian Civil Code. The results of the statutory audit of the financial statements performed by this Board are set out in Section A of this report.

**B3) Observations and proposals on the approval of the financial statements**

In view of the results of the activities performed by us, the Board of Statutory Auditors proposes to the shareholders' meeting to approve the financial statements at March 31, 2023, as prepared by the directors.

The Board of Statutory Auditors agrees with the proposed allocation of the operating result made by the directors in the explanatory notes.

Milan, May 8th, 2023
For the Board of Statutory Auditors
The Chairman - **Davide Attilio Rossetti**

## General information about the company

| Name | | ID Code |
|---|---|---|
| Company name: | : | TATA CONSULTANCY SERVICES ITALIA SRL a socio unico |
| Company site: | : | Corso Italia 1 20122 MILANO MI |
| Share capital: | : | 100,000 |
| Fully paid-in share capital: | : | yes |
| Registration Authority id code: | : | Milano |
| VAT number: | : | 04083450967 |
| Fiscal code: | : | 04083450967 |
| Registation number: | : | 1723756 |
| Legal form: | : | SOCIETA' A RESPONSABILITA' LIMITATA con socio unico |
| Activity Code: | : | 620200 Consulenza nel settore delle tecnologie dell'informatica |
| Company being wound up: | : | no |
| Company with a single shareholder: | : | yes |
| Company subject to the management and coordination of others: | : | yes |
| Name of the company or entity that exercises management and coordination: | : | TATA CONSULTANCY SERVICES NETHERLANDS BV |
| Belonging to a group: | : | yes |
| Name of the controlling entity: | : | TATA CONSULTANCY SERVICES LIMITED |
| Country of the controlling entity: | : | MUMBAI-INDIA |

## Income Statement (value and cost of production)

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Income statement (value and cost of production) | **-** | - |
| **A) Value of production** | **-** | - |
| 1) Revenues from sales and services | **44.525.765** | 45.577.231 |
| 5) Other income and revenues | **-** | - |
| Operating grants | **-** | 108.042 |
| Other | **428.913** | 246.225 |
| Total Other income and revenues | **428.913** | 354.267 |
| TOTAL VALUE OF PRODUCTION | **44.954.678** | 45.931.498 |
| **B) Costs of production** | | |
| 6) Raw, ancillary and consumable materials and goods for resale | **12.833** | 1.218 |
| 7) Services | **26.098.721** | 26.822.339 |
| 8) Use of third party assets | **1.941.376** | 1.973.719 |
| 9) personnel | **-** | - |
| a) wages and salaries | **12.300.069** | 10.913.249 |
| b) related salaries | **2.170.119** | 1.722.118 |
| c) severance | **558.064** | 435.652 |
| e) other costs | **439.602** | 428.051 |
| Total payroll and related costs | **15.467.854** | 13.499.070 |
| 10) depreciation, amortisation and write downs | **-** | - |
| b) depreciation of tangible fixed assets | **77.797** | 55.663 |
| Total Amortisation, depreciation and write-downs | **77.797** | 55.663 |
| 13) Other provisions | **117.795** | 0 |
| 14) Other operating expenses | **331.902** | 61.235 |
| TOTAL COST OF PRODUCTION | **44.048.278** | 42.413.244 |
| **Difference between value and cost of production (A - B)** | **906.400** | 3.518.254 |
| **C) Financial income and charges** | | |
| 16) other financial income | | |
| d) income other than the above | **-** | - |
| other | **45.899** | 511 |
| Total income other than the above | **45.899** | 511 |
| Total other financial income | **45.899** | 511 |
| 17) Interest and other financial expense | | |
| other | **2** | 0 |
| Total interest and other financial expense | **2** | 0 |
| 17-bis) Currency gains and losses | **25.248** | 51.641 |
| Total financial income and expense (15 + 16 - 17 + - 17-bis) | **71.145** | 52.152 |
| PRE-TAX RESULT (A - B + - C + - D) | **977.545** | 3.570.406 |
| **20) Income tax for the year, current, deferred and prepaid** | | |
| Current taxes | **1.006.392** | 1.737.941 |
| tax related to previous years | **28.072** | 0 |
| deferred and prepaid tax | **0** | (101.716) |
| TOTAL TAXES ON THE INCOME FOR THE YEAR | **1.034.464** | 1.636.225 |
| 21) PROFIT (LOSS) FOR THE YEAR | **(56.919)** | 1.934.181 |

## Balance sheet (mandatory scheme)

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| ASSETS | | |
| **B) Fixed assets** | **-** | - |
| II - Tangible fixed assets | **-** | - |
| 1) land and buildings | **-** | - |
| 2) plant and machinery | **-** | - |
| 3) industrial and commercial equipment | **-** | - |
| 4) other assets | **334.053** | 99.769 |
| 5) assets under construction and payments on account | **59.488** | - |
| Total tangible fixed assets | **393.541** | 99.769 |
| **Total fixed assets (B)** | **393.541** | 99.769 |
| **C) Current assets** | | |
| II - Receivables | | |
| 1) trade accounts | | |
| due within the following year | **12.322.266** | 11.302.976 |
| due beyond the following year | **-** | - |
| **Total trade accounts** | **12.322.266** | 11.302.976 |
| 2) due from subsidiary companies | | |
| due within the following year | **-** | - |
| due beyond the following year | **-** | - |
| **Total receivables due from subsidiary companies** | **-** | - |
| 3) due from associated companies | **-** | - |
| due within the following year | **-** | - |
| due beyond the following year | **-** | - |
| **Total receivables due from associated companies** | **-** | - |
| 4) due from parent companies | | |
| due within the following year | **1.582.899** | 2.343.063 |
| due beyond the following year | **-** | - |
| **Total receivables due from parent companies** | **1.582.899** | 2.343.063 |
| 5) receivables due from companies controlled by parent companies | | |
| due within the following year | **1.608.179** | 1.154.294 |
| due beyond the following year | **-** | - |
| **Total receivables paid by companies controlled by parent companies** | **1.608.179** | 1.154.294 |
| 5-b) tax receivables | | - |
| due within the following year | **874.618** | 624.401 |
| due beyond the following year | **0** | - |
| **Total receivables due from tax authorities** | **874.618** | 624.401 |

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| 5-c) prepaid tax | **255.717** | 259.197 |
| 5-d) other receivables | | |
| due within the following year | **8.630** | 5.473 |
| due beyond the following year | **185.022** | 157.737 |
| **Total receivables due from third parties** | **193.652** | 163.210 |
| **Total receivables** | **16.837.331** | 15.847.141 |
| IV - **Liquid funds** | | |
| 1) bank and post office deposits | **4.712.278** | 3.873.586 |
| 2) cheques | **-** | - |
| 3) cash and equivalents on hand | **-** | - |
| **Total liquid funds** | **4.712.278** | 3.873.586 |
| **Total current assets (C)** | **21.549.609** | 19.720.727 |
| **D) Accrued income and prepayments** | **365.797** | 136.249 |
| **TOTAL ASSETS** | **22.308.947** | 19.956.745 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| **A) Shareholders' equity** | **-** | - |
| I - Share capital | **100.000** | 100.000 |
| II - Share premium reserve | **-** | - |
| III - Revaluation reserves | **-** | - |
| IV - Legal reserve | **20.000** | 20.000 |
| V - Statutory reserves | **-** | - |
| VI - Other reserves, indicated separately | | |
| Extraordinary reserve | **-** | - |
| Reserves from exceptions as per art, 2423 Civil Code | **-** | - |
| Shares reserve of the parent entity | **-** | - |
| Investment revaluation reserve | **-** | - |
| Contributions for capital increase | **-** | - |
| Contributions for future capital increase | **-** | - |
| Contributions to capital account or to cover previous losses | **-** | - |
| Contributions to cover losses | **2.100.000** | 2.100.000 |
| Capital reduction reserve | **-** | - |
| Merger surplus reserve | **-** | - |
| Reserve from exchange gains not redeemed | **-** | - |
| Reserve from current profit adjustments | **-** | - |
| Miscellaneous other reserves | **3** | 1 |
| **Total other reserves** | **2.100.003** | 2.100.001 |
| VII - Reserve for hedging expected cash flow operations | **-** | - |
| VIII - Retained earnings (accumulated losses) | **6.429.624** | 4.495.443 |
| IX - Net profit (loss) for the year | **(56.919)** | 1.934.181 |
| Minimised loss for the year | **-** | - |
| X - Negative reserve for own portfolio shares | **-** | - |
| **Total shareholders' equity** | **8.592.708** | 8.649.625 |

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **B) Reserves for contingencies and other charges** | **-** | - |
| 1) pension and similar commitments | **-** | - |
| 2) taxation | **-** | - |
| 3) passive derivative financial instruments | **-** | - |
| 4) other | **117.516** | 0 |
| **Total reserves for contingencies and other charges** | **117.516** | 0 |
| **Total reserve for severance indemnities (TFR)** | **1.504.029** | 1.145.103 |
| **D) Payables** | | |
| 1) bonds | | |
| due within the following year | **-** | - |
| due beyond the following year | **-** | - |
| **Total bonds** | **-** | - |
| 2) convertible bonds | **-** | - |
| due within the following year | **-** | - |
| due beyond the following year | **-** | - |
| **Total convertible bonds** | **-** | - |
| 3) due to partners for financing | **-** | - |
| due within the following year | **-** | - |
| due beyond the following year | **-** | - |
| **Total payables due to partners for financing** | **-** | - |
| 4) due to banks | | |
| due within the following year | **-** | - |
| due beyond the following year | **-** | - |
| **Total payables due to banks** | **-** | - |
| 5) due to other providers of finance | **-** | - |
| due within the following year | **-** | - |
| due beyond the following year | **-** | - |
| **Total payables due to other providers of finance** | **-** | - |
| 6) **advances** | | |
| due within the following year | **994.847** | 1.019.146 |
| due beyond the following year | **-** | - |
| **Total advances** | **994.847** | 1.019.146 |
| 7) **trade accounts** | | |
| due within the following year | **2.231.469** | 1.788.108 |
| due beyond the following year | **-** | - |
| **Total trade accounts** | **2.231.469** | 1.788.108 |
| 8) payables represented by credit instruments | | |
| due within the following year | **-** | - |
| due beyond the following year | **-** | - |
| **Total payables represented by credit instruments** | **-** | - |

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| 9) due to subsidiary companies | | |
| due within the following year | **-** | - |
| due beyond the following year | **-** | - |
| **Total payables due to subsidiary companies** | **-** | - |
| 10) due to associated companies | **-** | - |
| due within the following year | **-** | - |
| due beyond the following year | **-** | - |
| **Total payables due to associated companies** | **-** | - |
| 11) due to parent companies | **-** | - |
| due within the following year | **5.695.226** | 4.095.109 |
| due beyond the following year | **-** | - |
| **Total payables due to parent companies** | **5.695.226** | 4.095.109 |
| 11-b) payables due to companies controlled by parent companies | **-** | - |
| due within the following year | **135.991** | 246.243 |
| due beyond the following year | **-** | - |
| **Total payables due to companies controlled by parent companies** | **135.991** | 246.243 |
| 12) due to tax authorities | | |
| due within the following year | **143.604** | 562.219 |
| due beyond the following year | **-** | - |
| **Total payables due to tax authorities** | **143.604** | 562.219 |
| 13) due to social security and welfare institutions | | |
| due within the following year | **277.842** | 215.337 |
| due beyond the following year | **-** | - |
| **Total payables due to social security and welfare institutions** | **277.842** | 215.337 |
| 14) other payables | | |
| due within the following year | **2.554.631** | 2.235.855 |
| due beyond the following year | **-** | - |
| **Total other payables** | **2.554.631** | 2.235.855 |
| **Total payables (D)** | **12.033.610** | 10.162.017 |
| **E) Accrued liabilities and deferred income** | **61.084** | - |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **22.308.947** | 19.956.745 |



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## Financial statement, indirect method

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Financial statement, indirect method** | | |
| A) Cash flows from current activities (indirect method) | | |
| Profit (loss) for the year | **(56.919)** | 1.934.181 |
| Income tax | **1.034.464** | 1.636.225 |
| Payable (receivable) interest | **(45.897)** | (511) |
| (Dividends) | **0** | 0 |
| (Capital gains)/Capital losses from business conveyance | **0** | 0 |
| 1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from conveyances. | **931.648** | 3.569.895 |
| Adjustments to non monetary items that were not offset in the net working capital. | | |
| Allocations to preserves | **117.795** | 0 |
| Fixed asset depreciation/amortisation | **77.797** | 55.663 |
| Write-downs for long-term value depreciation | **0** | 0 |
| Adjustments to financial assets and liabilities for derivative financial instruments that do not involve monetary transactions | **0** | 0 |
| Other adjustments to increase/(decrease) non-monetary items | **558.064** | 435.652 |
| **total adjustments for non-monetary items that were not offset in the net working capital** | **753.656** | 491.315 |
| 2) Cash flow before changing net working capital | **1.685.304** | 4.061.210 |
| Changes to the net working capital | | |
| Decrease/(increase) in inventory | **0** | 0 |
| Decrease/(increase) in payables to customers | **(1.019.290)** | (895.639) |
| Increase/(decrease) in trade payables | **443.361** | (467.480) |
| Increase/(decrease) from prepayments and accrued income | **(229.548)** | 44.258 |
| Increase/(decrease) from accruals and deferred income | **61.084** | (415.120) |
| Other decreases/(other increases) in net working capital | **1.585.778** | 1.034.442 |
| **Total changes to net working capital** | **841.385** | (699.539) |
| 3) Cash flow after changes to net working capital | **2.526.689** | 3.361.671 |
| Other adjustments | | |
| Interest received/(paid) | **45.897** | 511 |
| (Income tax paid) | **(1.162.910)** | (3.283.740) |
| Dividends received | **0** | 0 |
| (Use of reserves) | **(279)** | (71.198) |
| Other collections/(payments) | **(199.138)** | (279.385) |
| **Total other adjustments** | **(1.316.430)** | (3.633.812) |
| Cash flow from current activities | **1.210.259** | (272.141) |
| B) Cash flows from investments | | |
| Tangible fixed assets | | |
| (Investments) | **(371.569)** | (30.337) |
| Disposals | **0** | 0 |

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Intangible fixed assets | | |
| (Investments) | **0** | 0 |
| Disposals | **0** | 0 |
| Financial fixed assets | | |
| (Investments) | **0** | 0 |
| Disposals | **0** | 0 |
| Short term financial assets | | |
| (Investments) | **0** | 0 |
| Disposals | **0** | 0 |
| (Acquisition of branches of business net of liquid assets) | **0** | 0 |
| Transfer of branches of business net of liquid assets | **0** | 0 |
| Cash flows from investments (B) | **(371.569)** | (30.337) |
| C) Cash flows from financing activities | | |
| Loan capital | | |
| Increase/(decrease) in short term bank loans | **0** | 0 |
| New loans | **0** | 0 |
| (Loan repayments) | **0** | 0 |
| Equity | | |
| Capital increase payments | **0** | 0 |
| (Capital repayments) | **0** | 0 |
| Transfer/(purchase) of own shares | **0** | 0 |
| (Dividends and advances on dividends paid) | **2** | 0 |
| Cash flows from financing activities ( C) | **2** | 0 |
| Increase (decrease) in liquid assets (A ± B ± C) | **838.692** | (302.478) |
| Exchange rate effect on liquid assets | **0** | 0 |
| Liquid assets at the start of the year | | |
| Bank and post office deposits | **3.873.586** | 4.176.064 |
| Loans | **0** | 0 |
| Cash and valuables in hand | **0** | 0 |
| Total liquid assets at the start of the year | **3.873.586** | 4.176.064 |
| of which not freely available | **0** | 0 |
| Liquid assets at the end of the year | | |
| Bank and post office deposits | **4.712.278** | 3.873.586 |
| Loans | **0** | 0 |
| Cash and valuables in hand | **0** | 0 |
| Total liquid assets at the end of the year | **4.712.278** | 3.873.586 |
| of which not freely available | **0** | 0 |

# SUPPLEMENTARY NOTES, INITIAL PART PUBLISHING PRINCIPLES

## STRUCTURE AND CONTENTS OF THE FINANCIAL STATEMENTS

The financial statements for the financial year closed as of 31/03/2023, composed of the Balance Sheet, Income Statement and Notes correspond to the results of duly kept accounting entries and have been drawn up in accordance with the provisions of articles 2423 and 2423-bis of the Civil Code as well as in accordance with the accounting principles and accounting guidelines drawn up by the Italian Accounting Body (O.I.C.).

The financial statement has been drawn up on the basis of the company as a going concern.

It is structured in accordance with the provisions of articles 2424 and 2425 of the Civil Code according to the recitals set out by article 2423-ter. The Notes, which are an integral part of the Financial Statements, comply with the contents of articles 2427, 2427-bis and with all the other provisions that refer to them.

The entire document and all its related parts have been drawn up to give a fair and true picture of the company's assets and financial situation as well as of the operating results. It gives, where necessary, additional supplementary information for this purpose.

In accordance with the provisions of  Art. 2423, each item is presented with the amount of the corresponding item from the previous year.

Interested parties are referred to the contents of the Management Report as regards information related to the company's operating and financial trend, to relations and transactions with correlated parties as well as to important events which have taken place after closure of the financial year.

## ACCOUNTING PRINCIPLES

In accordance with the provisions of Art. 2423-bis of the Civil Code, following principles have been complied with while preparing the Financial Statements:

- prudential approach to entry assessment in accordance with the going-concern value and taking into account the substance of the transaction or arrangement;
- only profits actually achieved during the financial year are reported;
- proceeds and charges related to the financial year have been stated irrespective to their occurrence and payment;
- risks and losses accrued in the financial year are reported even if they became known after closure;
- sundry elements included in the various Financial Statements items have been assessed separately.

The assessment criteria provided for by art. 2426 of the Civil Code have been maintained unchanged compared to those used in the previous financial year.

The Financial Statements and these Notes have been drawn up in units of Euros.

### Applied evaluation criteria

The assessment criteria provided for by art. 2426 of the Civil Code have been applied when drawing up these Financial statements.

### Intangible fixed assets

Intangible fixed assets have been entered at their purchase or in-house production cost inclusive of directly allocated additional costs.

The relevant amounts are entered after deduction of depreciation expenses, calculated systematically using the rates indicated below and related to their residual possibility of use.

There have been no changes in depreciation rates from the previous financial year.

Pursuant to section 5) of Art. 2426, please note that there has been no distribution of dividends exceeding the total remaining reserves available to cover the total costs for start-up, expansion and development costs that have not been amortized.

Fixed assets with value at the date of closure of the financial year that is enduringly lower than the value as calculated above, have been entered at that lesser value; with the exception of goodwill, this has not been made in the following financial statements if the reasons for the adjustment made no longer exist.

**Tangible fixed assets**

Tangible fixed assets have been entered in the Financial Statements at their purchase or in-house production cost. This cost includes additional costs as well as directly allocated costs.

The related amounts are entered after deduction of depreciation expenses, calculated systematically using the rates indicated below and related to their residual possibility of use that takes into account the use, destination and economic-technical duration of the assets.

| Description | Applicable rates |
|---|---|
| Other assets: | |
| - Furniture | 20% |
| - Electronic office equipment | 25% |

There have been no changes in depreciation rates from the previous financial year.

Fixed assets with value at the date of closure of the financial year that is enduringly lower than the value as calculated above, have been entered at that lesser value; this has not been made in the following financial statements if the reasons for the adjustment made no longer exist.

**Receivables**

Receivables have been entered according to their presumed collection value by allocating specific allowances for bad debts to which a sum is annually allocated corresponding to the risk of non-collectability of the receivables recorded in the financial statements, related to debtor's general economic conditions, sector of business and place of origin.

The actual policy of the company is to allocate into the bad debts those receivables which last for more than 9 months.

**Liquid assets**

The item contains cash in hand both in Euro and in foreign currency, stamps and monetary reserves resulting from accounts held by the company with financing institutions, all expressed at their nominal values and explicitly converted into Italian currency when the accounts were in foreign currency.

**Accruals and deferrals**

Accruals and deferrals have been calculated according to the temporal accruals principle of accounting.

**Contingency funds for risks and charges**

These have been allocated to cover losses or liabilities of a specific nature, certain or probable to exist, but for which, at the closure of the financial year, it was not yet possible to determine the amount or the date of occurrence.

These funds were assessed by applying general criteria of prudence and accrual. No generic contingency funds for risks lacking economic justifications were created.

**Severance pay**

The severance pay fund corresponds to the Company's real commitment with each employee, calculated pursuant to existing laws and, in particular, to the provisions of art. 2120 of the Civil Code, to the collective labor agreements and to company's supplementary agreements.

This liability is subject to revaluation by applying indexes.

**Payables**

Payables are expressed at their nominal value and include, where applicable, interest come due and collectable at the date of closure of the financial year.

**Conversion criteria for values expressed in currency**

Receivables and payables originally expressed in foreign currency are converted into euros at the exchange rates at the date of occurrence. Exchange differences arising during payment of payables and collection of receivables in foreign currency are allocated to the Income Statement.

The existing receivables in currency at the end of the financial year have been converted into euros at the rate valid on the day of closure of the Financial Statement; profits and losses coming from the exchange have been entered in the Income Statement under the C.17-bis "Exchange profits/losses" item, allocating, if necessary, an amount equal to the net profits emerging from the algebraic sum of the values to net worth reserve that cannot be distributed until the time of collection.

As to the amount entered under C.17-bis item we clarify that the collected part of losses on exchanges is equal to euros 84.031, while that not collected profit is equal to euros 109.280.

**Recording of revenue and costs**

Income and proceeds are entered after deduction of returns, discounts and allowances as well as of taxes directly connected with sale of the products and lending of the services.

In particular:

- revenue for supply of services are calculated according to the actual supply of the service and in accordance with the relevant contracts. Revenue related to works in progress on order is calculated with the method of the percentage of completion of the works;
- costs are recorded according to the accruals principle of accounting;
- proceeds and financial charges are calculated according to the temporal accruals principle of accounting.

**Income taxes**

Financial year income taxes are allocated in accordance with the accruals principle of accounting and are calculated in accordance with existing laws and on the basis of the estimated taxable income. In the Balance Sheet the debt is indicated in the "Tax payables" item and the credit in the "Tax receivable" item.

We specify the following concerning detection of the fiscal effects caused by temporary differences between entry of economic items in the Financial Statements and the time they become fiscally important.

Deferred taxes were calculated according to the temporary taxable differences applying the tax rate valid at the moment these temporary differences will generate increases in the taxable base.

Assets for advanced taxes, in accordance with the prudence principle, were calculated on the deductible temporary differences applying the tax rate which is valid at the moment these differences generate a decrease in the taxable base, according to the principle of the reasonable certainty of the existence of future taxable bases sufficient to reabsorb the variations specified above.

The amount of advanced taxes is revised every year to check the existence of the reasonable certainty of having, in the future, fiscally taxable income sufficient to recover the entire amount of the advanced taxes.

The amount of deferred and advanced taxes is also subject to recalculation whenever there are changes in the taxation rates originally considered.

## Notes forming part of the Financial Statements

### SUPPLEMENTARY NOTES, ASSETS

**Fixed assets**

**Tangible fixed assets**

The following schedule illustrates the composition of tangible fixed assets and the variations that took place during the financial year.

(EUR)

| Financial year item | As at March 31, 2022 | Increases | Decreases | As at MARCH 31, 2023 |
|---|---|---|---|---|
| Other assets | 99.769 | 234.284 | - | 334.053 |
| - Electronic equipment | 99.769 | 234.284 | - | 334.053 |
| Fixed assets in progress and down payments | - | 59.488 | - | 59.488 |
| **Totals** | 99.769 | 293.772 | - | 393.541 |

Tangible fixed assets, after deduction of the depreciation fund, are equal to euros 393.541 (euros 99.769 at the end of the previous financial year).

**Changes in tangible fixed assets**

The following schedule illustrates the components that contributed to calculating the net book value of the Financial statements (art. 2427, point 2 of the Civil Code).

(EUR)

| | Land and buildings | Plant and machinery | Industrial and commercial equipment | Other tangible fixed assets | Tangible assets in process and advances | Total tangible fixed assets |
|---|---|---|---|---|---|---|
| **Year opening balance** | | | | | | |
| Cost | 0 | 0 | 0 | 391.801 | 0 | 391.801 |
| Amortisation (amortisation fund) | 0 | 0 | 0 | 292.032 | 0 | 292.032 |
| Balance sheet value | 0 | 0 | 0 | 99.769 | 0 | 99.769 |
| **Changes during the year** | | | | | | |
| Increases for purchases | 0 | 0 | 0 | 312.081 | 59.488 | 371.569 |
| Depreciation/amortisation for the year | 0 | 0 | 0 | 77.797 | 0 | 77.797 |
| **Total changes** | 0 | 0 | 0 | 234.284 | 59.488 | 293.772 |
| **Year closing balance** | | | | | | |
| Cost | 0 | 0 | 0 | 703.882 | 59.488 | 763.370 |
| Amortisation (amortisation fund) | 0 | 0 | 0 | 369.829 | 0 | 369.829 |
| Balance sheet value | 0 | 0 | 0 | 334.053 | 59.488 | 393.541 |

Following report shows the details of "Other goods" balance sheet item, indicating the movements relating to each component..

(EUR)

| Description | Furnitures | Electronic office machinery | Automobiles and motorcycles | Motor vehicles | Assets different from the above | Rounding off | Other tangible fixed assets balance |
|---|---|---|---|---|---|---|---|
| Historic cost | 1.573 | 390.228 | - | - | - | - | 391.801 |
| Previous financial year revaluations | - | - | - | - | - | | - |
| Initial depreciation fund | 1.573 | 290.459 | - | - | - | - | 292.032 |
| Financial year initial balance | - | 99.769 | - | - | - | - | 99.769 |
| Financial year purchases | - | 312.081 | - | - | - | - | 312.081 |
| Financial year depreciations | - | 77.797 | - | - | - | - | 77.797 |
| **Final balance** | - | 99.769 | - | - | - | - | 334.053 |

The increase in electronic office equipment of EUR 312.081 is composed of PCs used by engineers that became operational during the year.

**Fixed Assets in progress and down payments**

The fixed asstes in progress amounting to Euro 59.488 are mainly referred to PCs used by engineers, relates to the PCs which are not in use at the year end.

## CURRENT ASSETS

**Receivables included among current assets**

**Changes and deadline of receivables posted to current assets**

The following schedule illustrates the composition, the variation and the expiration dates of receivables present in current assets (art. 2427, point 4 and 6 of the Civil Code).

(EUR)

| | Year opening balance | Change during the year | Year closing balance | Amount due within 12 months | Amount due beyond 12 months | of which beyond 5 years |
|---|---|---|---|---|---|---|
| Trade receivables included among current assets | 11.302.976 | 1.019.290 | 12.322.266 | 12.322.266 | - | - |
| receivables due from parent companies included among current assets | 2.343.063 | (760.164) | 1.582.899 | 1.582.899 | - | - |
| receivables due from companies controlled by parent companies posted to current assets | 1.154.294 | 453.885 | 1.608.179 | 1.608.179 | - | - |
| Tax receivables included among current assets | 624.401 | 250.217 | 874.618 | 874.618 | - | - |
| Assets for prepaid tax included among current assets | 259.197 | (3.480) | 255.717 | - | - | - |
| Other receivables included among current assets | 163.210 | 30.442 | 193.652 | 8.630 | 185.022 | - |
| **Total receivables included among current assets** | 15.847.141 | 990.190 | 16.837.331 | 16.396.592 | 185.022 | - |

## Notes forming part of the Financial Statements

### Breakdown of receivables included among current assets by geographic area

Receivables of current assets are subdivided according to geographic areas where the debtor does business (art. 2427, point 6 of the Civil Code):

(EUR)

| Geographic area | Italy | Europe | Rest of the world | Total |
|---|---|---|---|---|
| Trade receivables included among current assets | **12.322.266** | **-** | **-** | **12.322.266** |
| Receivables due from parent companies included among current assets | **-** | **31.405** | **1.551.494** | **1.582.899** |
| receivables due from companies controlled by parent companies posted to current assets | **-** | **1.604.706** | **3.473** | **1.608.179** |
| Tax receivables included among current assets | **874.618** | **-** | **-** | **874.618** |
| Assets for prepaid tax included among current assets | **255.717** | **-** | **-** | **255.717** |
| Other receivables included among current assets | **189.538** | **-** | **4.114** | **193.652** |
| **Total receivables included among current assets** | **13.642.139** | **1.636.111** | **1.559.081** | **16.837.331** |

### Receivables with customers

(EUR)

| Description | As at March 31, 2022 | As at March 31, 2023 | Variation |
|---|---|---|---|
| Trade receivables | 11.586.481 | **12.322.266** | **735.785** |
| Bad Debt Fund | (283.505) | **-** | **283.505** |
| **Total** | 11.302.976 | **12.322.266** | **1.019.290** |

### Receivables with controlling companies

(EUR)

| Description | As at March 31, 2022 | As at March 31, 2023 | Variation |
|---|---|---|---|
| Tata Consultancy Services LTD | 2.211.620 | **1.551.494** | **(660.126)** |
| Tata Consultancy Services Netherlands B,V, | 131.443 | **31.405** | **(100.038)** |
| **Total** | 2.343.063 | **1.582.899** | **(760.164)** |

The receivables here classified are all related to the commercial transactions occurred with the direct mother company and also with the ultimate mother company. All the transactions have been made at arms'lenght principle.

### Receivables from businesses subject to the control of the parent companies

(EUR)

| Description | As at March 31, 2022 | Variation | As at March 31, 2023 |
|---|---|---|---|
| TCS Africa Holdings LTD | 11 | **31** | **42** |
| Tata Consultancy Services Osterreich GmbH | 404.509 | **(145.328)** | **259.181** |
| Tata Consultancy Services Switzerland LTD | 11.715 | **34.038** | **45.753** |
| Tata Consultancy Services Deutschland GmbH | 638.835 | **53.809** | **692.644** |
| Tata Consultancy Services Luxembourg S.A. | 7.160 | **(2.120)** | **5.040** |
| Tata Consultancy Services France SAS | 72.498 | **486.593** | **559.091** |
| Tata Consultancy Services Belgium N.V./S.A. | 19.566 | **23.431** | **42.997** |
| **Total receivables from businesses subject to the control of the parent companies** | 1.154.294 | **453.885** | **1.608.179** |

The receivables here classified are all related to the commercial transactions occurred with the other companies of the group. All the transanctions have been made at arms'lenght principle.

### Tax receivables

(EUR)

| Description | As at March 31, 2022 | Variation | As at March 31, 2023 |
|---|---|---|---|
| VAT credit | | **144.660** | **144.660** |
| Income Tax (IRPEF) / Corporate Income Tax (IRES) credit | 469.445 | **168.167** | **637.612** |
| Regional Income Tax (IRAP) credit | 128.587 | **(128.587)** | **-** |
| Other tax credit | 26.369 | **(26.369)** | **-** |
| **Totals** | 624.401 | **250.217** | **874.618** |

IRES and IRAP here reported are referred to the yearly balance..

### Other receivables

(EUR)

| Description | As at March 31, 2022 | As at March 31, 2023 | Variation |
|---|---|---|---|
| a) **Other receivables following year** | 5.473 | **8.630** | **3.157** |
| Employees receivables | 4.838 | **6.492** | **1.654** |
| Other receivables: | - | **-** | **-** |
| - anticipi a fornitori | 634 | **75** | **(559)** |
| - altri | 1 | **2.063** | **2.062** |
| b) **Other receivables above following year** | 157.737 | **185.022** | **27.285** |
| Cash deposits | 157.737 | **185.022** | **27.285** |
| Other receivables: | - | **-** | **-** |
| **Total other receivables** | 163.210 | **193.652** | **30.442** |

Under "Other Receivables" have been classified receivables towards employees (Euro 6.492), advances paid to suppliers (Euros 75) and cash deposits (Euros 185.022).

Receivables include assets for advanced taxes (Euros 102.201) which details are provided in the paragraph related to deferred taxation.



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## Notes forming part of the Financial Statements

Adjustment of the nominal value of the receivables to the presumed break up value was done by using a specific allowance for bad debts which sustained, during the financial year, the following movements:

(EUR)

| Description | Initial balance | Uses | Allocations | Final balance |
|---|---|---|---|---|
| Allowance for bad debts of the current assets | 283.505 | **283.505** | **-** | **-** |

**Liquid funds**

The balance detailed below represents the amount and variations in liquid assets existing at the time of closure of the financial year (art. 2427, point 4 of the Civil Code).

(EUR)

| | As at March 31, 2022 | Change during the year | As at March 31, 2023 |
|---|---|---|---|
| Bank and post office deposits | 3.873.586 | **838.692** | **4.712.278** |
| **Total liquid funds** | 3.873.586 | **838.692** | **4.712.278** |

**Accrued income and prepayments**

The composition and variations for the item under examination are detailed as follows (art. 2427, point 7 of the Civil Code):

(EUR)

| | As at March 31, 2022 | Change during the year | As at March 31, 2023 |
|---|---|---|---|
| Accrued income | 0 | **239.922** | **239.922** |
| Deferred income | 136.249 | **(10.374)** | **125.875** |
| **Total accrued income and prepaid expenses** | 136.249 | **229.548** | **365.797** |

## SUPPLEMENTARY NOTES, LIABILITIES AND NET EQUITY

**Shareholders' equity**

Changes in shareholders' equity for the three previous years are shown below:

(EUR)

| | Amount as at March 31, 2020 | Increases / Decreases | Amount as at March 31, 2021 | Increases / Decreases | Amount as at March 31, 2022 |
|---|---|---|---|---|---|
| Share Capital | 100.000 | - | 100.000 | - | 100.000 |
| Legal reserve | 20.000 | - | 20.000 | - | 20.000 |
| Contributions to cover losses | 2.100.000 | - | 2.100.000 | - | 2.100.000 |
| Miscellaneous other reserves | (1) | 1 | - | - | - |
| Retained earnings (accumulated losses) | 558.651 | 935.642 | 1.494.293 | 3.001.150 | 4.495.443 |
| Net profit (loss) for the year | 935.643 | 2.065.507 | 3.001.150 | (1.066.969) | 1.934.181 |
| **Total** | 3.714.293 | 3.001.150 | 6.715.443 | 1.934.182 | 8.649.625 |

### Changes in shareholders' equity

Net worth existing at the closure of the financial year amounts to Euros 8.586.839 and has experienced the following evolution (art. 2427, point 4 of the Civil Code).

(EUR)

| | Year opening balance | Destination of the previous year's result | | Other changes | | | Result for the year | Year closing balance |
|---|---|---|---|---|---|---|---|---|
| | | Dividend allocations | Other destinations | Increases | Decreases | Reclassifications | | |
| Capital | 100.000 | - | - | - | - | - | - | 100.000 |
| Legal reserve | 20.000 | - | - | - | - | - | - | 20.000 |
| Other reserves | | - | - | - | - | - | - | |
| Contributions to cover losses | 2.100.000 | - | - | - | - | - | - | 2.100.000 |
| Miscellaneous other reserves | 1 | - | - | 2 | - | - | - | 3 |
| Total other reserves | 2.100.001 | - | - | 2 | - | - | - | 2.100.003 |
| Profit (loss) carried forward | 4.495.443 | - | - | 1.934.181 | - | - | - | 6.429.624 |
| Profit (loss) for the year | 1.934.181 | - | 1.934.181 | - | - | - | (56.919) | (56.919) |
| **Total shareholders' equity** | 8.649.625 | - | 1.934.181 | 1.934.183 | - | - | (56.919) | 8.592.708 |

### Use of shareholders' equity

Details are given, in particular, related to the reserves that compose the Net Worth, specifying their origin or nature, and their possible uses and distributability limits as well as their uses in previous financial years (art. 2427, point 7-bis of the Civil Code):

*Explanation column "Origin/nature": C = Capital reserve; U = Profit reserve.*

*Explanation column "Possible use": A = for capital increase; B = to cover losses; C = for distribution to shareholders.*

(EUR)

| | Amount | Origin / nature | Possible use | Available amount | Summary of uses in the three previous years | |
|---|---|---|---|---|---|---|
| | | | | | to cover losses | for other reasons |
| Capital | 100.000 | C | B | - | - | - |
| Legal reserve | 20.000 | U | B | - | - | - |
| Other reserves | | | | | - | - |
| Contributions to cover losses | 2.100.000 | C | B | 2.100.000 | - | - |
| Miscellaneous other reserves | 3 | - | - | - | - | - |
| Total other reserves | 2.100.003 | - | - | 2.100.000 | - | - |
| Profit carried forward | 6.429.624 | - | - | 6.429.624 | - | - |
| **Total** | 8.649.627 | - | - | 8.529.624 | - | - |
| Unavailable amount | | | | - | | |
| Residual available share | - | - | - | 8.529.624 | - | - |

Key: A: for capital increase, B: to hedge losses, C: distribution to shareholders, D: for other article of association restraints, E: other

As of 31/03/2023 capital was fully underwritten and paid up.

## Notes forming part of the Financial Statements

### Provisions for risks and charges

The composition and the movements in the single items are given in the following schedule (art. 2427, point 4 of the Civil Code).

(EUR)

| | Other Funds | Total provisions for risks and charges |
|---|---|---|
| Year opening balance | - | - |
| Changes during the year | | |
| Operating accrual | 117.516 | 117.516 |
| **Total changes** | 117.516 | 117.516 |
| **Year closing balance** | 117.516 | 117.516 |

The Management, in the financial year closed as of 31.03.2023, evaluated the portfolio project as at the year end and decided to accrue a contingency for foreseeable losses on turnkey projects for an amount equal to Euro 117.516.

This schedule gives a detailed description of the item related to other contingency funds for risks and charges as well as the variations since the previous financial year, because they are held to be of appreciable amount (art. 2427, point 7 of the Civil Code).

(EUR)

| **Description** | As at March 31, 2022 | Variation | As at March 31, 2023 |
|---|---|---|---|
| Other provisions for risks and charges: | - | - | - |
| Loss on turnkey projects | - | 117.516 | 117.516 |
| **Total** | - | 117.516 | 117.516 |

### Staff severance fund

The fund being allocated represents the actual debt of the company with its employees as of 31/03/2023 after deduction of paid advances.

The severance pay is directly deposited in the pension fund for employees who have opted for complementary social security which is shown on "Other"; in other cases the severance pay is transferred to the Treasury Fund managed by INPS. the amount booked as use is related to amount paid during the year.

Composition and uses are listed in the following schedule (art. 2427, point 4 of the Civil Code).

(EUR)

| | Staff severance fund |
|---|---|
| Year opening balance | 1.145.103 |
| Changes during the year | |
| Operating accrual | 558.064 |
| Use in the financial year | 81.485 |
| Other changes | (117.653) |
| **Total changes** | 358.926 |
| **Year closing balance** | 1.504.029 |

## PAYABLES DUE TO COMPANIES CONTROLLED BY PARENT COMPANIES

### Payables changes and due date

The composition, the variations in the single items and the subdivision by due dates of payables are illustrated in the following schedule (art. 2427, point 4 and 6 of the Civil Code).

(EUR)

| | Year opening balance | Change during the year | Year closing balance | Amount due within 12 months | Amount due beyond 12 months | of which beyond 5 years |
|---|---|---|---|---|---|---|
| Advances | **1.019.146** | **(24.299)** | **994.847** | **994.847** | **0** | **0** |
| Payables to suppliers | **1.788.108** | **443.361** | **2.231.469** | **2.231.469** | **0** | **0** |
| Payables to parent companies | **4.095.109** | **1.600.117** | **5.695.226** | **5.695.226** | **0** | **0** |
| Payables due to companies controlled by parent companies | **246.243** | **(110.252)** | **135.991** | **135.991** | **0** | **0** |
| Tax payables | **562.219** | **(418.615)** | **143.604** | **143.604** | **0** | **0** |
| Payables due to social security and welfare institutions | **215.337** | **62.505** | **277.842** | **277.842** | **0** | **0** |
| Other payables | **2.235.855** | **318.776** | **2.554.631** | **2.554.631** | **0** | **0** |
| **Total payables (D)** | **10.162.017** | **1.871.593** | **12.033.610** | **12.033.610** | **0** | **0** |

### Advance payments

(EUR)

| Description | As at March 31, 2022 | As at March 31, 2023 | Variation |
|---|---|---|---|
| a) **Advance payments due within a year** | 1.019.146 | **994.847** | **(24.299)** |
| Advance payments from customers | 1.019.146 | **994.847** | **(24.299)** |
| Total advance payments | 1.019.146 | **994.847** | **(24.299)** |

### Payables to Suppliers

(EUR)

| Description | As at March 31, 2022 | As at March 31, 2023 | Variation |
|---|---|---|---|
| a) **Payables to suppliers due within a year** | 1.788.108 | **2.211.369** | **423.261** |
| Suppliers within a year: | 1.124.334 | **1.466.718** | **342.384** |
| - altri | 1.124.334 | **1.466.718** | **342.384** |
| Invoices to be received within a year: | 663.774 | **744.651** | **80.877** |
| - altri | 663.774 | **744.651** | **80.877** |
| b) **Payables to suppliers due after a year** | | | |
| **Total payables to suppliers** | 1.788.108 | **2.211.369** | **423.261** |

### Payables to parent companies

(EUR)

| Description | As at March 31, 2022 | As at March 31, 2023 | Variation |
|---|---|---|---|
| Tata Consultancy Services LTD | 3.963.834 | **5.640.924** | **1.677.090** |
| Tata Consultancy Services Netherlands B.V. | 131.275 | **54.302** | **(76.973)** |
| **Total payables to parent companies** | 4.095.109 | **5.695.226** | **1.600.117** |

## Notes forming part of the Financial Statements

Under the item "Payables to parent companies" are reclassified not only the payables to Tata Consultancy Services Netherlands B.V, but also the payables to Indian parent company Tata Consultancy Services LTD. All the transactions are made at the arms'lenght value.

**Payables due to companies subject to the control of the parent companies**

(EUR)

| Description | As at March 31, 2022 | As at March 31, 2023 | Variation |
|---|---|---|---|
| Tata Consultancy Services America Int. Corp. | - | **-** | **-** |
| Tata Consultancy Services Deutschland GmbH | - | **42.422** | **42.422** |
| Tata Consultancy Services France SAS | 167.661 | **37.008** | **(130.653)** |
| Tata Consultancy Services Brasil LTD | 9.902 | **16.712** | **6.810** |
| Tata Consultancy Services Saudi Arabia | - | **-** | **-** |
| Tata Consultancy Services Sverige AB | 5.347 | **6.470** | **1.123** |
| Tata Consultancy Services Belgium SA | 22.755 | **8.849** | **(13.906)** |
| Tata Consultancy Services Switzerland LTD | 40.390 | **24.377** | **(16.013)** |
| Tata Consultancy Services Espana SA | 188 | **153** | **(35)** |
| **Total payables due to companies subject to the control of the parent companies** | 246.243 | **135.991** | **(110.252)** |

They are all the commercial liabilities which arise from the transactions with the other companies of the group. All the transactions are made at the arms'lenght value.

**Tax payables**

(EUR)

| Description | As at March 31, 2022 | As at March 31, 2023 | Variation |
|---|---|---|---|
| VAT | 461.935 | **(461.935)** | **-** |
| Employee withholding taxes | 97.905 | **32.048** | **129.953** |
| Consultant/collaborator withholding taxes | 2.378 | **11.273** | **13.651** |
| Rounding off | 1 | **(1)** | **-** |
| **Total tax payables** | 562.219 | **(418.615)** | **143.604** |

**Payables with social security and insurance institutions**

(EUR)

| Description | As at March 31, 2022 | As at March 31, 2023 | Variation |
|---|---|---|---|
| Payables with Inps (National Institute of Social Insurance) | 215.337 | **277.842** | **62.505** |
| **Total social security and insurance payables** | 215.337 | **277.842** | **62.505** |

**Other payables**

(EUR)

| Description | As at March 31, 2022 | As at March 31, 2023 | Variation |
|---|---|---|---|
| a) **Other payables following year** | 2.235.855 | **2.559.656** | **323.801** |
| Employees / similar payables | 2.136.714 | **2.469.421** | **332.707** |
| Other payables: | | | |
| - altri | 99.141 | **90.235** | **(8.906)** |
| **Total other payables** | 2.235.855 | **2.559.656** | **323.801** |

### Breakdown of payables by geographic area

An illustrative schedule is also given with the breakdown of payables according to the geographic area of business of the creditor.

(EUR)

| Geographic area | Italy | Europe | Rest of the world | Total |
|---|---|---|---|---|
| Bonds | - | - | - | 0 |
| Advances | 994.847 | - | - | 994.847 |
| Payables to suppliers | 2.231.469 | - | - | 2.231.469 |
| Payables due to parent companies | - | 54.302 | 5.640.924 | 5.695.226 |
| Payables due to companies controlled by parent companies | - | 119.279 | 16.712 | 135.991 |
| Tax payables | 143.604 | - | - | 143.604 |
| Payables due to social security and welfare institutions | 277.842 | - | - | 277.842 |
| Other payables | 2.554.631 | - | - | 2.554.631 |
| **Payables** | 6.202.393 | 173.581 | 5.657.636 | 12.033.610 |

### Accrued liabilities and deferred income

The following schedule indicates the composition and movements of the item under examination (art. 2427, point 7 of the Civil Code).

(EUR)

| | Year opening balance | Change during the year | Year closing balance |
|---|---|---|---|
| Accrued liabilities | - | 61.084 | 61.084 |
| Deferred income | - | - | - |
| **Total accrued liabilities and deferred income** | - | 61.084 | 61.084 |

## SUPPLEMENTARY NOTES, INCOME STATEMENT

### Value of production

Production worth composition is given below as well as variations in the single items compared to the previous financial year:

(EUR)

| Description | As at March 31, 2022 | As at MARCH 31, 2023 | Variation | Var, % |
|---|---|---|---|---|
| Revenue from sales and services | 45.577.231 | 44.525.765 | (1.051.466) | (2,31) |
| Other revenue and proceeds | 354.267 | 428.913 | 74.646 | 21,07 |
| **Totals** | 45.931.498 | 44.954.678 | (976.820) | - |

### Breakdown of net revenue by geographic area

In accordance with the provisions of point 10) of article 2427 we specify the breakdown of revenue from sales and services by geographic area.

(EUR)

| Geographic area | Current year value |
|---|---|
| Italy | 38.761.965 |
| Europe | 4.827.989 |
| Rest of the world | 935.811 |
| **Total** | 44.525.765 |

## Notes forming part of the Financial Statements

### Cost of production

The following schedule illustrates the composition and movements in the "Production costs" item.

(EUR)

| Description | As at March 31, 2022 | As at March 31, 2023 | Variation | Var, % |
|---|---|---|---|---|
| For raw materials, ancillary materials, consumables and goods | 1.218 | **12.833** | **11.615** | **953,61** |
| For services | 26.822.339 | **26.098.721** | **(723.618)** | **(2,70)** |
| For use of third party assets | 1.973.719 | **1.941.376** | **(32.343)** | **(1,64)** |
| **For personnel:** | - | **-** | | |
| a) wages and salaries | 10.913.249 | **12.300.069** | **1.386.820** | **12,71** |
| b) social security contributions | 1.722.118 | **2.170.119** | **448.001** | **26,01** |
| c) severance pay | 435.652 | **558.064** | **122.412** | **28,10** |
| d) pension indemnity and similar | - | **-** | | **-** |
| e) other costs | 428.051 | **439.602** | **11.551** | **2,70** |
| **Depreciations and write-offs:** | | | | |
| a) intangible fixed assets | - | **-** | | **-** |
| b) tangible fixed assets | 55.663 | **77.797** | **22.134** | **39,76** |
| c) other write-offs of fixed assets | - | **-** | **-** | **-** |
| d) receivables write-offs included in current assets | - | **-** | **-** | **-** |
| Variations in stocks of raw materials, ancillary materials and consumables and goods | - | **-** | **-** | **-** |
| Contingency fund for risks | - | **-** | **-** | **-** |
| Other funds | - | **117.795** | **117.795** | **-** |
| Sundry operating charges | 61.235 | **331.902** | **270.667** | **442.01** |
| **Totals** | 42.413.244 | **44.048.278** | **1.631.321** | **-** |

### Costs raw materials, ancillary materials, consumables and good

They include mainly the costs for the purchases of the goods and products required for the office uses.

### Costs for services

They include all the costs relating to the services incurred by the company during the year. In particular: costs related to the providing of services for the projects (Euro 25.025.577), marketing and sponsorship related (Euro 80.754), legal, fiscal and consultancy expenese (Euro 459.897), recharge of company overhead (Euro 571.135) , communication costs (Euro 384.217).

### Use of third party assets

They include the fees incurred by the Company in relation to its offices (euro 155.144), the apartments rented for its employees (Euro 1.607.228) and for the rent of the cars given to the employees (Euro 179.004).

**Costs for personnel**

It represents the full costs for employees, including also the accruals for vacation and deferred provided by law.

**Depreciation tangible assets**

They have been calculated applying the rates provided by our fiscal law.

**Sundry operations charge**

They represent the residual category in which those costs not classified previously are accounted, like registration tax, stamp duty, government concession tax, fines and other management costs.

**Financial income and charges**

A schedule is also given concerning the composition of the "C.16.d) Proceeds other than the previous ones" item.

(EUR)

| Description | Others | Total |
|---|---|---|
| Bank and postal interest | 45.899 | 45.899 |
| **Total** | 45.899 | 45.899 |

## INCOME TAX FOR THE YEAR, CURRENT, DEFERRED AND PREPAID

**Operating income taxes**

The composition of the "Operating income taxes" item is illustrated in the following table:

(EUR)

| Description | As at March 31, 2022 | Variation | Var,% | As at March 31, 2023 |
|---|---|---|---|---|
| Current taxes | 1.737.941 | (736.549) | (42,09) | 1.006.392 |
| Taxes relative to previous periods | - | 28.072 | - | 28.072 |
| Advanced taxes | (101.716) | 101.716 | (100,00) | - |
| **Totals** | 1.636.225 | (734.334) | - | 901.891 |

"Current taxes" are composed by:

- IRES: Euros 674.346;
- IRAP: Euros 332.046.

**Deferred taxation (art. 2427, point 14 of the Civil Code)**

Deferred taxes were calculated taking into account the amount of all the temporary differences generated from application of tax regulations and applying the rates valid at the moment these differences arose.

Assets for advanced taxes were detected as it is reasonably certain that there will be, during subsequent financial year, a taxable base not inferior to the amount of the differences that will be written off. The total amount at the year end is Euro 102.201.

For a full disclosure, it is reported that the company pays IRAP tax in four different regions:

- Tuscany: IRAP applicable rate 4,82%;
- Emilia-Romagna: IRAP applicable rate 3,9%;
- Lombardy: IRAP applicable rate 3,9%;
- Piedmont: IRAP applicable rate 3,9%.

## Notes forming part of the Financial Statements

### SUPPLEMENTARY NOTES, OTHER INFORMATION

**Employment data**

In accordance with the provisions of point 15) of article 2427 of the Civil Code, the following schedule illustrates the data related to the medium composition of staff employed as of 31/03/2023.

| | Average number |
|---|---:|
| Directors | 9 |
| Middle management | 34 |
| Office staff | 63 |
| Blue collar workers | 0 |
| Other employees | 20 |
| **Total employees** | **126** |

For a full disclosure, it is reported that the total of detached staff at the end of the financial year is composed by 85 engineers.

**Remuneration, advances and credits granted to directors and auditors and commitments on their behalf**

The following schedule specifies overall remuneration due the members of the Board of Auditors for the financial year as of 31/03/2023, as required by the point 16 of article 2427 of the Civil Code.

| | Auditors |
|---|---:|
| Remuneration | 23,000 |

**Commitments, guarantees and potential liabilities not posted to the balance sheet**

Compliant with art. 2427 no. 9 of the Civil Code, please note that the Company has no commitments, guarantees and contingent liabilities other than those resulting from the balance sheet.

### INFORMATION ON ASSETS AND LOANS ADDRESSED TO SPECIFIC DEALS

**Assets and loans allocated to a specific deal**

The Company has not created any assets destined to the a specific business.

### INFORMATION ON TRANSACTIONS WITH CORRELATED PARTIES

**Related party transactions**

According to Art. 2427 point 22-bis, please note that during the financial year related party transactions were not carried out with significant amounts and in any case they were fulfilled at regular market conditions. In any case, transactions with related parties are displayed in the following table:

(EUR)

| **Description** | Controlling companies | Other related parties | Total |
|---|---:|---:|---:|
| Revenue | **1.332.195** | **4.453.218** | **5.788.413** |
| Costs | **24.307.551** | **882.095** | **25.189.646** |
| Commercial receivables | **1.582.899** | **1.608.179** | **3.191.078** |
| Commercial debts | **5.695.226** | **135.991** | **5.831.217** |

In item "controlled companies" have been classified the transactions (revenues, costs, receivables and debts) toward the direct parent company Tata Consultancy Services B.V., Amsterdam, and toward the holding Tata Consultancy Services Ltd. Mumbai, India.

According to Art. 2427 point 22-bis, please note that during the financial year related party transactions took place and the year-end balance is the following ones:

(EUR)

| Entity | Revenues for services | Costs for services | Receivables | Payables |
|---|---|---|---|---|
| Tata America International Corporation | 1.523 | - | 1 | - |
| Tata Consultancy Services Luxembourg S.A. | 6.970 | - | 5.040 | - |
| Tata Consultancy Services Asia Pacific Pte Ltd | - | 90.948 | - | - |
| Tata Consultancy Services Belgium N.V. | 375.466 | 30.138 | 42.997 | 8.849 |
| Tata Consultancy Services Deutschland GmbH | 2.677.416 | 168.211 | 692.644 | 42.422 |
| Tata Consultancy Services France S.A.S | 556.204 | 304.055 | 559.091 | 37.008 |
| Tata Consultancy Services Limited | 938.812 | 24.226.726 | 1.551.494 | 5.640.924 |
| Tata Consultancy Services Netherland BV | 396.383 | 80.825 | 31.405 | 54.302 |
| Tata Consultancy Services Osterreich GmbH | 706.488 | 16.563 | 259.180 | - |
| Tata Consultancy Services Sverige AB | 29.669 | 24.907 | - | 6.470 |
| Tata Consultancy Services Switzerland Ltd | 99.482 | 44.228 | 45.753 | 24.377 |
| Tata Consultancy Services Espana SA | - | 846 | - | 153 |
| Tata Consultancy Services Brazil Ltd. | - | 202.199 | 3.431 | 16.712 |
| Tata Africa Holdings Ltd. | - | - | 42 | - |
| **Total** | **5.788.413** | **25.189.646** | **3.191.078** | **5.831.217** |

## INFORMATION ON AGREEMENTS NOT POSTED TO THE BALANCE SHEET

### Agreements not included in balance sheet

According to Art. 2427 point 22-ter, please note that the Company is not engaged in any agreement which is not included in the Balance Sheet, represents relevant risks or benefits and is necessary to evaluate the Company's assets and financial situation.

### Information on significant events after yearend

Pursuant to art. 2427 no. 22 quater) of the Italian Civil Code after the end of the year there are anything to be reported.

## INFORMATION REGARDING DERIVATIVE FINANCIAL INSTRUMENTS AS PER ART. 2427-B CIVIL CODE

### Information concerning the "Fair value" of derivative financial instruments

It is hereby stated, in accordance with article 2427-bis, paragraph 1, number 1) of the Civil Code, that the Company does not use derivative instruments.

### Summary of balance sheet of the company exercising management and coordination activities

The Company belongs to the Tata Group which carries on management and coordination through the Tata Consultancy Services Netherlands BV company.

The following schedule gives essential figures from the last Financial Statements approved by the Company which carries on management and coordination in accordance with paragraph 4 of article 2497-bis of the Civil Code. Figures provided in the following table are rounded to the nearest EUR '000.

## Notes forming part of the Financial Statements

**Summary of balance sheet of the company exercising management and coordination activities (overview)**

(EUR)

| | last financial year | Previous year |
|---|---|---|
| **Date of the last approved balance sheet** | **March 31, 2022** | **March 31, 2021** |
| A) receivables due from shareholders | **-** | - |
| B) Fixed assets | **151.268** | 148.446 |
| C) Current assets | **275.009** | 224.796 |
| D) Prepaid expenses and accrued income | **-** | - |
| **Total assets** | **426.277** | 373.242 |
| A) Shareholders' equity | | |
| share capital | **66.000** | 66.000 |
| Reserves | **125.111** | 160.567 |
| Profit (loss) for the year | **61.634** | 39.544 |
| Total shareholders' equity | **252.745** | 266.111 |
| B) Reserves for contingencies and other charges | **-** | - |
| Total reserve for severance indemnities (TFR) | **-** | - |
| D) Payables | **173.532** | 107.131 |
| E) Accrued expenses and deferred income | **-** | - |
| **Total liabilities and shareholders' equity** | **426.277** | 373.242 |

**Summary of memorandum accounts of the company exercising management and coordination activities (overview)**

(EUR)

| | last financial year | Previous year |
|---|---|---|
| **Date of the last approved balance sheet** | **March 31, 2022** | **March 31, 2021** |
| A) Value of production | **687.229** | 619.387 |
| B) Costs of production | **653.595** | 588.117 |
| C) Financial income and charges | **36.977** | 15.276 |
| D) Value adjustments to financial assets | **0** | 0 |
| Income taxes for the year | **8.977** | 7.002 |
| **Profit (loss) for the year** | **61.634** | 39.544 |

## PROPOSED HEDGING OF LOSSES

### Operating results allocation

Compliant with Art. 2427 no. 22-septies the following operating loss coverage, amounting to Euro 56.919 is proposed to the shareholders' meeting called to approve the Financial Statement:

(EUR)

| **Description** | **Value** |
|---|---|
| Loss coverage for the financial year with: | **-** |
| - carried forward | **75.654** |
| **Total** | **75.654** |

**Payment times for commercial transactions**

Pursuant to art. 7-ter of Lgs. Decree 231/2002, the average time for payment of suppliers in commercial transactions is 30 days (end of month) from the date of receipt of invoice. Any general delays with regard to the agreed term will be limited to ten working days.

The company's business policies do not envisage requests to suppliers for particular deferments.

**Shareholdings in unlimited liability companies**

We point out, in accordance with article 2361 paragraph 2 of the Civil Code, that the company have not acquired shareholdings involving unlimited liability in any Company.

**Balance sheet conformity statement**

MILANO, 28th April 2023

For the Directors

CHAPALAPALLI SAPTHAGIRI

The undersigned CHAPALAPALLI SAPTHAGIRI, as Director, aware of the penal responsibilities in case of false or misleading statement, as per art. 76 of Presidential Decree 445/2000, certifies the correspondence between the XBRL electronic document containing the balance sheet, income statement, financial statement and explanatory notes and the documents stored in the company records according to art.47 of the aforementioned decree.



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# MANAGEMENT REPORT

**REPORT OF THE BOARD OF DIRECTORS OVER THE PERIOD ENDED ON 31 MARCH 2023**

**To the Sole Shareholders,**

compliant to the provisions of Art. 2428 of Civil Code, the Report of the Board of Directors comments on the management choices and the results for the period ended on 31/03/2023 in order to provide a faithful, impartial and exhaustive account about the state of the company, its management trend and its results as well as about the activities performed by the company during the current business year; the Report also provides information about the risks which the company is exposed to.

## COMPANY ACTIVITIES

The company provides IT consultancy services and solutions. The broad range of services enables the company to provide comprehensive and high value-added services to its clients.

The Company is owned 100% by Tata Consultancy Services Netherlands B.V. with legal seat at Amsterdam, European headquarter of the holding company Tata Consultancy Services Limited, located at Mumbai (India). The sole shareholder also provides Management and coordination activity.

The group structure did not change during the previous year.

The company headquarter and legal office is in MILANO. The Company structure includes the following operating units based in via Panciatichi 31, Firenze, in via Giovanni Verga 12, Maranello (MO) and in via Confienza 10, Torino.

## COMPANY PERFORMANCE

The financial statements submitted for your approval show a loss of Euros 56.919; the main factors influencing the annual result are as follows:

- decrease in operating profitability;
- decrease in revenues;
- increase in depreciations related to investments made during the year.

The tables below summarize the balance of assets and the company's performance over the period, outlining the factors above mentioned:

(EUR)

| **Balance Sheet** | **Balance as at March 31, 2022** | **Difference** | **Balance as at March 31, 2023** |
|---|---|---|---|
| Receivables from shareholders for payments due | | | |
| Fixed assets | 99.769 | 293.772 | **393.541** |
| Current assets | 19.720.727 | 1.828.882 | **21.549.609** |
| Accruals and deferrals | 136.249 | 229.548 | **365.797** |
| **TOTAL ASSETS** | 19.956.745 | 2.352.202 | **22.308.947** |
| Net worth: | 8.649.625 | (56.917) | **8.592.708** |
| - of which operating profit (loss) | 1.934.181 | (1.991.100) | **(56.919)** |
| Contingency funds for risks and future | | 117.516 | **117.516** |
| Severance pay | 1.145.103 | 358.926 | **1.504.029** |
| Short term debts | 10.162.017 | 1.871.593 | **12.033.610** |
| Long term debts | | | |
| Accruals and deferrals | | 61.084 | **61.084** |
| **TOTAL LIABILITIES** | 19.956.745 | 2.352.202 | **22.308.947** |

(EUR)

| Description | Previous financial year balance | % of revenue | Current financial year balance | % of revenue |
|---|---|---|---|---|
| Revenue from typical operations | 45.577.231 | - | **44.525.765** | |
| Variation in stocks of products currently being processed, semi-finished and finished products and fixed assets increase | | - | | |
| Purchases and variation in stocks of raw materials, ancillary materials, consumables and goods | 1.218 | 0,00 | **12.833** | **0,03** |
| Costs for services and for use of third party assets | 28.796.058 | 63,18 | **28.040.097** | **62,97** |
| **ADDED VALUE** | 16.779.955 | 36,82 | **16.472.835** | **37,00** |
| Revenue from ancillary operations | 354.267 | 0,78 | **428.913** | **0,96** |
| Cost of labour | 13.499.070 | 29,62 | **15.467.854** | **34,74** |
| Other operating costs | 61.235 | 0,13 | **331.902** | **0,75** |
| **GROSS OPERATING MARGIN** | 3.573.917 | 7,84 | **1.101.992** | **2,47** |
| Depreciations, write-offs and other appropriations | 55.663 | 0,12 | **195.592** | **0,44** |
| **ORDINARY RESULTS** | 3.518.254 | 7,72 | **906.400** | **2,04** |
| Financial charges and proceeds and value adjustments to financial assets and liabilities | 52.152 | 0,11 | **71.145** | **0,16** |
| **PRE-TAX RESULT** | 3.570.406 | 7,83 | **977.545** | **2,20** |
| Income tax | 1.636.225 | 3,59 | **1.034.464** | **2,32** |
| **OPERATING POFIT (LOSS)** | 1.934.181 | 4,24 | **(56.919)** | **(0,13)** |

Below are comments over several areas of the company's overall performance.

## MACROECONOMIC TREND AND MARKET CONDITIONS

The last financial year was characterised by the beginning of the war with Ukraine which had as consequence an increase of the price due to an increase of costs for energy. For Italy there was an increase of PIL +3.9% and then a slow down to 0.4% into 2023.

However, the company's IT sector shows a trend which is favourable.

## MARKET STRATEGY

The target market of your company is software consultancy. The target customer group did not experience any particular changes during the year. In fact, the markets in which Tata Consultancy Services Italia Srl is engaged, are traditional ones in which the ultimate Indian parent company is well recognized worldwide.

The Company has a prestigious pool of clients including the best Italian companies.

Sales by country are detailed below:

(EUR)

| Geographic area | Previous financial year balance | Variation | Var, % | Current financial year balance |
|---|---|---|---|---|
| Italy | 40.397.689 | **(1.635.724)** | **(4,05)** | **38.761.965** |
| Europe | 4.350.016 | **477.973** | **10,99** | **4.827.989** |
| Rest of the world | 829.526 | **106.285** | **12,81** | **935.811** |
| **Total** | 45.577.231 | **(1.051.466)** | **-** | **44.525.765** |

Sales expenditure split by cost category is shown below:

(EUR)

| Category | Domestic | European Marker | Foreign Countries |
|---|---|---|---|
| Advertising | **80.754** | **-** | **-** |
| **Total** | **80.754** | **-** | **-** |

## OPERATIONAL STRATEGY

The company operations are located mainly in Milan, Turin, Mogliano, Maranello, Genova and Firenze.

The sole existing operating units are located in Firenze, Maranello (MO) and Torino.

## INVESTMENT STRATEGY

Investment during the period is detailed below:

| **Investment in tangible fixed assets** | Financial year purchases |
|---|---|
| Fixed assets in progress and down payments | **59.488** |
| Other assets | **312.081** |
| **Total** | **371.569** |

## FINANCIAL STRUCTURE AND STRATEGY

The company's net financial debt is detailed below; the report, based on ESMA guidelines, highlights the composition of the financial debt; a negative value states a situation in which financial assets are greater than financial liabilities.

(EUR)

| Description | Previous financial year | Variation | Current financial year |
|---|---|---|---|
| A) Cash | 3.873.586 | **838.692** | **4.712.278** |
| B) Cash equivalents | - | **-** | **-** |
| C) Other current financial assets | - | **-** | **-** |
| Other short term assets | - | **-** | **-** |
| **D) Liquid assets (A+B+C)** | 3.873.586 | **838.692** | **4.712.278** |
| E) Current financial debt | | | |
| F) Current portion of long-term financial debt | - | **-** | **-** |
| Other short term liabilities | - | **-** | **-** |
| **G) Current financial debt (E+F)** | - | **-** | **-** |
| **H) Current net financial debt (G-D)** | (3.873.586) | **(838.692)** | **(4.712.278)** |
| I) Long-term financial debt | - | **-** | **-** |
| J) Debt instruments | - | **-** | **-** |
| K) Trade payables and other long-term payables | - | **-** | **-** |
| **L) Non-current financial debt (I+J+K)** | - | **-** | **-** |
| **M) TOTAL FINANCIAL DEBT (H+L)** | (3.873.586) | **(838.692)** | **(4.712.278)** |

Following tables show a reclassification of the Balance Sheet on the basis of liquidity use and sources.

(EUR)

| Uses | Value | % on the uses |
|---|---|---|
| Immediate liquidity | 4.712.278 | 21,12 |
| Deferred liquidity | 17.203.128 | 77,11 |
| Inventory | | |
| **Current assets** | **21.915.406** | **98,24** |
| Intangible fixed assets | | |
| Tangible fixed assets | 393.541 | 1,76 |
| Financial assets | | |
| **Fixed assets** | **393.541** | **1,76** |
| **TOTAL USES** | **22.308.947** | **100,00** |

(EUR)

| Sources | Values | % on the sources |
|---|---|---|
| Current liabilities | 12.094.694 | 54,21 |
| Consolidated liabilities | 1.621.545 | 7,27 |
| **Capital of third parties** | **13.716.239** | **61,48** |
| Share capital | 100.000 | 0,45 |
| Accumulated funds and profits (losses) | 8.549.627 | 38,32 |
| Current year profit (loss) | (56.919) | (0,26) |
| **Equity** | **8.592.708** | **38,52** |
| **TOTAL SOURCES** | **22.308.947** | **100,00** |

In compliance with the provisions of art. 2428 par. 2 of the Civil Code, we point out the main financial and non-financial indicators of results.

| Structural indexes | Meaning | Previous financial year | Current financial year | Comment |
|---|---|---|---|---|
| **Primary structure ratio**<br>Net worth<br>--------------------------<br>Financial year fixed assets | The index measures the capacity of the company's financial structure to cover long term investments with its own resources. | 86,70 | **21,83** | The net worth is sufficient to guarantee entirely the fixed assets. |
| **Secondary structure ratio**<br>Net worth + Consolidated liabilities<br>--------------------------<br>Financial year fixed assets | The index measures the capacity of the company's financial structure to cover long term with long term sources. | 98,17 | **25,95** | Sources and Uses are in balance with reference to the timing. |

| Patrimonial and financial indexes | Meaning | Previous financial year | Current financial year | Comment |
|---|---|---|---|---|
| **Leverage (financial dependence)**<br>Invested capital<br>-------------------------<br>Net worth | The index measures the intensity of use of indebtedness to cover invested capital. | 2,31 | **2,60** | It has to be said that the company does not obtain financial resources outside of the Group |
| **Flexibility of the uses**<br>Circulating assets<br>-------------------------<br>Invested capital | It allows to better define the percentage mix of uses, which depends substantially on the kinds of activity of the company and on the flexibility level of the business structure. The more flexible the structure of the uses is, the greater the capacity of the business to adapt itself to the changeable market conditions.. | 99,50 | **98,24** | The invested capital corresponds almost totally to the circulating assets, showing how flexible is the company structure. Totally reflects the characteristic of the activity performed. |
| **Total debt ratio**<br>Third party financing<br>-------------------------<br>Net worth | The index represents the equilibrium degree of the financial sources. | 1,31 | **1,60** | The third party financing indicatively refers to internal sources of the Group. |

| Managerial indexes | Meaning | Previous financial year | Current financial year | Comment |
|---|---|---|---|---|
| **Personnel efficiency**<br>Net operating revenue<br>-------------------------<br>Financial year cost of personnel | The index shows the personnel productivity, calculated as the ratio between the net operating revenue and the cost of personnel. | 3,38 | **2,88** | |
| **Days' payables outstanding**<br>Payables with Suppliers* 365<br>-------------------------<br>Financial year purchases | The index measures, in days, the commercial extension received from the suppliers. | 23 | **29** | |
| **Days' sales in receivable**<br>Receivables with Customers * 365<br>-------------------------<br>Net operating revenue | The index measures, in days, the commercial extension offered to customers. | 91 | **101** | |

| Liquidity indexes | Meaning | Previous financial year | Current financial year | Comment |
|---|---|---|---|---|
| **Quick ratio**<br>Prompt liquidity + deferred liquidity<br>-------------------------<br>Short term period payables | The index measures the degree of coverage of short term payables by assets presumably collectible in the short term. | 1,94 | **1,80** | It is equal to the availability rate, since the Company has no stock.<br>There is a good relation between the sources and the uses of the financial resources, in fact the current assets are able to cover the current liability on time. |

| Profitability indexes | Meaning | Previous financial year | Current financial year | Comment |
|---|---|---|---|---|
| **Return on debt (R.O.D.)**<br>Financial year financial charges.<br>-------------------------<br>Financial year payable costs | The index measures the percentage remuneration of external financial providers expressed by the interest on financial year payable costs come due during the Financial year. | - | **-** | |
| **Return on sales (R.O.S.)**<br>Financial year operating result<br>-------------------------<br>Net operating revenue | The index measures the percentage efficiency of current operations with respect to sales. | 7,72 | **2,04** | |
| **Return on investment (R.O.I.)**<br>Financial year operating result<br>-------------------------<br>Financial year invested capital | The index offers a summary percentage measurement of the economics of current operations and the capacity of the company to self-finance irrespective to the choices of the financial structure. | 17,63 | **4,06** | |
| **Return on Equity (R.O.E.)**<br>Financial year operating result<br>-------------------------<br>Net worth | The index offers a summary percentage measurement of the global economics of company operation as a whole and on the capacity to finance the owner's equity. | 22,36 | **(0,66)** | |

## INFORMATION ABOUT THE ENVIRONMENT

At present the commitment about social and territory responsibility is an integral part of its principles and behaviours, which are oriented towards technology excellence, maintenance of high security levels, environmental protection and energy effectiveness as well as towards the training, the sensitization and involvement of the personnel as far as social responsibility matters are concerned.

Therefore, the company's environmental strategy is based upon the following principles:

- optimize the use of renewable energy and natural resources;
- minimize negative environmental impacts and maximize positive ones;
- spread a correct approach to environmental culture;
- achieve continuous improvement in environmental performances;
- adopt purchasing policies in respect of environmental issues.

Particularly the following initiatives were undertaken during the year:

- Scrupulous separate waste collection to improve recycling: plastic, organic, aluminium, glass, toner;
- All the paper used to print is Eco-compatible and could be disposed via WC.

## ENVIRONMENTAL LITIGATION

At the moment the Company is not involved in any civil or criminal litigation with third parties for damages caused to the environment or environmental crimes.

## INFORMATION ABOUT THE PERSONNEL

### SAFETY

The Company operates in its environment in accordance with the provisions of Decree-Law 81/08 for workers safety.

Activities in this area include:

- train employees and collaborators;
- recurrent medical examinations;
- organize and train safety intervention teams provided by law;
- permanent corporate monitoring from RSPP;
- preparation and distribution of documents regarding Decree-Law 81/08.

Particularly the following initiatives were undertaken during the year:

– update risk assessment documents;
– update and edit of procedures regarding safety and health at work;
– training course for n. 44 new employees.

### INJURIES

During the year no injuries occurred to employees.

### LITIGATION

Currently the Company is not involved in any litigation of any kind with employees or former employees.

With reference to the employed personnel we report following data:

- n. 86 men and n. 28 women are employed with a permanent contract;
- the average length of employment is 3/4 years;
- n.44 employees was hired during the year.

## DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES WHICH MAY HAVE AN IMPACT ON THE COMPANY

In the course of its business activities, the Company is exposed to risks and uncertainties arising from exogenous factors related to the overall macroeconomic framework or the specific environment the Company operates in, as well as risks related to strategic decisions and internal risk management.

The identification and mitigation of these risks were carried out on a regular basis through consistent monitoring and immediate reactions in face of risk events.

The Company can count on a central risk management, although it allows its supervisors to take care of identification, monitoring and mitigation of the risks themselves. The aim is to estimate the impact of each risk according to going concern premises, reduce risks' occurrence and/or moderate their effect in proportion to the determining factor (controllable by the Company or not).

On the topic of business risks, the main risks identified, monitored and managed by the company are as follows:

- risks dependent on exogenous variables;
- risk related to competitiveness;
- risks related to the demand / macro-economic cycles.

### RISKS DEPENDENT ON EXOGENOUS VARIABLES

The company is exposed to foreign exchange risk as it deals in multi currencies. However, the risk is hedged to a great extent as the expenses are incurred in the respective foreign currency.

### RISK RELATED TO COMPETITIVENESS

The company operates in highly competitive industry, which is reflected in intense price competition of products and services..

### RISK RELATED TO OVERALL ECONOMIC DEVELOPMENT

In the course of its business activities, the Company is exposed to risks and uncertainties arising from exogenous factors related to the overall macroeconomic framework and the consequent reduction in IT spending by the companies, in containing their costs, could impact the Company's business.

### INFORMATION EX ART. 2428 C. 6 BIS

The company does not have investments in financial activities.

### AIMS AND POLICIES ON FINANCIAL RISK MANAGEMENT

The Company aims to contain financial risks through a control system managed by the Executive Board and monitored by internal auditors.

### COMPANY'S EXPOSURE TO RISKS

### CREDIT RISK

The Company has a policy to extend credit terms, on an average 60 days, after carefully considering the credit worthiness of its clients based on reports obtained from Credit Rating Agencies.

Doubtful debts represent the 2.71% of the total amount of all receivables towards customers. The Company has a good portfolio of clients and carries on careful checks on the clients' credit worthiness. It is specified that, as per company policy, the receivables considered in the doubtful/ bad debts are those which have remained unrealized beyond 9 months.

### LIQUIDITY RISK

Policy of the company is to manage accurately its spare funds, using tools able to schedule revenues and expenditures. The company intends to maintain liquidity reserves in order to avoid liquidity risk.

### RESEARCH AND DEVELOPMENT

The Company has not made significant investments in Research and Development during the year.

### TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED AND PARENT COMPANIES AND OTHER GROUP COMPANIES

Throughout the period ended 31st March 2023 the Company held commercial relations with companies of the Group.

Contract terms have been negotiated according to market conditions and do not give rise to significant advantages to any of the parties involved. Intercompany transactions are made at arm's length value.

The amount of the intercompany trade relations is listed below:

(EUR)

| Description | Controlling companies | Other related parties | Total |
|---|---|---|---|
| Revenue | **1.332.195** | **4.453.218** | **5.788.413** |
| Costs | **24.307.551** | **882.095** | **25.189.646** |
| Commercial receivables | **1.582.899** | **1.608.179** | **3.191.078** |
| Commercial debts | **5.740.348** | **90.869** | **5.831.217** |

(EUR)

| Entity | Revenue for services | Cost for services | Receivables | Payables |
|---|---|---|---|---|
| Tata America International Corporation | 1.523 | - | 1 | - |
| Tata Consultancy Services Luxembourg S.A. | 6.970 | - | 5.040 | - |
| Tata Consultancy Services Asia Pacific Pte Ltd | - | 90.948 | - | - |
| Tata Consultancy Services Belgium N.V./S.A. | 375.466 | 30.138 | 42.997 | 4.494 |
| Tata Consultancy Services Deutschland GmbH | 2.677.416 | 168.211 | 692.644 | 36.490 |
| Tata Consultancy Services France S.A.S | 556.204 | 304.055 | 559.091 | 17.649 |
| Tata Consultancy Services Limited | 938.812 | 24.226.726 | 1.551.494 | 5.701.833 |
| Tata Consultancy Services Netherland BV | 396.383 | 80.825 | 31.405 | 38.515 |
| Tata Consultancy Services Osterreich GmbH | 706.488 | 16.563 | 259.180 | - |
| Tata Consultancy Services Sverige AB | 29.669 | 24.907 | - | 3.326 |
| Tata Consultancy Services Switzerland Ltd | 99.482 | 44.228 | 45.753 | 12.198 |
| Tata Consultancy Services Espana SA | - | 846 | - | - |
| Tata Consultancy Services Brazil Ltd. | - | 202.199 | 3.431 | 16.712 |
| Tata Africa Holdings Ltd. | - | - | 42 | - |
| **Totale** | **5.788.413** | **25.189.646** | **3.191.078** | **5.831.217** |

## INFORMATION CONCERNING THE ACTIVITY OF DIRECTION AND COORDINATION

Compliant with the dispositions of Art. 2497 et seq. of the Civil Code, we communicate that the Company is subject to the direction and coordination of the Company TATA CONSULTANCY SERVICES NETHERLANDS BV.

Compliant with art. 2497-bis, par. 4, Civil Code, in the notes to the financial we reported a summary of the essential data of the last balance as at 31st March 2021 of the Company that exerts the activity of direction and coordination.

Moreover, the Company fulfilled its obligation required under article 2497-bis, par.1 of the Civil Code, as it reported on acts and correspondence its subjection to the direction and coordination of the Company TATA CONSULTANCY SERVICES NETHERLANDS BV.

Decisions have not been affected by the direction and coordination by TATA CONSULTANCY SERVICES NETHERLANDS B.V.

## TRADE RELATIONS AND OTHERS

(EUR)

| Description | TCS Netherlands BV |
|---|---|
| Receivables | 31.405 |
| Payables | 38.515 |
| Costs for services | 80.825 |
| Revenues for services | 396.383 |

With reference to the established relations we underline that the operations are performed at market term.

Finally, we state that no decision was influenced by the activity or direction and coordination of the Company TATA CONSULTANCY SERVICES NETHERLANDS BV.

### OWN SHARES AND INVESTMENT IN PARENT COMPANIES

Compliant with Article 2428 c. 3 p. 3 and 4 of the Civil Code the Company holds no own shares or investment in Parent companies.

### FORESEEABLE DEVELOPMENTS BY THE END OF THE PERIOD

According to the available information the subsequent year result is expected have a growth of 5% compared to the current year. There is no direct impact of the Ukraine war on TCS Italy. As of now we are not envisaging any impact to our business.

### ACTIVITIES EX DECREE LAW 231/01

The company has adopted an Organization and Control Model pursuant to Legislative Decree no. 231/01, including a Code of Ethics, whose functioning is monitored by a Supervisory Board.

### NEW ELECTION OF BOARD OF STATUTORY AUDITORS

Dear Sole Shareholder,

The term of office of the Board of Statutory Auditors will expire by the approval of the Annual Report as at 31/03/2023. Following our Company's Articles of Association, we have the pleasure of inviting you to attend the election of the Board of Statutory Auditors  or Legal Auditor (Revisore).

MILANO, 28th April 2023

For the Directors

CHAPALAPALLI SAPTHAGIRI

# TATA CONSULTANCY SERVICES LUXEMBOURG S.A.
# Société Anonyme

## ANNUAL ACCOUNTS AND REPORT OF THE REVISEUR D'ENTREPRISES AGREE

**MARCH 31, 2023**

**89 D, Rue Pafebruch**

**L-8308 Capellen**

**R.C.S. Luxembourg: B112.110**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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# MANAGEMENT REPORT FY 2022-23

TATA Consultancy Services Luxembourg S. A. (Company), during the fiscal year ending on the 31st of March 2023 has registered continuous growth. It has done so through the expansion and enhanced presence within its key customers. The Company continues to work closely with the TCS relationship teams managing global TCS customers that have operations in Luxembourg. The major component of the growth has been from one of TCS's global clients. The long-term relationship with this customer, the quality of service and innovative offerings has led to consolidating TCS's presence and to marked growth in revenue. The service contracts currently in place signifies enhanced revenue growth for this fiscal year and for the years to come.

Finding and hiring local highly qualified resources remains an important challenge in growing our presence in the country. A regular communication with the teams in offshore locations servicing Luxembourg accounts continues to be a key success factor.

However, within the above limits, the Company regularly plans to position and showcase its services and solutions for acquiring new customers and to develop new areas of business with existing customers.

On the basis of the current visibility, the revenue for the year 2023-24 are expected to be at the same level as that of the revenue during the year 2022-23.

There are no significant events after the balance sheet date which has a bearing on the financial statements for the year 2022-23.

The ongoing military operation in Ukraine does not have any direct impact on the company as there are no customers in or dependencies on Ukraine, Belarus and Russia. The war may affect the economies of Europe and the world in general which may impact the company in future. However, as per current visibility, it is not possible to reliably estimate the impact as the events are evolving continuously.

Currently, the Company has no significant credit risks, other than those which have already been allowed for, nor any concentrations of credit with a single customer or geographical region which carries an unusual high credit risk. The Company bears no significant third-party interest risk.

The Company operates in a competitive market scenario which is reflected in the competitive prices for services.

The Company does not hold own shares and does not have investment in the shares of parent company and the Company does not have branches. The Company did not incur research and development expenses.

The total net turnover for the year was EUR 89.35 million compared to EUR 84.97 million for the previous year. The year ended with a net profit of EUR 6.31 million as compared to EUR 6.18 million for the previous year. The net profit at the current level is expected to continue going forward.

______________________________ ______________________________

Mr. Sapthagiri Chapalapalli Mr. Paul Arbab.

May 0X, 2023



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# REPORT OF THE REVISEUR D'ENTREPRISES AGREE

**To the Board of Directors of**
**Tata Consultancy Services Luxembourg S.A.**
**89D, Rue Pafebruch**
**L - 8308 Capellen**
**Luxembourg**

## Report on the audit of the annual accounts

### Opinion

We have audited the annual accounts of Tata Consultancy Services Luxembourg S.A. (the "Company"), which comprise the balance sheet as at 31 March 2023, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 March 2023 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

### Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

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

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts 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 this fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Responsibilities of the réviseur d'entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the annual accounts, 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 the Board of Directors.

— Conclude on the appropriateness of the Board of Directors' 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 report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts 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 report of the "réviseur d'entreprises agréé". 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

Luxembourg, 17 May 2023

KPMG Audit S.à r.l.
Cabinet de révision agréé

F. Rouault

Partner

## Balance Sheet

(EUR)

| ASSETS | Reference(s) | | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| **A. Subscribed capital unpaid** | 1101 | - | **101** | **-** | 102 | - |
| I. Subscribed capital not called | 1103 | - | **103** | **-** | 104 | - |
| II. Subscribed capital called but unpaid | 1105 | - | **105** | **-** | 106 | - |
| **B. Formation expenses** | 1107 | - | **107** | **-** | 108 | - |
| **C. Fixed assets** | 1109 | - | **109** | **130.383,71** | 110 | 139.125,67 |
| I. Intangible assets | 1111 | - | **111** | **-** | 112 | - |
| 1. Costs of development | 1113 | - | **113** | **-** | 114 | - |
| 2. Concessions, patents, licenses, trade marks and similar rights and assets, if they were | 1115 | - | **115** | **-** | 116 | - |
| a) acquired for valuable consideration and need not be shown under C.I.3 | 1117 | - | **117** | **-** | 118 | - |
| b) created by the undertaking itself | 1119 | - | **119** | **-** | 120 | - |
| 3. Goodwill, to the extent that it was acquired for valuable consideration | 1121 | - | **121** | **-** | 122 | - |
| 4. Payments on account and intangible assets under development | 1123 | - | **123** | **-** | 124 | - |
| II. Tangible assets | 1125 | 3 | **125** | **27.961,29** | 126 | 36.703,25 |
| 1. Land and buildings | 1127 | - | **127** | - | 128 | - |
| 2. Plant and machinery | 1129 | 3 | **129** | **13.027,30** | 130 | 5.477,85 |
| 3. Other fixtures and fittings, tools and equipment | 1131 | 3 | **131** | **10.286,99** | 132 | 20.225,40 |
| 4. Payments on account and tangible assets in the course of construction | 1133 | 3 | **133** | **4.647,00** | 134 | 11.000,00 |
| III. Financial assets | 1135 | - | **135** | **102.422,42** | 136 | 102.422,42 |
| 1. Shares in affiliated undertakings | 1137 | - | **137** | **-** | 138 | - |
| 2. Loans to affiliated undertakings | 1139 | - | **139** | **-** | 140 | - |
| 3. Participating interests | 1141 | - | **141** | **-** | 142 | - |
| 4. Loans to undertakings with which the undertaking is linked by virtue of participating interests | 1143 | - | **143** | **-** | 144 | - |
| 5. Investments held as fixed assets | 1145 | - | **145** | **-** | 146 | - |
| 6. Other loans | 1147 | - | **147** | **102.422,42** | 148 | 102.422,42 |
| **D. Current assets** | 1151 | - | **151** | **32.011.812,90** | 152 | 25.304.351,17 |
| I. Stocks | 1153 | - | **153** | **-** | 154 | - |
| 1. Raw materials and consumables | 1155 | - | **155** | **-** | 156 | - |
| 2. Work in progress | 1157 | - | **157** | **-** | 158 | - |
| 3. Finished goods and goods for resale | 1159 | - | **159** | **-** | 160 | - |
| 4. Payments on account | 1161 | - | **161** | **-** | 162 | - |

## Balance Sheet

(EUR)

| | Reference(s) | | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| II. Debtors | 1163 | - | **163** | **20.926.181,39** | 164 | 18.144.665,87 |
| 1. Trade debtors | 1165 | 4 | **165** | **16.457.922,66** | 166 | 14.085.999,99 |
| a) becoming due and payable within one year | 1167 | - | **167** | **16.457.922,66** | 168 | 14.085.999,99 |
| b) becoming due and payable after more than one year | 1169 | - | **169** | **-** | 170 | - |
| 2. Amounts owed by affiliated undertakings | 1171 | 4 | **171** | **980.065,04** | 172 | 897.551,29 |
| a) becoming due and payable within one year | 1173 | - | **173** | **980.065,04** | 174 | 897.551,29 |
| b) becoming due and payable after more than one year | 1175 | - | **175** | **-** | 176 | - |
| 3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests | 1177 | - | **177** | **-** | 178 | - |
| a) becoming due and payable within one year | 1179 | - | **179** | **-** | 180 | - |
| b) becoming due and payable after more than one year | 1181 | - | **181** | **-** | 182 | - |
| 4. Other debtors | 1183 | 5 | **183** | **3.488.193,69** | 184 | 3.161.114,59 |
| a) becoming due and payable within one year | 1185 | 5 | **185** | **3.488.193,69** | 186 | 3.161.114,59 |
| b) becoming due and payable after more than one year | 1187 | - | **187** | **-** | 188 | - |
| III. Investments | 1189 | - | **189** | **-** | 190 | - |
| 1. Shares in affiliated undertakings | 1191 | - | **191** | **-** | 192 | - |
| 2. Own shares | 1209 | - | **209** | **-** | 210 | - |
| 3. Other investments | 1195 | - | **195** | **-** | 196 | - |
| IV. Cash at bank and in hand | 1197 | - | **197** | **11.085.631,51** | 198 | 7.159.685,30 |
| **E. Prepayments** | 1199 | 6 | **199** | **3.930.513,61** | 200 | 1.163.434,83 |
| **TOTAL (ASSETS)** | | | **201** | **36.072.710,22** | 202 | 26.606.911,67 |

## Balance Sheet

(EUR)

| | Reference(s) | | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| CAPITAL, RESERVES AND LIABILITIES | | | | | | |
| **A. Capital and reserves** | 1301 | - | **301** | **13.338.708,18** | 302 | 13.026.813,18 |
| I. Subscribed capital | 1303 | 7.1, 8 | **303** | **5.600.000,00** | 304 | 5.600.000,00 |
| II. Share premium account | 1305 | - | **305** | **-** | 306 | - |
| III. Revaluation reserve | 1307 | - | **307** | **-** | 308 | - |
| IV. Reserves | 1309 | 7.2, 8 | **309** | **885.650,00** | 310 | 794.536,34 |
| 1. Legal reserve | 1311 | 7.2.1, 8 | **311** | **560.000,00** | 312 | 560.000,00 |
| 2. Reserve for own shares | 1313 | - | **313** | **-** | 314 | - |
| 3. Reserves provided for by the articles of association | 1315 | - | **315** | **-** | 316 | - |
| 4. Other reserves, including the fair value reserve | 1429 | 7.2.2, 8 | **429** | **325.650,00** | 430 | 234.536,34 |
| a) other available reserves | 1431 | - | **431** | | 432 | 234.536,34 |
| b) other non available reserves | 1433 | - | **433** | **325.650,00** | 434 | - |
| V. Profit or loss brought forward | 1319 | 8 | **319** | **541.163,18** | 320 | 453.114,63 |
| VI. Profit or loss for the financial year | 1321 | 8 | **321** | **6.311.895,00** | 322 | 6.179.162,21 |
| VII. Interim dividends | 1323 | - | **323** | **-** | 324 | - |
| VIII. Capital investment subsidies | 1325 | - | **325** | **-** | 326 | - |
| **B. Provisions** | 1331 | - | **331** | **1.174.109,73** | 332 | 1.148.616,67 |
| 1. Provisions for pensions and similar obligations | 1333 | - | **333** | **-** | 334 | - |
| 2. Provisions for taxation | 1335 | - | **335** | **-** | 336 | - |
| 3. Other provisions | 1337 | 9 | **337** | **1.174.109,73** | 338 | 1.148.616,67 |
| **C. Creditors** | 1435 | - | **435** | **15.402.203,37** | 436 | 10.829.577,05 |
| 1. Debenture loans | 1437 | - | **437** | **-** | 438 | - |
| a) Convertible loans | 1439 | - | **439** | **-** | 440 | - |
| i) becoming due and payable within one year | 1441 | - | **441** | **-** | 442 | - |
| ii) becoming due and payable after more than one year | 1443 | - | **443** | **-** | 444 | - |
| b) Non convertible loans | 1445 | - | **445** | **-** | 446 | - |
| i) becoming due and payable within one year | 1447 | - | **447** | **-** | 448 | - |
| ii) becoming due and payable after more than one year | 1449 | - | **449** | **-** | 450 | - |
| 2. Amounts owed to credit institutions | 1355 | - | **355** | **-** | 356 | - |
| a) becoming due and payable within one year | 1357 | - | **357** | **-** | 358 | - |
| b) becoming due and payable after more than one year | 1359 | - | **359** | **-** | 360 | - |

## Balance Sheet

(EUR)

| | Reference(s) | | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| 3. Payments received on account of orders in so far as they are shown separately as deductions from stocks | 1361 | - | **361** | **-** | 362 | - |
| a) becoming due and payable within one year | 1363 | - | **363** | **-** | 364 | - |
| b) becoming due and payable after more than one year | 1365 | - | **365** | **-** | 366 | - |
| 4. Trade creditors | 1367 | - | **367** | **95.321,77** | 368 | 150.769,15 |
| a) becoming due and payable within one year | 1369 | 10 | **369** | **95.321,77** | 370 | 150.769,15 |
| b) becoming due and payable after more than one year | 1371 | - | **371** | **-** | 372 | - |
| 5. Bills of exchange payable | 1373 | - | **373** | **-** | 374 | - |
| a) becoming due and payable within one year | 1375 | - | **375** | **-** | 376 | - |
| b) becoming due and payable after more than one year | 1377 | - | **377** | **-** | 378 | - |
| 6. Amounts owed to affiliated undertakings | 1379 | - | **379** | **8.148.138,77** | 380 | 3.467.177,00 |
| a) becoming due and payable within one year | 1381 | 11 | **381** | **8.148.138,77** | 382 | 3.467.177,00 |
| b) becoming due and payable after more than one year | 1383 | - | **383** | **-** | 384 | - |
| 7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests | 1385 | - | **385** | **-** | 386 | - |
| a) becoming due and payable within one year | 1387 | - | **387** | **-** | 388 | - |
| b) becoming due and payable after more than one year | 1389 | - | **389** | **-** | 390 | - |
| 8. Other creditors | 1451 | 12 | **451** | **7.158.742,83** | 452 | 7.211.630,90 |
| a) Tax authorities | 1393 | 12 | **393** | **7.123.465,30** | 394 | 7.140.048,53 |
| b) Social security authorities | 1395 | 12 | **395** | **29.447,46** | 396 | 43.830,80 |
| c) Other creditors | 1397 | 12 | **397** | **5.830,07** | 398 | 27.751,57 |
| i) becoming due and payable within one year | 1399 | 12 | **399** | **5.830,07** | 400 | 27.751,57 |
| ii) becoming due and payable after more than one year | 1401 | - | **401** | **-** | 402 | - |
| **D. Deferred income** | 1403 | 13 | **403** | **6.157.688,94** | 404 | 1.601.904,77 |
| **TOTAL (CAPITAL, RESERVES AND LIABILITIES)** | | | **405** | **36.072.710,22** | 406 | 26.606.911,67 |

## Statement of Profit and Loss

(EUR)

| | Reference(s) | | Year ended March 31, 2023 | | Year ended March 31, 2022 | |
|---|---|---|---|---|---|---|
| 1. **Net turnover** | 1701 | 14 | **701** | **89.346.131,55** | 702 | 84.966.251,89 |
| 2. **Variation in stocks of finished goods and in work in progress** | 1703 | - | **703** | **-** | 704 | - |
| 3. **Work performed by the undertaking for its own purposes and capitalised** | 1705 | - | **705** | **-** | 706 | - |
| 4. **Other operating income** | 1713 | 15 | **713** | **652.828,16** | 714 | 824.760,59 |
| 5. **Raw materials and consumables and other external expenses** | 1671 | - | **671** | **(70.063.668,68)** | 672 | (66.108.762,91) |
| a) Raw materials and consumables | 1601 | - | **601** | **-** | - | - |
| b) Other external expenses | 1603 | - | **603** | **(70.063.668,68)** | 604 | (66.108.762,91) |
| 6. **Staff costs** | 1605 | 16 | **605** | **(10.153.579,55)** | 606 | (10.002.956,58) |
| a) Wages and salaries | 1607 | - | **607** | **(9.857.141,85)** | 608 | (9.669.111,01) |
| b) Social security costs | 1609 | - | **609** | **(250.251,68)** | 610 | (245.377,67) |
| i) relating to pensions | 1653 | - | **653** | **(103.031,70)** | 654 | (63.784,88) |
| ii) other social security costs | 1655 | - | **655** | **(147.219,98)** | 656 | (181.592,79) |
| c) Other staff costs | 1613 | - | **613** | **(46.186,02)** | 614 | (88.467,90) |
| 7. **Value adjustments** | 1657 | - | **657** | **(15.996,48)** | 658 | (22.038,22) |
| a) in respect of formation expenses and of tangible and intangible fixed assets | 1659 | 3 | **659** | **(17.440,96)** | 660 | (17.281,41) |
| b) in respect of current assets | 1661 | - | **661** | **1.444,48** | 662 | (4.756,81) |
| 8. **Other operating expenses** | 1621 | 17 | **621** | **(524.931,51)** | 622 | (499.725,07) |
| 9. **Income from participating interests** | 1715 | - | **715** | **-** | 716 | - |
| a) derived from affiliated undertakings | 1717 | - | **717** | **-** | 718 | - |
| b) other income from participating interests | 1719 | - | **719** | **-** | 720 | - |
| 10. **Income from other investments and loans forming part of the fixed assets** | 1721 | - | **721** | **-** | 722 | - |
| a) derived from affiliated undertakings | 1723 | - | **723** | **-** | 724 | - |
| b) other income not included under a) | 1725 | - | **725** | **-** | 726 | - |

## Statement of Profit and Loss

(EUR)

| | Reference(s) | | Year ended March 31, 2023 | | Year ended March 31, 2022 | |
|---|---|---|---|---|---|---|
| 11. **Other interest receivable and similar income** | 1727 | 18 | **727** | **1.016.927,49** | 728 | 516.635,45 |
| a) derived from affiliated undertakings | 1729 | - | **729** | **922.693,14** | 730 | 412.164,46 |
| b) other interest and similar income | 1731 | - | **731** | **94.234,35** | 732 | 104.470,99 |
| 12. **Share of profit or loss of undertakings accounted for under the equity method** | 1663 | - | **663** | **-** | 664 | - |
| 13. **Value adjustments in respect of financial assets and of investments held as current assets** | 1665 | - | **665** | **-** | 666 | - |
| 14. **Interest payable and similar expenses** | 1627 | 19 | **627** | **(1.410.760,38)** | 628 | (919.272,17) |
| a) concerning affiliated undertakings | 1629 | - | **629** | **(498.551,04)** | 630 | (349.466,67) |
| b) other interest and similar expenses | 1631 | - | **631** | **(912.209,34)** | 632 | (569.805,50) |
| 15. TAX ON PROFIT OR LOSS | 1635 | 20 | **635** | **(2.534.942,50)** | 636 | (2.511.388,07) |
| 16. PROFIT OR LOSS AFTER TAXATION | 1667 | - | **667** | **6.312.008,10** | 668 | 6.243.504,91 |
| 17. **Other taxes not shown under items 1 to 16** | 1637 | 20 | **637** | **(113,10)** | 638 | (64.342,70) |
| 18. PROFIT OR LOSS FOR THE FINANCIAL YEAR | 1669 | 8 | **669** | **6.311.895,00** | 670 | 6.179.162,21 |

## Notes forming part of the Financial Statements

### 1. ORGANISATION AND BUSINESS PURPOSE

TATA CONSULTANCY SERVICES LUXEMBOURG S.A. (the "Company") was incorporated on October 28, 2005 as a "Société Anonyme" under the laws of the Grand Duchy of Luxembourg for an unlimited period.

The Company is registered at 89 D, Rue Pafebruch, L-8308 Capellen and its commercial register number is R.C.S. Luxembourg B112.110.

The Company is a subsidiary of Tata Consultancy Services Netherlands B.V., a company organised under the Netherlands' laws under registered number 33237130 and whose registered address is Gustav Mahlerplein 85-91, 1082 MS Amsterdam, the Netherlands.

Tata Consultancy Services Netherlands B.V., a company organised under the Netherlands' laws is a subsidiary of TATA Consultancy Services Limited, a company incorporated under the laws of India under registered number L22210MH1995PLC084781 and whose registered address is Nirmal Building, 9th Floor, Nariman Point, Mumbai - 400 021, India.

The Company's object is the management and operating of information technology ("IT") and communication systems of credit institutions, professionals of the financial sector, undertakings for collective investment or pension funds established under Luxembourg or foreign laws. The Company may also develop and own IT and communication systems and make them available to its aforesaid clients.

The object includes the processing and transfer of data stored in the IT systems.

The Company may also provide IT systems implementation and maintenance services.

The Company co-operates with other entities of the Tata Consultancy Services Group.

The Company has the status of a professional of the financial sector, as such it may carry out any activities deemed useful for the accomplishment of its object remaining however within the limitations of articles 29(1), 29(2), 29(3) and 29(4) of the amended Luxembourg law of April 5, 1993 relating to the financial sector.

The Company's financial year starts on April 1 and ends on March 31 every year.

The consolidated accounts of TATA Consultancy Services Limited, which form the smallest and largest body of undertakings in which the Company is included, are available at the following address: Nirmal Building, 9th Floor, Nariman Point, Mumbai - 400 021, India.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of preparation**

The Company maintains its books and records in Euro (EUR) and the annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements and the going concern principle under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the amended Law of 19 December 2002, determined and applied by the board of directors of the Company (the "Board of Directors").

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates 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 circumstance.

**Significant accounting policies**

*2.1. Formation Expenses*

The formation expenses of the Company are directly charged to the profit and loss account of the year in which they are incurred.

## Notes forming part of the Financial Statements

*2.2. Tangible assets*

The value of tangible fixed assets with limited useful economic lives is reduced by value adjustments calculated on a straight-line basis to write off the value of such assets systematically over their useful economic lives.

The depreciation rates applied are as follows:

- Plant and machinery: 10%, 20% or 25%
- Other fixtures and fittings, tools and equipment: 10%, 20% or 25%

*2.3. Debtors*

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

*2.4. Creditors*

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is recorded in the profit and loss account when the debt is issued.

*2.5. Foreign currency translation*

These annual accounts are expressed in EUR.

The transactions made in a currency other than EUR are translated into EUR at the exchange rate prevailing at the transaction date.

Long-term assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historic exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

All other assets and liabilities expressed in a currency other than EUR are translated separately respectively at the lower and at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates prevailing at the balance sheet date. Solely the unrealized exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account whereas the net unrealised exchange gains are not recognised.

*2.6. Revenues from operations*

Revenues which are derived from management and operating of Information Technology are recognised over the term of related contract in the period when the services are provided.

Works in progress are classified as invoices to be issued under the caption "Trade debtors". Then invoices are issued in accordance with milestones set in the "Statement of work" agreed with each client.

*2.7. Provisions*

Provisions are intended to cover losses or debts the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created to cover charges that have originated in the financial year under review or in previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

*Provision for taxation*

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years are recorded under the caption "Other creditors - Tax authorities". The advance tax payments are shown in the assets of the balance sheet under the "Other debtors" item.

*2.8. Prepayments*

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

*2.9. Deferred income*

This liability item includes income received during the financial year but relating to a subsequent financial year.

## 3. TANGIBLE ASSETS

The following movements have occurred in the course of the financial year:

(EUR)

| | Plant & machinery | Other fixtures & fittings, tools & equipment | Payments on account & tangible fixed assets under development | Total |
|---|---|---|---|---|
| **Gross book value - opening balance** | **551.175,74** | **562.291,28** | **11.000,00** | **1.124.467,02** |
| Additions for the year | **11.000,00** | **4.052,00** | **4.647,00** | **19.699,00** |
| Disposals for the year | **-** | **-** | **-** | **-** |
| Transfers for the year | **-** | **-** | **(11.000,00)** | **(11.000,00)** |
| **Gross book value - closing balance** | **562.175,74** | **566.343,28** | **4.647,00** | **1.133.166,02** |
| **Accumulated value adjustment - opening balance** | **(545.697,89)** | **(542.065,88)** | **-** | **(1.087.763,77)** |
| Allocations for the year | **(3.450,55)** | **(13.990,41)** | **-** | **(17.440,96)** |
| Reversals for the year | **-** | **-** | **-** | **-** |
| Transfers for the year | **-** | **-** | **-** | **-** |
| **Accumulated value adjustment - closing balance** | **(549.148,44)** | **(556.056,29)** | **-** | **(1.105.204,73)** |
| **Net book value - closing balance** | **13.027,30** | **10.286,99** | **4.647,00** | **27.961,29** |
| **Net book value - opening balance** | **5.477,85** | **20.225,40** | **11.000,00** | **36.703,25** |

## 4. TRADE DEBTORS AND AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

Trade debtors are resulting from IT application support and application development business.

Claims on affiliated undertakings amount to EUR 980.065,04 (March 31, 2022: EUR 897.551,29) and result from sales and services provided. Income on work in process not yet invoiced to clients amounts to EUR 1.658.316,10 (March 31, 2022: EUR 1.894.995,16).

## 5. OTHER DEBTORS

Other debtors may be broken down as follows:

(EUR)

| | Within one year | After more than one year | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| Staff allowance for travel and recoverable expenses | **225.269,18** | **-** | **225.269,18** | 245.566,31 |
| Withholding tax on remunerations and wages | **-** | **-** | **-** | 158.448,33 |
| Advances for taxes | **3.262.924,51** | **-** | **3.262.924,51** | 2.757.099,95 |
| **TOTAL** | **3.488.193,69** | **-** | **3.488.193,69** | 3.161.114,59 |

## Notes forming part of the Financial Statements

### 6. PREPAYMENTS

This asset item includes expenditure incurred during the financial year but relating to the subsequent financial year for an amount of EUR 3.930.513,61 (March 31, 2022: EUR 1.163.434,83).

### 7. CAPITAL AND RESERVES

#### 7.1 Subscribed capital

As at March 31, 2023, the issued capital of the Company amounts to EUR 5.600.000,00 consisting of 5.600 registered shares with par value of EUR 1.000,00 fully paid up.

#### 7.2 Reserves

*7.2.1. Legal reserve*

In accordance with Luxembourg commercial law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

*7.2.2. Other non available reserves*

The Company reduced its Net Wealth Tax liability in accordance with paragraph 8a of the Luxembourg Net Wealth Tax law. The Company allocates under non-distributable reserves an amount that corresponds to five times the amount of reduction of the Net Wealth Tax. This reserve is non-distributable for a period of five years from the year following the one during which the Net Wealth Tax was reduced.

### 8. MOVEMENTS FOR THE YEAR ON CAPITAL, RESERVES AND PROFIT AND LOSS ITEMS

The movements for the year are as follows:

(EUR)

| | Subscribed capital | Legal reserve | Other available reserves | Other non available reserves | Dividend | Result brought forward | Result for the financial year | TOTAL |
|---|---|---|---|---|---|---|---|---|
| **Balance as at March 31, 2022** | 5.600.000,00 | 560.000,00 | 234.536,34 | | | 453.114,63 | 6.179.162,21 | 13.026.813,18 |
| **Movements for the year:** | | | | | | | | |
| - Allocation of previous year's result | **-** | **-** | **(234.536,34)** | **325.650,00** | **6.000.000,00** | **88.048,55** | **(6.179.162,21)** | **-** |
| - Dividend distribution | **-** | **-** | **-** | | | **-** | **-** | **(6.000.000,00)** |
| - Result for the year | **-** | **-** | **-** | | | **-** | **6.311.895,00** | **6.311.895,00** |
| **Balance as at March 31, 2023** | **5.600.000,00** | **560.000,00** | **-** | **325.650,00** | **-** | **541.163,18** | **6.311.895,00** | **13.338.708,18** |

## 9. OTHER PROVISIONS

Other provisions may be broken down as follows:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for subcontracting expenses | **77.390,00** | 52.445,00 |
| Provision for emoluments | **246.212,71** | 254.397,46 |
| Provision for intercompany expenses | **361.380,09** | 324.876,18 |
| Provision for professional fees | **101.865,69** | 89.648,35 |
| Others | **387.261,24** | 427.249,68 |
| | **1.174.109,73** | 1.148.616,67 |

### 9.1 Others

"Others" consists mainly of Tata Brand Equity Provision (EUR 220.466,00) and Marketing related expenses (EUR 119.799,00).

## 10. TRADE CREDITORS

Trade creditors are made up of suppliers payable.

## 11. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

Amounts owed to affiliated undertakings are made of debts on purchase and services for an amount of EUR 8.148.138,77 (March 31, 2022: EUR 3.467.177,00).

## 12. OTHER CREDITORS

The amounts due and payable for the accounts shown under "Other Creditors" are as follows:

(EUR)

| | Within one year | After more than one year | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| Tax authorities | **7.123.465,30** | **-** | **7.123.465,30** | 7.140.048,53 |
| Social security authorities | **29.447,46** | **-** | **29.447,46** | 43.830,80 |
| Other creditors | | | | |
| - Amounts payable to staff | **5.830,07** | **-** | **5.830,07** | 27.751,57 |
| **TOTAL** | **7.158.742,83** | **-** | **7.158.742,83** | 7.211.630,90 |

## 13. DEFERRED INCOME

Deferred income includes income received during the financial year ended March 31, 2023 but relating to a subsequent financial year.

## Notes forming part of the Financial Statements

### 14. NET TURNOVER

Net turnover is broken down by category of activity and geographical markets as follows:

(EUR)

| Categories of activity | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Telecom | **61.744.067,06** | 58.533.477,54 |
| BFSI | **23.031.078,05** | 21.625.276,08 |
| Manufacturing & Process | **4.273.498,81** | 4.683.237,73 |
| Retail & Distribution | **183.928,43** | - |
| Others | **113.559,20** | 124.260,54 |
| **Total** | **89.346.131,55** | 84.966.251,89 |

(EUR)

| Geographical markets | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Luxembourg | **87.693.740,59** | 83.304.684,49 |
| Outside Europe | **1.147.604,21** | 1.294.588,03 |
| Rest of Europe | **504.786,75** | 366.979,37 |
| **Total** | **89.346.131,55** | 84.966.251,89 |

### 15. OTHER OPERATING INCOME

As at year-end, the Company's other operating income may be analysed as follows:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Subsidies for operating activities | **22.465,13** | 21.415,23 |
| Benefits in kind | **612.278,65** | 596.936,99 |
| Other miscellaneous income | **18.084,38** | 206.408,37 |
| **TOTAL** | **652.828,16** | 824.760,59 |

### 16. STAFF

The average number of persons employed during the financial year by the Company is as follows:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Senior Management | **2** | 2 |
| Employees | **123** | 127 |
| **TOTAL** | **125** | 129 |

## 17. OTHER OPERATING EXPENSES

As at March 31, 2023, the Company's other operating expenses may be analysed as follows:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Staff & Wages - Meal Allowance | **296.843,94** | 291.192,96 |
| Tata Brand Equity Contribution | **218.783,89** | 208.532,11 |
| Miscellaneous operating charges | **9.303,68** | - |
| | **524.931,51** | 499.725,07 |

## 18. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

This item is composed of foreign currency exchange gains.

## 19. INTEREST PAYABLE AND SIMILAR EXPENSES

This item is mainly composed of foreign currency exchange losses.

## 20. TAXATION

The Company is subject to all the taxes relevant to commercial companies in Luxembourg.

## 21. OFF-BALANCE SHEET COMMITMENTS

The off-balance sheet commitments may be broken down as follows:

(EUR)

| | Within one year | After more than one year | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| Fixed rental payments | **143.732,68** | **287.072,64** | **430.805,32** | 574.145,29 |
| Company cars | **35.955,89** | **36.385,05** | **72.340,94** | 92.623,08 |
| **TOTAL** | **179.688,57** | **323.457,69** | **503.146,26** | 666.768,37 |

## 22. EMOLUMENTS, ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

The Company has not granted any emoluments in respect of the financial year to members of the management and supervisory bodies by reason of their responsibilities.

As at March 31, 2023, the Company has not granted advances or loans to members of its administration (March 31, 2022: none).

## 23. RELATED PARTIES

During the financial year, no significant transactions were concluded outside the normal market conditions with persons holding participations in the Company neither with entities in which the company holds participations, nor with members of the administrative, management or supervisory bodies of the Company..

## 24. AUDITOR'S FEES

The total fees expensed by the Company and due for the current financial year to the audit firm amounts to EUR 41.225,50 (March 31, 2022: EUR 37.216,50).

## 25. SUBSEQUENT EVENTS

No significant subsequent event has occurred since the balance sheet date.

# Tata Consultancy Services Osterreich GmbH

## FINANCIAL STATEMENTS

**For the year ended March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2023

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# Independent Auditors' Report

**To the Board of Directors**

**Tata Consultancy Services Osterreich GmbH**

**Report On The Special Purpose Ind As Financial Statements**

## Opinion

We have audited the accompanying Special purpose Ind AS financial statements of Tata Consultancy Services Osterreich GmbH ('the Company), which comprises the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the special purpose Ind AS financial statements"). The special purpose Ind AS financial statements have been prepared by the management as described in Note 2 to the Special Purpose Ind AS financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special purpose Ind AS financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2023, and it's profit (including other Comprehensive Income), Changes in Equity and its Cash Flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Special purpose Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special purpose Ind AS financial statements under the provisions of the Act and the Rules thereunder and fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's Responsibility for special purpose Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Special purpose Ind AS financial statements that give a true and fair view of the state of affairs, profit/ loss and (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special purpose Ind AS financial statements that give a true and fair view and are free from misstatement, whether due to fraud or error.

In preparing these Special purpose Ind AS financial statements, management and Board of Directors are 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Special purpose Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special purpose Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance but is not a guarantee that an audit conducted in accordance with SAs 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 Special purpose Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

  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 auditor's 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 auditor's 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements (To the extent applicable to a Company incorporated outside India)**

1. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

**Restriction on Distribution and Use**

This Special purpose Ind AS financial statements have been prepared for the limited purpose of consolidated financial statements, to comply with the Section 129(3) of the Companies Act 2013, of Tata Consultancy Services Limited for the year ended 31st March,2023 in accordance with Accounting Standard specified in section 133 of the Companies Act 2013. Our report is intended solely for the information and use of Board of Directors of the company and Tata Consultancy Services Limited for the preparation of consolidated this Special purpose Ind AS financial statements as aforesaid and for the use at their annual general meetings for the information of their members. It is not intended to be and should not be used by anyone other than specified parties.

**K B J & ASSOCIATES.**
**(Chartered Accountants)**
**(Firm Registration No. 114934W)**

**Kaushik B. Joshi**
Proprietor
**(Membership No.48889)**

**Date: May, 2023**
**Place: Mumbai**

## Balance Sheet

(EUR)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **I. ASSETS** | | | |
| **Non - current assets** | | | |
| (a) Property, plant and equipment | 8(a) | **2,417** | 3,446 |
| (b) Right-of-use Assets | 7 | **13,548** | 22,688 |
| (c) Income tax assets (net) | | **3,006** | 11,971 |
| (d ) Deferred tax assets (net) | 15 | **51,215** | 59,783 |
| (e ) Other financial assets | 6(d) | **4,680** | 4,680 |
| **Total non-current assets** | | **74,866** | 102,569 |
| **Current assets** | | | |
| (a) Financial assets | | | |
| (i) Trade receivables | 6(a) | | |
| Billed | | **5,076,855** | 3,209,818 |
| Unbilled | | **23,997** | 5,214 |
| (ii) Cash and cash equivalents | 6(b) | **1,176,676** | 945,562 |
| (iii) Loans receivables | 6(c) | **38,333** | 15,000 |
| (iv) Other financial assets | 6(d) | **12,336** | 12,471 |
| (b) Other assets | 8(b) | **697,164** | 671,192 |
| **Total current assets** | | **7,025,361** | 4,859,257 |
| **TOTAL ASSETS** | | **7,100,227** | 4,961,826 |
| **II. EQUITY AND LIABLITIES** | | | |
| **Equity** | | | |
| (a) Share capital | 6(j) | **35,000** | 35,000 |
| (b) Other equity | 9 | **429,723** | 400,226 |
| **Total Equity** | | **464,723** | 435,226 |
| **Liabilities** | | | |
| **Non-current liablities** | | | |
| (i) Lease Liabilities | | **4,660** | 13,902 |
| **Total non-current liablities** | | **4,660** | 13,902 |
| **Current liabilities** | | | |
| (i) Lease Liabilities | | **9,243** | 18,873 |
| (ii) Trade payables | 6(e) | **5,405,587** | 4,097,880 |
| (iii) Other Financial Liabilities | 6(f) | **176,708** | 92,833 |
| (b) Unearned and deferred revenue | 10 | **406,777** | 33,402 |
| (c) Employee benefit obligations | 12 | **12,172** | 8,099 |
| (d) Other liabilities | 8(c) | **618,163** | 261,611 |
| (e) Current Tax Liabilities | | **2,194** | - |
| **Total current liablities** | | **6,630,844** | 4,512,698 |
| **TOTAL EQUITY AND LIABILITIES** | | **7,100,227** | 4,961,826 |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS** **1-17**

As per our report of even date attached.

**For KBJ & Assoicates**
*Chartered Accountants*
*Firm registration number : 114934W*

**Kaushik B. Joshi**
*Proprietor*
*Membership No: 48889*
*Mumbai,*
*Date: 23 May 2023*

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

**Pradeep Manohar Gaitonde**
*Director*
*Mumbai*

**Sapthagiri Chapalapalli**
*Director*
*Frankfurt, Germany*

## Statement of Profit and Loss

(EUR)

| | | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|---|
| I. | Revenue | 10 | **8,736,003** | 7,977,125 |
| II. | Other income | 11 | **4,580** | 2,595 |
| III. | **TOTAL INCOME** | | **8,740,583** | 7,979,721 |
| IV. | **Expenses** | | | |
| | (a) Employee benefit expenses | 12 | **1,087,713** | 641,270 |
| | (b) Depreciation expense | | **10,948** | 48,456 |
| | (c) Other expenses | 13(a) | **7,595,044** | 7,543,689 |
| | (d) Finance costs | 14 | **4,758** | 5,451 |
| | **TOTAL EXPENSES** | | **8,698,463** | 8,238,866 |
| V. | **PROFIT/(LOSS) BEFORE TAX** | | **42,120** | (259,146) |
| VI. | **Tax expense** | | | |
| | (a) Current tax | 15 | **4,056** | - |
| | (b) Short/(Excess) provision of tax relating to prior years | 15 | **8,567** | (65,236) |
| | **TOTAL TAX EXPENSE** | | **12,623** | (65,236) |
| VII. | **PROFIT/(LOSS) FOR THE YEAR** | | **29,497** | (193,909) |
| VIII. | **TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR** | | **29,497** | (193,909) |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS** **1-17**

As per our report of even date attached.

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

**For KBJ & Assoicates**
*Chartered Accountants*
*Firm registration number : 114934W*

**Kaushik B. Joshi**
*Proprietor*
*Membership No: 48889*

*Mumbai,*
*Date: 23 May 2023*

**Pradeep Manohar Gaitonde**
*Director*
*Mumbai*

**Sapthagiri Chapalapalli**
*Director*
*Frankfurt, Germany*

# Statement of Changes in Equity

## A) EQUITY SHARE CAPITAL

(EUR)

| Balance as at April 01, 2021 | Change in equity share capital during the period | Balance as at March 31, 2022 |
|---|---|---|
| 35,000 | - | 35,000 |

(EUR)

| Balance as at April 01, 2022 | Change in equity share capital during the period | Balance as at March 31, 2023 |
|---|---|---|
| **35,000** | **-** | **35,000** |

*Refer note 6(j)

## B) OTHER EQUITY

(EUR)

| | Reserves and surplus | |
|---|---|---|
| | **Retained earnings** | **Total Equity** |
| **Balance as at April 1,2021** | 594,135 | 594,135 |
| Loss for the year | (193,909) | (193,909) |
| **Balance as at March 31, 2022** | 4 00,226 | 4 00,226 |
| **Balance as at April 01, 2022** | **400,226** | **400,226** |
| Profit for the year | **29,497** | **29,497** |
| **Balance as at March 31, 2023** | **429,723** | **429,723** |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-17**

As per our report of even date attached.

**For KBJ & Assoicates**
*Chartered Accountants*
*Firm registration number : 114934W*

**Kaushik B. Joshi**
*Proprietor*
*Membership No: 48889*

*Mumbai,*
*Date: 23 May 2023*

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

**Pradeep Manohar Gaitonde**
*Director*
*Mumbai*

**Sapthagiri Chapalapalli**
*Director*
*Frankfurt, Germany*

## Statement of Cash Flows

(EUR)

| | | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **I** | **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| | Profit/ (loss) for the year | **29,497** | (193,909) |
| | **Adjustments to reconcile profit and loss to net cash provided by operating activities:** | | |
| | Depreciation expense | **10,948** | 48,456 |
| | Tax Expense | **12,623** | (65,236) |
| | Finance Costs | **4,758** | 5,451 |
| | Unrealised exchange gain | **(941)** | 6,144 |
| | **Operating Profit/(Loss) before working capital changes** | **56,885** | (199,095) |
| | **Net change in** | | |
| | Trade receivables | **(1,867,037)** | (1,578,474) |
| | Unbilled receivables | **(18,784)** | 34,661 |
| | Other assets | **(25,971)** | 87,514 |
| | Loans receivables and other financial assets | **(23,198)** | (12,854) |
| | Trade payables | **1,307,707** | 2,512,878 |
| | Other financial liabilities | **83,876** | 25,814 |
| | Unearned and deferred revenues | **373,375** | (259,407) |
| | Employee benefit obligations | **4,073** | 4,616 |
| | Other liabilities and provisions | **356,552** | (4,127) |
| | **Cash generated (used) from operations** | **247,477** | 611,526 |
| | Taxes paid (net of refunds) | **7,104** | 48,934 |
| | **Net cash generated (used) in operating activities** | **254,581** | 660,460 |
| **II** | **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| | Payment for purchase of property, and equipment | **(778)** | - |
| | **Net cash used in investing activities** | **(778)** | - |
| **III** | **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| | Interest paid | **(4,547)** | (4,930) |
| | Repayment of lease liabilities | **(18,873)** | (31,910) |
| | Repayment of lease Interest | **(211)** | (521) |
| | **Net cash used in financing activities** | **(23,631)** | (37,362) |
| | **Net change in cash and cash equivalents** | **2,30,172** | 623,099 |
| | Cash and cash equivalents at the beginning of the year | **945,562** | 328,608 |
| | Exchange difference on translation of foreign currency cash and cash | **941** | (6,144) |
| | **Cash and cash equivalents, as at the end of the year (Refer Note 6 (b))** | **1,176,676** | 945,562 |
| **IV** | **NOTES FORMING PART OF THE FINANCIAL STATEMENTS** | **1-17** | |

As per our report of even date attached.

**For KBJ & Assoicates**
*Chartered Accountants*
*Firm registration number : 114934W*

**Kaushik B. Joshi**
*Proprietor*
*Membership No: 48889*

*Mumbai,*
*Date: 23 May 2023*

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

**Pradeep Manohar Gaitonde**
*Director*
*Mumbai*

**Sapthagiri Chapalapalli**
*Director*
*Frankfurt, Germany*

## Notes forming part of the Financial Statements

### 1. CORPORATE INFORMATION

Tata Consultancy Services Osterreich GmbH is into business of providing a wide range of information technology and consultancy services.

The Company is incorporated in Austria. The address is Orbi Tower, Thomas Klestil-Platz 13, 1030 Wien, Austria. Tata Consultancy Services Netherlands B.V, the holding Company owned 100% of the Company's equity share capital.

### 2. STATEMENT OF COMPLIANCE

This special purpose financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time for sole purpose of inclusion for Tata Consultancy Services Limited (Intermediate Holding Company) under the requirement of Section 129(3) of the Companies Act, 2013 ('the Act').

### 3. BASIS OF PREPARATION

These financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and realisation in cash and cash equivalents of the consideration for such a services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

These financial statements have been presented in EURO which is the functional currency of the Company.

The functional currency is the currency of the primary economic environment in which the Company operates.

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the standalone financial statements have been discussed in the respective notes.

### 4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

**a) Revenue recognition**

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**b) Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**c) Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**d) Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**e) Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**f) Employee benefits**

All the employees of the Company have been seconded from the holding Company. The costs relating to the employee cost is reimbursed to the holding Company which is including the retirement cost as applicable to such seconded employees. Hence no separate actuarial valuation is required to be done by the Company.



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## Notes forming part of the Financial Statements

**g) Lease**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### 5. RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition,accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

### 6. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of asset to another entity. The Company derecognises a financial liabilities when, and only when, the Company's obligations are discharged , cancelled or have expired.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets amortised cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of Balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, the Company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**a) Trade Receivables**

Trade receivables (unsecured) consist of following:

(EUR)

| Trade Receivable - Current | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Considered good | **5,076,855** | 3,209,818 |
| | **5,076,855** | 3,209,818 |

Above balances of trade receivables includes balance with related parties (Refer Note 17)

## Notes forming part of the Financial Statements

Ageing for trade receivables - current outstanding as at March 31, 2023 is as follows:

(EUR)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 | 6 months - 1 | 1-2 years | 2-3 years | More than 3 | Total |
| Undisputed trade receivables - considered good | **3,608,948** | **1,107,956** | **359,951** | **-** | **-** | **-** | **5,076,855** |
| **Total** | **3,608,948** | **1,107,956** | **359,951** | **-** | **-** | **-** | **5,076,855** |
| | | | | | | | **5,076,855** |
| Trade Receivable - Unbilled | | | | | | | **23,997** |
| | | | | | | | **5,100,852** |

Ageing for trade receivables - current outstanding as at March 31, 2022 is as follows:

(EUR)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 | 6 months - 1 | 1-2 years | 2-3 years | More than 3 | Total |
| Undisputed trade receivables - considered good | 1,596,560 | 1,613,258 | - | - | - | - | 3,209,818 |
| **Total** | 1,596,560 | 1,613,258 | - | - | - | - | 3,209,818 |
| | | | | | | | 3,209,818 |
| Trade Receivables - unbilled | | | | | | | 5,214 |
| | | | | | | | 3,215,032 |

**Other financial assets**

**b) Cash and cash equivalents**

Cash and cash equivalents consist of the following:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balances with banks | | |
| In current accounts | **1,176,083** | 944,969 |
| Remittances in Transit | **5 93** | 5 93 |
| | **1,176,676** | 945,562 |

## c) Loans receivables

Loans receivables (unsecured) consist of the following

(EUR)

| Loan receivables - current | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered Good** | | |
| Loans and advances to employees | **38,333** | 15,000 |
| | **38,333** | 15,000 |

## d) Other financial assets

Other financial assets consist of the following:

(EUR)

| Other financial assets – Non- current | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Security deposits | **4,680** | 4,680 |
| | **4,680** | 4,680 |

| Other financial assets – Current | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Others | **2,049** | 2,183 |
| Security deposits | **10,287** | 10,287 |
| | **12,336** | 12,471 |

## e) Trade payables

Trade payables consist of the following:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Accrued expenses | **1,067,091** | 1,305,078 |
| Trade and other payables | **4,338,497** | 2,792,802 |
| | **5,405,587** | 4,097,880 |

Above balances of trade payables includes balance with related parties (Refer Note 17)

## Notes forming part of the Financial Statements

Ageing for trade payables - current outstanding as at March 31, 2023 is as follows:

(EUR)

| Outstanding for following periods from due date of payment | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Particulars** | **Not due** | **Less than 6** | **6 months - 1** | **1-2 years** | **2-3 years** | **More than 3** | **Total** |
| Others | **2,454,661** | **1,040,917** | **830,392** | **12,527** | **-** | **-** | **4,338,497** |
| **Total** | **2,454,661** | **1,040,917** | **830,392** | **12,527** | **-** | **-** | **4,338,497** |
| Less: Allowance for doubtful trade payable | | | | | | | **-** |
| | | | | | | | **4,338,497** |
| **Accrued expenses** | | | | | | | **1,067,091** |
| | | | | | | | **5,405,587** |

Ageing for trade payables - current outstanding as at March 31, 2022 is as follows:

(EUR)

| Outstanding for following periods from due date of payment | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Particulars** | **Not due** | **Less than 6** | **6 months - 1** | **1-2 years** | **2-3 years** | **More than 3** | **Total** |
| Others | 2,312,767 | 402,436 | - | - | 24,973 | 52,626 | 2,792,802 |
| **Total** | 2,312,767 | 402,436 | - | - | 24,973 | 52,626 | 2,792,802 |
| Less: Allowance for doubtful trade payable | | | | | | | - |
| | | | | | | | 2,792,802 |
| Accrued expenses | | | | | | | 1,305,078 |
| | | | | | | | 4,097,880 |

### f) Other financial liabilities

Other financial liabilities consist of the following:

(EUR)

| **Other financial liabilities – Current** | **As at March 31, 2023** | **As at March 31, 2022** |
|---|---|---|
| Accrued Payroll | **1 71,432** | 87,795 |
| Others | **5,276** | 5,038 |
| | **176,708** | 92,833 |

## g) Financial instruments by category

The carrying value of financial instruments by categories as of March 31, 2023 is as follows:

(EUR)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets:** | | |
| Cash and cash equivalents | **1,176,676** | **1,176,676** |
| Trade receivables | **5,076,855** | **5,076,855** |
| Unbilled receivables | **23,997** | **23,997** |
| Loans receivables | **38,333** | **38,333** |
| Other financial assets | **17,016** | **17,016** |
| **Total** | **6,332,877** | **6,332,877** |
| **Financial liabilities:** | | |
| Trade payables | **5,405,587** | **5,405,587** |
| Lease liabilities | **13,903** | **13,903** |
| Other financial liabilities | **176,708** | **176,708** |
| **Total** | **5,596,199** | **5,596,199** |

The carrying value of financial instruments by categories as of March 31, 2022 is as follows:

(EUR)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets:** | | |
| Cash and cash equivalents | 9 45,562 | 9 45,562 |
| Trade receivables | 3,209,818 | 3,209,818 |
| Unbilled revenues | 5,214 | 5,214 |
| Loans receivables | 15,000 | 15,000 |
| Other financial assets | 17,151 | 17,151 |
| **Total** | 4,192,745 | 4,192,745 |
| **Financial liabilities:** | | |
| Trade payables | 4,097,880 | 4,097,880 |
| Lease liabilities | 32,775 | 32,775 |
| Other financial liabilities | 92,833 | 92,833 |
| **Total** | 4,223,488 | 4,223,488 |

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables, loans receivables and trade payables as at March 31, 2023 and March 31, 2022 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the periods presented. Fair value measurement of lease liabilities is not required.

## Notes forming part of the Financial Statements

### h) Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There are no financial liabilities or assets measured at fair value at the end of each reporting period.

### i) Financial risk management

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company.

Considering the countries and economic environment in which the Company operates , its operations are subject to risk arising from fluctations in exchange rates in those countries.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. Its hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The foreign exchange rate sensitivity is calculated by aggregation of net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all currencies by 10% against the functional currency of the Company.

The following analysis has been worked out based on the net exposures of the Company as of the date of balance sheet which could affect the statements of profit and loss and equity.

The following table sets forth information relating to unhedged foreign currency exposure as of March 31, 2023

(EUR))

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | USD | SEK | CHF | HUF | DKK | NOK |
| **Net financial assets** | 2 03,766 | - | - | - | - | - |
| **Net financial liabilities** | 45,518 | 2,785 | 6,365 | 102 | 3,070 | 129 |

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately EUR 14,580 for the year ended March 31, 2023 .

The following table sets forth information relating to unhedged foreign currency exposure as of March 31, 2022

(EUR)

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | USD | SEK | CHF | HUF | DKK | NOK |
| Net financial assets | 191,007 | - | - | - | - | - |
| Net financial liabilities | 56,104 | 229 | 3,243 | 68 | 2,039 | 58 |

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately EUR 1,293 for the year ended March 31, 2022.

- **Interest rate risk**

The Company is not exposed to interest rate risk.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables (PY unbilled revenue), investments, cash and cash equivalents, bank deposits and other financial assets. None of the other financial instruments of the Company result in material concentration of credit risk.

- **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was EUR 6,294,544 as of March 31, 2023 and EUR 4,177,744 March 31, 2022 , respectively, being the total of the carrying amount of balances with banks, trade receivables, unbilled receivables and other financial assets excluding equity & loans.

- **Trade Receivables and Contract Assets**

The entity's exposure to credit risk with regards to trade receivables and contract assets is influenced mainly by the individual characteristics of each customer in relation to the industry practices and business environment in which they operate. The entity limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 365 days for its customers after which they are in default (credit impaired). To manage this risk, the Company has a robust Credit Management process in place. The Company has adopted a policy of dealing only with creditworthy counterparties. The Company's exposure of the counterparties is continuously monitored and necessary changes to the credit terms are made. The carrying amounts of financial assets represent the maximum credit risk exposure. None of the customer balances have been written off and no customer balances have been credit impaired at the reporting date.
The following customers form more than 10% of outstanding trade receivable and unbilled receivables (PY Unbilled revenue) as at March 31, 2023 and March 31, 2022 are as follows.

(EUR)

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Trade receivables and Unbilled revenue | Percentage | Total Trade receivables and Unbilled revenue | Percentage |
| Customer A | **4,118,153** | **76%** | 2,962,061 | 94% |
| Customer B | **500,132** | **9%** | 13,388 | 0% |
| Customer C | **224,441** | **4%** | 12,119 | 6% |

Company's cash and cash equivalents, trade receivables, unbilled receivables (PY unbilled revenue), short-term loans and other financial assets are substantially held in Austria.

## Notes forming part of the Financial Statements

- **Geographic concentration of credit risk**

The Company is not exposed to the risk as the customer base of Company is concentrated in Austria.

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(EUR)

| As at March, 31 2023 | Due in 1st year | Due in 2nd year | Total |
|---|---|---|---|
| **Non-derivative financial liabilities:** | | | |
| Trade payables | **5,405,587** | | **5,405,587** |
| Lease Liability | **9,243** | **4,660** | **13,903** |
| Other financial liabilities | **176,708** | **-** | **176,708** |
| **Total** | **5,591,539** | **4,660** | **5 ,596,199** |

(EUR)

| As at March, 31 2022 | Due in 1st year | Due in 2nd year | Total |
|---|---|---|---|
| **Non-derivative financial liabilities:** | | | |
| Trade payables | 4,097,880 | - | 4,097,880 |
| Lease Liability | 18,873 | 13,902 | 32,775 |
| Other financial liabilities | 92,833 | - | 92,833 |
| Total | 4,209,586 | 13,902 | 4,223,488 |

**Other risk**

Financial assets of EUR 1,176,676 as at March 31, 2023 (PY: EUR 945,562 as at March 31, 2022) carried at amortised cost is in the form of cash and cash equivalents, where the Company has assessed the counterparty credit risk. Trade receivables of EUR 50,76,855 as at March 31, 2023 (PY:EUR 32,09,818 March 31, 2022) forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Retail, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables EURO 23,997 as at March 31, 2023 (EUR 5,214 March 31, 2022) while arriving at the level of provision that is required.

**j) Equity instruments**

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorised :** | | |
| Equity share capital | **35,000** | 35,000 |
| (Share Capital of EUR 35000, PY EUR 35000) | | |
| | **35,000** | 35,000 |
| **Issued, subscribed and paid up:** | | |
| Equity share capital | **35,000** | 35,000 |
| (Share Capital of EUR 35000, PY EUR 35000) | | |
| | **35,000** | 35,000 |

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

**i) Reconciliation**

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Equity Capital** | | |
| Opening balance | **35,000** | 35,000 |
| Closing balance | **35,000** | 35,000 |

* The Company does not have number of equity capital.

**ii) Rights, preferences and restrictions attached to shares**

The Company has only one class of equity which is an 100% investment by TCS Netherlands. Since TCS Netherlands is the only equity capital holder for the Company, TCS Netherlands carry a right to dividend and also in the event of liquidation, TCS Netherlands is eligible to receive the remaining assets of the Company.

**iii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

(EUR)

| **Equity Capital** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| TCS Netherlands NV (Holding Company) | **35,000** | 35,000 |
| % Holding in class | **100%** | 100% |

## Notes forming part of the Financial Statements

### iv. Disclosure of promoters

(EUR)

| Disclosure of promoters as at March 31st 2023 is as follow: | | | | | |
|---|---|---|---|---|---|
| Equity Capital Held by Promoters | | | | | |
| | AS at March 31,2023 | | AS at March 31,2022 | | % Change During the year |
| Promoter name | Equity Capital | % of Total Holding | Equity Capital | % of Total Holding | |
| TCS Netherlands NV | **35,000** | **100%** | **35,000** | **100%** | 0% |
| **Total** | **35,000** | **100%** | **35,000** | **100%** | 0% |

(EUR)

| Disclosure of promoters as at March 31st 2022 is as follow: | | | | | |
|---|---|---|---|---|---|
| Equity Capital held by Promoters | | | | | |
| | AS at March 31,2022 | | AS at March 31,2021 | | % Change During the year |
| Promoter name | Equity Capital | % of Total Holding | Equity Capital | % of Total Holding | |
| TCS Netherlands NV | **35,000** | **100%** | **35,000** | **100%** | 0% |
| **Total** | **35,000** | **100%** | **35,000** | **100%** | 0% |

## 7. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The details of the right-of-use asset held by the Company is as follows:

(EUR)

| | Additions for the year ended March 31, 2023 | Net carrying amount as at March 31, 2023 |
|---|---|---|
| Leasehold building | - | - |
| Leased Motor Cars | - | **13,548** |
| **Total** | - | **13,548** |

Depreciation on right-of-use asset is as follows:

(EUR)

| | Year ended March 31, 2023 |
|---|---|
| Leasehold building | - |
| Leased Motor Cars | **(9,141)** |
| **Total** | **(9,141)** |

The details of the right-of-use asset held by the Company is as follows:

(EUR)

| | Additions for the year ended March 31, 2022 | Net carrying amount as at March 31, 2022 |
|---|---|---|
| Leasehold building | - | - |
| Leased Motor Cars | - | **22,688** |
| **Total** | - | **22,688** |

Depreciation on right-of-use asset is as follows:

(EUR)

| | Year ended March 31, 2022 |
|---|---|
| Leasehold building | **(37,411)** |
| Leased Motor Cars | **(9,141)** |
| **Total** | **(46,552)** |

Interest on lease liabilities is EUR 211 for the year ended on March 31, 2023 and EUR 521 for year ended March 31,2022..

Lease contracts entered by the Company majorly pertains for motor cars taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

## Notes forming part of the Financial Statements

### 8. NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES

#### a) Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of asset | Useful Lives |
|---|---|
| Computer equipment | 4 years |

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in the statement of profit and loss.

Property, plant and equipment consist of the following:

(EUR)

| | Computer Equipment |
|---|---|
| **Cost as at April 1, 2022** | **11,506** |
| Additions | **778** |
| Disposals | **-** |
| **Cost as at March 31, 2023** | **12,284** |
| **Accumulated depreciation as at April 1, 2022** | **(8,059)** |
| Depreciation for the year | **(1,807)** |
| **Accumulated depreciation as at March 31, 2023** | **(9,867)** |
| **Net Carrying amount as at March 31, 2023** | **2,417** |

(EUR)

| | Computer equipment |
|---|---|
| **Cost as at April 1, 2021** | 11,506 |
| Additions | - |
| Disposals | - |
| **Cost as at March 31, 2022** | 11,506 |
| **Accumulated depreciation as at April 1, 2021** | (6,155) |
| Depreciation for the year | (1,905) |
| **Accumulated depreciation as at March 31, 2022** | (8,059) |
| **Net Carrying amount as at March 31, 2022** | 3,446 |

**b) Other assets**

Other assets consist of the following:

(EUR)

| Other assets – Current | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Considered Good** | | |
| Contract assets | **314,197** | 649,400 |
| Prepaid expenses | **347,988** | 21,792 |
| Others | **34,979** | - |
| | **697,164** | 671,192 |

**c) Other liabilities**

Other liabilities consist of the following:

(EUR)

| Other liabilities - Current | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Indirect tax payable and other statutory liabilities | **618,163** | 252,911 |
| Advance received from customers | **-** | 8,700 |
| | **618,163** | 261,611 |

## 9. OTHER EQUITY

Other equity consist of the following:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Retained earnings** | | |
| Opening balance | **400,226** | 594,135 |
| Profit/(Loss) for the year | **29,497** | ( 193,909) |
| | **429,723** | 400,226 |

## 10. REVENUE RECOGNITION

The Company earns revenue primarily from providing information technology , consultancy services and business solutions for its customers. The Company offers a consulting-led, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the entity expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.

## Notes forming part of the Financial Statements

- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Revenue disaggregation by nature of services is as follows:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Consultancy services | **8,736,003** | 7,977,125 |
| **Total** | **8,736,003** | 7,977,125 |

Revenue disaggregation by industry vertical is as follows:

(EUR)

| Industry Vertical | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Banking, Financial Services and Insurance | **5 ,590,409** | 7 ,149,167 |
| Manufacturing | **233,029** | 246,313 |
| Communication, Media and Technology | **105,318** | - |
| Energy & Utilities | **2 ,377,994** | 385,139 |
| Others | **429,252** | 196,506 |
| | **8,736,003** | 7,977,125 |

Revenue disaggregation by geography is as follows:

(EUR)

| Geography | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Europe | **8,736,003** | 7,977,125 |
| | **8,736,003** | 7,977,125 |

Geographical revenue is allocated based on the location of the customers.

**Information about major customers:**

UniCredit Services GmbH & UniCredit Business Integrated Solutions Austria GmbH represents 10% or more of the Company's total revenue during the year ended March 31, 2023 and March 31, 2022.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is EUR 22,497,993 out of which 20% is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in Contract assets are as follows:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **649,400** | 98,483 |
| Revenue recognised during the year | **314,197** | 596,202 |
| Invoices raised during the year | **( 649,400)** | (45,285) |
| **Balance at the end of the year** | **314,197** | 649,400 |

## Notes forming part of the Financial Statements

Changes in Unearned and deferred revenue are as follows :

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Balance at the beginning of the year** | **(33,402)** | (292,809) |
| Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year | **33,402** | 292,809 |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year | **(406,777)** | (33,402) |
| **Balance at the end of the year** | **(406,777)** | (33,402) |

Reconciliation of revenue recognized with the Contracted price is as follows:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Contracted price | **8,736,003** | 7,977,125 |
| **Revenue recognised** | **8,736,003** | 7,977,125 |

### 11. OTHER INCOME

Other income consist of the following:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Net foreign exchange gains/(loss) | **(263)** | 3 ,096 |
| Other income | **4,843** | (501) |
| | **4,580** | 2,595 |

### 12. EMPLOYEE BENEFITS

**Defined contribution plans**

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

***Compensated absences***

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

Employee benefit expenses consist of the following:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Salaries, incentives and allowances | **983,060** | 586,689 |
| Contributions to Retirement funds | **70,960** | 44,573 |
| Staff welfare expenses | **33,693** | 10,008 |
| | **1,087,713** | 641,270 |

Employee benefit obligations consist of the following:

(EUR)

| **Employee benefit obligations – Current** | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Other employee benefit obligations | **12,172** | 8,099 |
| | **1 2,172** | 8,099 |

## 13. COST RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised in employee benefit expenses, cost of equipment and software licenses, depreciation and amortisation expense and other expenses. Other expenses mainly include fees to external consultants, facility expenses, travel expenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivable and advances (net) and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment, etc.

### a) Other expenses

Other expenses consist of the following:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Fees to external consultants (including subcontractor cost)* | **2 ,830,362** | 2 ,677,818 |
| Project expenses | **4 ,558,715** | 4 ,713,120 |
| Facility expenses | **48,785** | 18,890 |
| Travel expenses | **20,373** | 8 ,727 |
| Communication expenses | **1 ,235** | 1 ,096 |
| Other expenses | **135,575** | 124,038 |
| | **7,595,044** | 7,543,689 |

* Cost of personnel on deputation from TCS

## Notes forming part of the Financial Statements

### 14. FINANCE COSTS

Finance costs consist of the following:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Other interest costs | **4 ,547** | 4 ,930 |
| Interest on lease liabilities | **211** | 521 |
| | **4,758** | 5,451 |

### 15. INCOME TAXES

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**Current income taxes**

The current income tax expense for the entity has been computed based on the tax laws applicable in the jurisdiction in which it operates.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction provided the Company has a legally enforceable right to set off the recognised amounts and intends to settle the asset and liability on a net basis.

**Deferred income taxes**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

The Income-tax expenses consist of the following:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Current tax** | | |
| Current tax benefit pertaining to prior years | **4,056** | - |
| | **4,056** | - |
| **Deferred tax** | | |
| Deferred tax (benefit)/ expense for current year | **8,567** | (65,236) |
| Deferred tax (benefit)/ expense pertaining to prior years | **-** | - |
| | **8,567** | (65,236) |
| **Total income tax expense recognised in current year** | **12,623** | (65,236) |

The reconciliation of estimated income-tax expenses at statutory income tax rate to the income tax expenses reported in the statement of profit and loss is as follows:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit/(Loss) before taxes | **42,120** | ( 259,146) |
| Enacted Income tax rate in Osterreich | **24%** | 25.00% |
| Expected Income tax expense | **10,109** | (64,786) |
| Tax on others pertaining to timing difference | **2,515** | 450 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:** | | |
| | **12,623** | (65,236) |

The tax rates under TCS Osterreich Income Tax Act, for the year ended March 31, 2023 is 24% and March 31, 2022 is 25%

Significant components of net deferred tax assets and deferred tax liabilities for the year ended March 31, 2023 are as follows:

**As at March 31, 2023**

(EUR)

| **Particulars** | Opening balance | Recognised in profit or loss | Recognised in retained earnings | Closing Balance |
|---|---|---|---|---|
| **Deferred tax assets/ (liabilities) in relation to** | | | | |
| Accumulated Losses | **59,783** | **(8,567)** | **-** | **51,215** |
| **Total deferred tax assets/ (liabilities)** | **59,783** | **(8,567)** | **-** | **51,215** |

Gross deferred tax assets and liabilities are as follows:

(EUR)

| **As at March 31, 2023** | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets/ (liabilities) in relation to** | | | |
| Others | **217,103** | **(165,887)** | **51,215** |
| **Total deferred tax assets/ (liabilities)** | **217,103** | **(165,887)** | **51,215** |

## Notes forming part of the Financial Statements

Significant components of net deferred tax assets and deferred tax liabilities for the year ended March 31, 2022 are as follows:

(EUR)

| Particulars | Opening balance | Recognised in profit or loss | Recognised in retained earnings | Closing Balance |
|---|---|---|---|---|
| **Deferred tax assets/ (liabilities) in relation to** | | | | |
| Accumulated Losses | (5,454) | 65,236 | - | 59,783 |
| **Total deferred tax liabilities** | (5,454) | 65,236 | - | 59,783 |

Gross deferred tax assets and liabilities are as follows:

(EUR)

| As at March 31, 2021 | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets/ (liabilities) in relation to** | | | |
| Others | 238,379 | 178,596 | 59,783 |
| **Total deferred tax assets/ (liabilities)** | 238,379 | 178,596 | 59,783 |

### 16. SEGMENT INFORMATION

The Company publishes the standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

### 17. RELATED PARTY TRANSACTIONS

Tata Consultancy Services Osterreich GmbH's principal related parties consist of its holding Company Tata Consultancy Services Netherlands BV , intermediate holding Company Tata Consultancy Services Limited and ultimate holding Company Tata Sons Private Limited. Company routinely enters into transactions with its related parties in the ordinary course of business.

Transactions with related parties are as follows:

(EUR)

| | Year ended March 31,2023 | | | |
|---|---|---|---|---|
| | Tata Sons Private Limited | Tata Consultancy Services (TCS) limited | Subsidiaries of TCS | Total |
| Revenue | - | 36,078 | 640,997 | 677,075 |
| Purchases of goods and services (including reimbursement) | - | 3,520,538 | 1,172,593 | 4,693,131 |
| Cost Recovery | - | (48,256) | 53,717 | 5,461 |
| Brand equity contribution | 2,217 | - | - | 2,217 |
| **Total** | 2,217 | 3,508,360 | 1,867,307 | 5,377,884 |

(EUR)

| | Year ended March 31, 2022 | | | |
|---|---|---|---|---|
| | Tata Sons Private Limited | Tata Consultancy Services (TCS) limited | Subsidiaries of TCS | Total |
| Revenue | - | - | 312,683 | 312,683 |
| Purchases of goods and services (including reimbursement) | - | 4,074,740 | 743,292 | 4,818,032 |
| Brand equity contribution | - | - | - | - |
| Cost Recovery | - | 35,354 | 167,688 | 203,041 |
| **Total** | | 4,110,094 | 1,223,663 | 5,333,756 |

Balance Receivable from related parties are as follows:

(EUR)

| | Year ended March 31, 2023 | | | |
|---|---|---|---|---|
| | Tata Sons Private Limited | Tata Consultancy Services (TCS) limited | Subsidiaries of TCS | Total |
| Trade receivables and unbilled receivables (net) | **-** | **155,677** | **316,887** | **472,564** |
| Loans Receivable, other financial assets and other assets | **-** | **347,988** | **-** | **347,988** |
| Commitments | **-** | **2,049** | **-** | **2,049** |
| **Total** | **-** | **505,714** | **316,887** | **822,601** |

(EUR)

| | Year ended March 31, 2022 | | | |
|---|---|---|---|---|
| | Tata Sons Private Limited | Tata Consultancy Services (TCS) limited | Subsidiaries of TCS | Total |
| Trade receivables and unbilled receivables (net) | - | 13,133 | 47,036 | 60,169 |
| Loans Receivable, other financial assets and other assets | - | 659,476 | 7,253 | 666,729 |
| Commitments | | 2,183 | - | 2,183 |
| **Total** | - | 674,792 | 54,289 | 729,081 |

## Notes forming part of the Financial Statements

Balance Payable to related parties are as follows:

(EUR)

| | Year ended March 31, 2023 | | | |
|---|---|---|---|---|
| | **Tata Sons Private Limited** | **Tata Consultancy Services (TCS) limited** | **Subsidiaries of TCS** | **Total** |
| Trade payables, unearned and deferred revenue and Other liabilities | **2,217** | **3,925,718** | **443,544** | **4,371,479** |
| Commitments | **-** | **-** | **2,948** | **2,948** |
| **Total** | **2,217** | **3,925,718** | **446,492** | **4,374,427** |

(EUR)

| | Year ended March 31, 2022 | | | |
|---|---|---|---|---|
| | **Tata Sons Private Limited** | **Tata Consultancy Services (TCS) limited** | **Subsidiaries of TCS** | **Total** |
| Trade payables, unearned and deferred revenue and Other liabilities | - | 2,291,888 | 433,879 | 2,725,767 |
| Commitments | - | - | 2,683 | 2,683 |
| **Total** | - | 2,291,888 | 436,562 | 2,728,450 |

As per our report of even date attached.

**For KBJ & Assoicates**
*Chartered Accountants*
*Firm registration number : 114934W*

**Kaushik B. Joshi**
*Proprietor*
*Membership No: 48889*
*Mumbai,*
*Date: 23 May 2023*

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

**Pradeep Manohar Gaitonde**
*Director*
*Mumbai*

**Sapthagiri Chapalapalli**
*Director*
*Frankfurt, Germany*

# TATA CONSULTANCY SERVICES FRANCE

## Public Limited Company

## Annual Report and Financial Statements

**For the year ended**
**March 31, 2023**

*The English language text below is a translation provided for information purposes only. The original French text shall prevail in the event of any discrepancies between the English translation and the French original.*

# ANNUAL REPORT AND FINANCIAL STATEMENTS
# FOR THE YEAR ENDED MARCH 31, 2023

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# Auditor's report on the financial statements

*This is a translation into English of the statutory auditor's report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.*

*This statutory auditor's report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

## TATA CONSULTANCY SERVICES FRANCE S.A.

1, Terrasse Bellini - 92919 La Défense

### Statutory Auditors' report on the financial statements annuels

For the year ended March 31, 2023

### To the annual general meeting of Tata Consultancy Services France S.A.,

#### Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Tata Consulting Services France S.A. for the year ended March 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at March 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

#### Basis for Opinion

***Audit Framework***

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors Responsibilities for the Audit of the Financial Statements section of our report.

***Independence***

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors rules applicable to us, for the period from April 1, 2022 to the date of our report.

#### Justification of Assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the following matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Your company performs an impairment test on goodwill as described in notes « V. Principes comptables – Méthodes d'évaluation » and « V.1 Immobilisations incorporelles » to the financial statements. Our work consisted in assessing the reasonableness of data and assumptions on which estimates are based and reviewing the calculations made by the Company.

#### Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

***Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders***

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors approved on May 22, 2023 and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under Article D.441-6 of the French Commercial Code (Code de commerce).

In accordance with French law, we report to you that the non-financial statement provided for in article L.225-102-1 of the French Commercial Code (code de commerce) is not included in the management report and that your Chief Executive Officer has not designated an independent third party to perform such procedures.

***Report on Corporate governance***

We attest that the Board of Directors' report on corporate governance sets out the information required by Article L.225-37-4 of the French Commercial Code.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of thefinancial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors.

### Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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 specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains 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 internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Paris La Défense, on May 24, 2023
KPMG S.A.
*French original signed by Jacques Pierre*

## Balance Sheet

(EUR in Thousand)

| ASSETS | As at March 31, 2023 | | | As at March 31, 2022 |
|---|---|---|---|---|
| | Gross | Depr./Prov. | Net | Net |
| **CAPITAL SUBSCRIBED & UNCALLED** | | | | |
| **FIXED ASSETS** | | | | |
| Intangible assets | 57,756 | (1,102) | 56,654 | 56,658 |
| Tangible assets | 9,795 | (5,206) | 4,589 | 3,081 |
| Financial assets | 1,851 | - | 1,851 | 1,688 |
| **TOTAL I** | 69,402 | (6,308) | 63,094 | 61,427 |
| **CURRENT ASSETS** | | | | |
| Trade receivables | 143,797 | (36) | 143,760 | 115,513 |
| Other receivables | 10,154 | (2) | 10,152 | 12,586 |
| Investments in securities | 3,000 | - | 3,000 | - |
| Liquid assets | 6,841 | - | 6,841 | 6,183 |
| **TOTAL II** | 163,791 | (38) | 163,753 | 134,282 |
| **PREPAID EXPENSES** | | | | |
| Deferred charges | 10,484 | - | 10,484 | 13,818 |
| Conversion adjustment - assets | 61 | - | 61 | 67 |
| **TOTAL ASSETS** | 243,738 | (6,346) | 237,393 | 209,594 |

| LIABILITIES | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **EQUITY** | | |
| Registered capital | 446 | 446 |
| Merger, issue and contribution premiums | 2,822 | 2,822 |
| Reserves | 10,692 | 10,692 |
| Carry forward | (20,577) | (24,931) |
| Profit or loss for the FY | 3,596 | 4,354 |
| **TOTAL I** | (3,021) | (6,618) |
| **PROVISIONS FOR RISKS AND EXPENSES TOTAL II** | 1,225 | 1,369 |
| **DEBTS** | | |
| Loans and debts with credit institutions | 1 | 1 |
| Loans and financial debts | 394 | 376 |
| Trade accounts and notes payables | 176,752 | 153,810 |
| Social security and tax liabilities | 28,656 | 28,030 |
| Liabilities on fixed assets and related | - | - |
| Other payables | 20,165 | 15,137 |
| **TOTAL III** | 225,967 | 197,353 |
| **PREPAID EXPENSES** | | |
| Unrecognised revenues | 13,124 | 17,443 |
| Conversion adjustment - liabilities | 97 | 47 |
| **ACCRUED LIABILITIES** | 237,393 | 209,594 |



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## Statement of Profit and Loss

(EUR in Thousand)

| | Year ended March 31, 2023 (12 months) | Year ended March 31, 2022 (12 months) |
|---|---|---|
| **PROFIT AND LOSS ACCOUNT** | | |
| Revenues excl. of tax | **317,244** | 289,590 |
| Other operating income | **11,371** | 4,983 |
| **TOTAL OPERATING INCOME** | **328,615** | 294,573 |
| Other operating expenses | **205,829** | 182,203 |
| Direct and indirect taxes | **4,206** | 3,119 |
| Personnel cost | **112,555** | 101,531 |
| Depreciation allowances & provisions | **1,064** | 1,372 |
| Other expenses | **918** | 638 |
| **TOTAL OPERATING EXPENSES** | **324,571** | 288,863 |
| **1 OPERATING RESULT** | **4,043** | 5,710 |
| Income from subsidiaries | **-** | - |
| Other financial income | **377** | 71 |
| Reversals of provisions and depreciation | **67** | 34 |
| **TOTAL FINANCIAL INCOME** | **444** | 105 |
| Allowances for provisions and depreciation | **61** | 67 |
| Interests and assimilated expenses | **4** | 250 |
| **TOTAL FINANCIAL EXPENSES** | **65** | 316 |
| **2. FINANCIAL RESULT** | **378** | (211) |
| **3. PRE-TAX OPERATING RESULT** | **4,422** | 5,499 |
| Extraordinary income | **-** | - |
| Extraordinary expenses | **1** | 1 |
| **4. EXTRAORDINARY RESULT** | **(1)** | (1) |
| Tax on profits | **437** | 642 |
| Employee participation in expansion | **387** | 503 |
| **5. NET RESULT** | **3,596** | 4,354 |

## Notes forming part of the Financial Statements

### I. NATURE OF THE ACTIVITY AND ACCOUNTING STANDARDS

TATA CONSULTANCY SERVICES FRANCE SA is an IT services company launched in 1995. The company offers a wide range of specialized services related to IT systems set up, ranging from consulting to expert advice in advanced technologies.

The balance sheet total before appropriation of earnings for the financial year is 237,392,587 euro and the statement of income for the year, presented in list form, recorded a profit of 3,596,315 euro on a turnover of 317,243,512 euro.

The financial year was 12 months-long, from 01/04/2022 to 31/03/2023, just like the previous FY that ended on 31/03/2022.

The notes and the tables below are an integral part of the annual accounts.

The accounts for the bygone FY were drawn up and presented in compliance with accounting rules and principles stipulated by articles 121-1 to 121-5 and the subsequent ones of the Plan Comptable Général.

General accounting conventions have been applied in line with the principle of prudence and with the basic accounting concepts of going concern, consistency of accounting methods from one financial year to another, independence of financial years and pursuant to the general rules for drawing up and presenting annual accounts.

The basis for evaluating the items recorded in the accounts is the historical-cost method.

The accounting conventions applied comply with the provisions of the Commercial Code, more specifically, of the accounting decree of 29/11/83 as well as the regulation by ANC 2014-03 and the regulation by ANC 2018-07 prescribed by the Plan Comptable Général, applicable on the closure of the financial year.

The company's accounts for the current FY have been finalized according to the principle of going concern with financial support from Tata Consultancy Services Netherlands BV.

### II. CHARACTERISTIC FACTS OF THE PERIOD

**1. Events from previous years affecting this one.**

- On 1 July 2021, TCS France entered into a sub-lease agreement with the Company GREEN YELLLOW (S.A.S. with a capital of 16,854 thousand euros) for the premises of 2 floors (24th and 25th) leased in the building complex located "Tour Initiale" at La Défense (92919), 1, Terrasse Bellini.

  This sublease was granted for a period of 9 years and expiring on 16 February 2030, for an annual rent of 1,025 thousand euros. This agreement has a 28.6-month rent deduction.
- Tax audits started on January 28, 2021 for the FY 2017-2018 to 2019-2020. The wrap-up meeting took place on December 14, 2021. On January 25, 2023, the tax authorities sent the company a rectification proposal, which resulted in an adjustment of various taxes for a total amount of €218K (including surcharges and penalties). In its reply to the tax authorities on March 27, 2023, the company explained why it was not liable for this adjustment. No provision has therefore been made in respect of this tax audit in the year ended March 31, 2023. No response had been received by the Company from the tax authorities at the date of book closing.
- TCS France went through a URSSAF inspection for the application of social security legislation, unemployment insurance and AGS wage guarantee since January 1, 2018. The inspection commenced on April 8, 2021. The tax adjustments were notified on 22 December 2021 and amount to 187 K€. After an exchange of views, the Company agreed to a settlement of 136 K€. A provision for the remaining risk (€52K) was made in the accounts for this year ended on March 31, 2023.
- The emergence of an armed conflict between Russia and Ukraine in early 2022 impacted economic and business activities worldwide. However, this situation did not have any major impact on our business during this fiscal year.

### III. NOTEWORTHY EVENTS THAT TOOK PLACE DURING THE FY

The company has registered revenues of 317.2 million Euro for FY 2022-2023 which is 9.55% higher than the last FY, for comparable scope.

The result of the year was a profit of 3.6 million Euro after considering 464 thousand euros of profit-sharing due to employees (including social contributions) and 437 thousand euros of corporate taxes. As on 31 March 2022, the result of TCS France recorded a profit of 4.4 million Euro.

The return to profitability is due to increased revenues, controlled gross margins from key customers, improved utilization rates and a continued focus on operational efficiencies.

Finally, the company is working on identifying expenses incurred during this fiscal year which qualify for research tax credit, as was done for the year ended on March 31, 2022.

## IV. NOTEWORTHY EVENTS FOLLOWING BOOK CLOSING

Apart from the above-mentioned points, the company has not identified any other significant event that could have an impact on the next financial year.

## V. ACCOUNTING PRINCIPLES – METHODS OF EVALUATION

**General rules for drawing up and presenting accounts**

Methods of evaluation and calculation used for the accounts of the financial year that ended on 31 March 2023 are identical to those used for the previous financial year closed on 31 March 2022.

**Method of evaluation chosen for certain items in the income statement**

***Research and development spend***

The company's spend on research and development is meant to develop its know-how and define its new technical positioning, especially in line with the potential customers' expectations. The corresponding expenses are recorded under the charges for the financial year in which they were incurred, depending upon their nature.

***Tangible and intangible assets***

Gross value of tangible and intangible assets corresponds to their initial value obtained after adding the extra expenses needed for readying them for use.

Depreciation is calculated over the normal lifetime of the assets which are generally as follows:

| | | |
|---|---|---|
| • Software | Linear | 1 year |
| • Licences | Linear | 1 year |
| • Interior layout | Linear | 3 to 7 years |
| • Transport equipment | Linear | 4 years |
| • Office equipment | Linear | 4 years |
| • IT equipment | Linear | 3 to 4 years |
| • Furniture | Linear | 5 to 7 years |

***Intangible assets - Goodwill***

Goodwill is assessed once a year based on the updated projections of future cash flow (c.f. § Financial assets hereafter).

Goodwill represents the cost of activities acquired as stated upon the date of acquisition of the business minus the buyer's participation.

Goodwill is not amortised as it is for an unlimited duration.

Goodwill is subject to a depreciation test annually or when the events or circumstances indicate a possible loss of value. If the recoverable amount is estimated to be lower than the book value, the book value is reduced to the recoverable value. A loss in value is recorded in the profit and loss account.

***Financial assets***

The security deposits are entered in the assets of the balance sheet for the amount corresponding to their payments.

***Client receivables and recognition of revenues***

*Sequential performance contracts (T & M):*

Services provided and not billed on the date of closing, in case of T&M contracts are considered as "due for billing"

*Fixed price contracts:*

Only that percentage of the fixed price contracts that has been delivered is taken into consideration.

According to this method, the revenue tagged to each contract is pro-rata to the time spent by associates as on the date of accounts closing.

When the amount of predictable costs for completion of an engagement could potentially record a loss, a provision for this risk is made based on the best available estimate of the losses at the date of accounts closing.

*Account receivables:*

Receivables are considered at their nominal value. A depreciation allowance is made on a case by case basis when the inventory value is lower than the book value, depending upon the risks of non-recovery.

*Conversion of Account receivables and payables into foreign currency:*

Receivables and debts in foreign currency are converted and considered in Euros based on the last known exchange rate on the date of the transaction. Assets and debts shall be revalued at the exchange rate on the date of closure of the FY.

When the application of the conversion rate at the date of FY closing impacts the amounts previously considered, the difference in the conversion rate is reported in a transitory account and adjusted later on, based on the:

- asset side of the income statement for the differences corresponding to unforeseeable losses (due to foreign exchange adjustment)
- liability side of the income statement for the differences corresponding to unforeseeable gains (due to foreign exchange adjustment)

Unrealised losses call for the earmarking of a provision commensurate with the risk.

In compliance with ANC no 2015-05, foreign exchange margins on payables and receivables fall under operating result and not under financial result.

***Provision for risks and charges***

At the closing of accounts, provisions have to be made for risks and charges that have been identified but not factored and are likely to result as a consequence of the events that have occurred over the financial year. These provisions are estimated on a case by case basis, depending upon the information available.

***Credit risk***

Financial instruments that pose a credit risk to the company include mainly cash and cash equivalents, investments in securities and client receivables.

The company's cash and cash equivalents are mainly expressed in Euro and are in the safekeeping of two major French banks.

Transactions on bank accounts in foreign currency shall be entered against their equivalent value on the date of transaction. The balance in foreign currency is updated as per the prevalent exchange rate and recorded in the financial result.

**Assumptions and estimations made by the Management**

For drawing up the financial statement, TCS FRANCE S.A management needs to give estimates and make assumptions that are likely to have an impact on the values of assets, liabilities, revenues and charges as well as on the information given in the appendices.

These assumptions are determined based on the "going concern" principle and depend upon the information available on the date of drawing up the accounts and upon corresponding historical data as well as upon other factors deemed relevant in the circumstances.

Upon each book closure, the assumptions and estimations can be reviewed if the circumstances on which they were based have changed or new information is available to the management. The items in the future financial statements could vary from the present estimations on account of the changes in assumed values.

## VI. NOTES ON THE INCOME STATEMENT

### 1. Intangible assets

(EUR in Thousand)

| | Gross value | | | | Depreciations | | | | Net Values |
|---|---|---|---|---|---|---|---|---|---|
| | 31/03/2022 | Increase | Decrease | 31/03/2023 | 31/03/2022 | Allowances | Provision | 31/03/2023 | 31/03/2023 |
| Merger losses TCS France | 37,456 | - | - | **37,456** | - | - | - | - | **37,456** |
| Other intangible assets | 20,278 | - | - | **20,278** | (1,096) | - | - | **(1,096)** | **19,182** |
| Licence – software | **21** | **1** | | **22** | (1) | **(5)** | | **(6)** | **16** |
| **Total** | 57,755 | **1** | - | **57,756** | (1,096) | **(5)** | - | **(1,102)** | **56,654** |

The increase relates to the acquisition of computer software.

The item "other intangible assets" is composed of the following:

(EUR in Thousand)

| | Gross value | | | | Depreciations | | | | Net Values |
|---|---|---|---|---|---|---|---|---|---|
| | 31/03/2022 | Increase | Decrease | 31/03/2023 | 31/03/2022 | Allowance | Provision | 31/03/2023 | 31/03/2023 |
| Euractiv | 801 | - | - | **801** | - | - | - | - | **801** |
| Cybertech | 50 | - | - | **50** | - | - | - | - | **50** |
| Cartem conseil | 3,065 | - | - | **3,065** | - | - | - | - | **3,065** |
| PL7 Conseil | 44 | - | - | **44** | - | - | - | - | **44** |
| Masterline SI | 2,959 | - | - | **2,959** | - | - | - | - | **2,959** |
| Nucleus | 250 | - | - | **250** | (250) | - | - | **(250)** | **0** |
| Bright | 546 | - | - | **546** | (546) | - | - | **(546)** | **0** |
| Colego | 237 | - | - | **237** | - | - | - | - | **237** |
| Itras | 5,313 | - | - | **5,313** | (300) | - | - | **(300)** | **5,013** |
| E-Factory | 560 | - | - | **560** | - | - | - | - | **560** |
| Advoo | 368 | - | - | **368** | - | - | - | - | **368** |
| CGPI | 486 | - | - | **486** | - | - | - | - | **486** |
| Aralys | 5,598 | - | - | **5,598** | - | - | - | - | **5,598** |
| **Total** | 20,278 | - | - | **20,278** | (1,095) | - | - | **(1,095)** | **19,182** |

Goodwill, just like participating interests, listed in paragraph V.3 was tested for impairment during the financial year that ended.

The Company considers goodwill and merger losses (56.6 million Euro) as one single asset contributing to the activity of TCS FRANCE SA whose assets have been evaluated as part of the depreciation test.

## Notes forming part of the Financial Statements

The recoverable value of this asset subject to test is equivalent to its value in use. It is calculated based on the updated projections of future cash flows, based on the following hypotheses:

- Budgetary data for 2023-24 and revenue projections for FYs 2024-2025 to 2027-2028 have been approved by the Management.

  These assumptions are laid down, based on the visibility that the management has of the various sectors and growth prospects. These projections have been made at the end of the first quarter of 2023 in connection with the drawing up of a business plan for 2023-2024 and for the four subsequent FYs. They take into account the assumption of business as usual:

- Final values are calculated over 5 years by taking into account a perpetual growth rate of 1.5%.

- The discount rate considered as on 31 March 2023 is 9.45%.

The recoverable amount of the asset tested, calculated based on these assumptions seems to be higher than the net accounting value of the asset tested. No depreciation has been noticed as on 31 March 2023 on the tested asset following the execution of the depreciation test.

***Key influencing factors***

The recoverable value of TCS FRANCE S.A. is based on the assumption that the revenue targets will be reached and cost-cutting plan will give expected results. The company has estimated revenue projections based on the existing orders, materialisation of the expected contracts and the market's development potential. Estimated reduction in sales costs, general operational expenses and administrative expenses is based upon the cost optimisation initiatives such as continuous focus on resource utilisation.

The company has carried out an analysis of the sensitivity of values to changes in the key assumptions and it has revealed that:

- A variation of +1 point of the discount rate and / or of -1 point of the perpetual growth rate would not result in a recoverable value of the tested assets to be lower than their accounting value.
- An annual variation of -5% of revenue targets and / or +4% of operational expenses (SG&A) over 2024-28 would not result in a lower recoverable amount of assets tested than their accounting value. Beyond this variation, the accounting value of the assets tested could be challenged.

**2. Tangible assets**

(EUR in Thousand)

| | Gross value | | | | |
|---|---|---|---|---|---|
| | 31/03/2022 | Increase | Item to item transfer | Decrease | 31/03/2023 |
| Installations / Fittings | 1,706 | **112** | **-** | **-** | **1,819** |
| Office equipment and hardware | 3,615 | **1,131** | **-** | **(2)** | **4,745** |
| Furniture | 1,482 | **32** | **-** | **-** | **1,514** |
| Assets in progress | 649 | **1,460** | **-** | **(392)** | **1,717** |
| **Total** | 7,453 | **2,735** | **-** | **(394)** | **9,795** |

(EUR in Thousand)

| | Depreciations | | | | |
|---|---|---|---|---|---|
| | 31/03/2022 | Allowances | Item to item transfer | Provision | 31/03/2023 |
| Installations / Fittings | (540) | **(167)** | **-** | **-** | **(707)** |
| Office equipment and hardware | (2,762) | **(509)** | **-** | **1** | **(3,270)** |
| Furniture | (1,070) | **(159)** | **-** | **-** | **(1,229)** |
| Assets in progress | - | **-** | **-** | **-** | **-** |
| **Total** | (4,373) | **(835)** | **-** | **1** | **(5,206)** |

(EUR in Thousand)

| | Net accounting Values | | |
|---|---|---|---|
| | Gross value | Amortisation Provisions | Net Values |
| Installations / Fittings | **1,819** | **(707)** | **1,112** |
| Office equipment and hardware | **4,745** | **(3,270)** | **1,475** |
| Furniture | **1,514** | **(1,229)** | **285** |
| Assets in progress | **1,717** | **-** | **1,717** |
| **Total** | **9,795** | **(5,206)** | **4,589** |

**3. Financial assets**

(EUR in Thousand)

| | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Gross value | Provisions | Net value | Gross value | Provisions | Net value |
| Loans, deposits and sureties | **1,851** | **-** | **1,851** | 1,688 | - | 1,688 |
| **Total** | **1,851** | **-** | **1,851** | 1,688 | - | 1,688 |

**4. Customer receivables**

Payment term of receivables is less than one year

(EUR in Thousand)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Customer receivables | **112,408** | 80,071 |
| Group clients | **1,927** | 7,679 |
| Doubtful and contentious clients | **36** | 84 |
| Invoices to be made outside the group | **29,425** | 27,759 |
| Intercompany bills | **-** | 4 |
| Depreciation of customer receivables | **(36)** | (84) |
| **Total** | **143,760** | 115,513 |

**5. Other receivables**

Receivables due is less than one year.

(EUR in Thousand)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Current account balance minus provisions / charges | | |
| Tax receivables | **2,219** | 2,170 |
| VAT | **2,822** | 2,346 |
| Personal receivables (advance) | **310** | 288 |
| Vendor debtor | **3,929** | 7,169 |
| Others | **873** | 615 |
| Depreciation of other receivables | **(2)** | (2) |
| **Total** | **10,151** | 12,586 |

## Notes forming part of the Financial Statements

### 6. Accrued liabilities and income

(EUR in Thousand)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Accrued income** | | |
| Clients - yet to be billed | **29,425** | 27,763 |
| Suppliers - credit notes | **3,265** | 1,025 |
| Other receivables | **-** | - |
| **Total** | **32,690** | 28,788 |

(EUR in Thousand)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Accrued charges** | | |
| Vendors - bills not received | **34,941** | 31,118 |
| Clients - credit notes to be issued | **7,923** | 5,500 |
| Tax and social security debts | **14,569** | 15,816 |
| Other debts | **104** | 40 |
| **Total** | **57,537** | 52,474 |

### 7. Income and charges to be carried over to the next financial year

(EUR in Thousand)

| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| Prepaid expenses[1] | **10,484** | 13,818 | 10,834 |
| Unearned revenues[2] | **(13, 124)** | (17,443) | (12,842) |

[1] Prepaid expenses are reported in the asset line item Accruals and prepaid expenses account. They correspond mostly to the % of the project executed.

[2] Unearned revenue corresponds to the excessive billing recorded as compared to the revenue figures, given the status of the project in fixed price contracts.

### 8. Equity capital

The break-up of the equity capital is as follows:

(EUR in Thousand)

| | 31 March 2022 | Transactions on the capital | Income appropriation | Distribution of dividends | Operating result | 31 March 2023 |
|---|---|---|---|---|---|---|
| Registered capital | 446 | **-** | **-** | **-** | **-** | **446** |
| Issue and merger premiums | 2,822 | **-** | **-** | **-** | **-** | **2,822** |
| Legal reserves | 37 | **-** | **-** | **-** | **-** | **37** |
| Other reserves | 10,655 | **-** | **-** | **-** | **-** | **10,655** |
| Carry forward | (24,931) | **-** | **4,354** | **-** | **-** | **(20,577)** |
| Profit or loss for the FY | 4,354 | **-** | **(4,354)** | **-** | **3,596** | **3,596** |
| **Total** | (6,617) | **-** | **-** | **-** | **3,596** | **(3,021)** |

Registered capital

| | Number of securities | Face value | Total in Euro |
|---|---|---|---|
| **31 March 2023** | **14,867,651** | **0.03** | **446,030.53** |

***Shares entitled to double voting rights***

A shareholder who can prove that s/he has personally held those shares for at least two years, enjoys double voting rights.

As of 31 March 2023, there are no securities with double voting rights

***Own shares of Group***

None.

***Stock options***

No stock options have been floated since 30 September 2010.

***Subscription warrants for founders' shares***

There have been none since 30 September 2010.

***Free shares***

No free shares have been allotted since 27 October 2007.

***Holding***

TCS FRANCE S.A. previously known as ALTI S.A. is held wholly by Tata Consultancy Services Netherlands since 28 June 2013.

## 9. Provisions for risks and charges

(EUR in Thousand)

| | Time period | 31 March 2022 | Contributions | Allowances | Used provision | Unused provision | 31 March 2023 |
|---|---|---|---|---|---|---|---|
| **Provisions for risks** | | | | | | | |
| Labour cases | 1 to 5 years | 673 | **-** | **223** | **(57)** | **-** | **839** |
| URSSAF inspection | 1 to 5 years | 411 | **-** | **-** | **(135)** | **-** | **276** |
| Foreseeable loss | 1 year | 217 | **-** | **-** | **-** | **(168)** | **49** |
| Exchange rate related losses | 1 year | 67 | **-** | **61** | **-** | **(67)** | **61** |
| **Total** | | 1,369 | **-** | **284** | **(192)** | **(235)** | **1,225** |

***Labour cases***

The company has identified and classified the risks (high, medium, low) related to disputes with its employees. Based on its lawyers' opinions, the company has evaluated the extent of its liability involved.

Disputes are of 2 types:

1. Employees disagreeing with their being laid-off
2. Employees demanding additional remuneration (for working Sunday, for being on call etc.)

To factor for the disputes in front of the "Prud'hommes" between TCS FRANCE S.A and its current or former employees, the company has set aside a provision for risk when there is a probability of an outflow of funds, based on the best risk evaluation along with the legal counsels. A provision of 839 K Euro has been earmarked as on 31 March 2023.

## Notes forming part of the Financial Statements

***URSSAF inspection***

Alti SA, having become TCS FRANCE S.A., went through a URSSAF inspection in FY 2012 whose conclusions have been formally contested by the company. Provision has been made for the total amount of payroll tax revision in the said financial year.

In February 2018, URSSAF proposed a transaction for the FYs 2010 and 2011. Based on the discussions underway, the amount payable towards the above is 0.2 million Euro.

The findings of the URSSAF inspection, which began on April 8, 2021, aim for an adjustment of €0.2 million. After various discussions held between the company and the tax authorities over the year, the company agreed to a settlement of €136 K. As on March 31, 2023, the amount in dispute was €52 K, for which the provision has been earmarked.

### 10. Financial loans and debts

The various loans and financial debts (€394 K) consist of the security deposits received:

- for a sub-lease agreement for €270 K,
- by the expatriates for the accommodation they rent for €124 K.

### 11. Accounts payables

Payment term of accounts payables is less than a year.

(EUR in Thousand)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Accounts payables | **5,112** | 1,207 |
| Group vendors | **136,699(*)** | 121,485(*) |
| Invoices yet to be received from outside the group | **24,934** | 20,341 |
| Unbilled payables within the group | **10,007** | 10,777 |
| **Total** | **176,752** | 153,810 |

(*) paid in arrears 94,704 k€ (74,964 k€ as on 31 March 2022)

### 12. Other payables

Payment term for these payables is less than one year.

(EUR in Thousand)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Expense bills | **127** | 42 |
| Provision for volume discounts & credit notes to be issued | **7,923** | 5,500 |
| Client receivables | **12,108** | 7,097 |
| Client receivables Group | **7** | 2,497 |
| **Total** | **20,165** | 15,137 |

### 13. Liquidities and investment securities

The company took out 3 fixed-term deposit contracts on March 31, 2023, the term of which will end on May 2, 2023. Each contract, worth 1 million Euro, bears interest at a rate of 2.95%
The item cash and cash equivalents refer to bank accounts and cash.

## VII. NOTES ON THE INCOME STATEMENT

### 1. Revenues

Revenues as on 31 March 2023 stand at 317,244 K€ against 289,590 K€ as on 31 March 2022.

The break-up of the revenues is as follows:

(EUR in Thousand)

| **Activity** | **Revenues** |
|---|---|
| Energy & Resources | **70,363** |
| Healthcare | **61,054** |
| Manufacturing | **56,754** |
| BFSI | **54,179** |
| Retail | **25,481** |
| Hi-tech | **20,175** |
| TTH | **19,241** |
| Others | **9,997** |
| **Revenues** | **317,244** |

## 2. Other income and expenses

(EUR in Thousand)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Trademark fee | **(200)** | (228) |
| Credit losses | **(49)** | - |
| Translation gains and losses on purchases and sales | **(404)** | (98) |
| Other income | **103** | 217 |
| **Total** | **(550)** | (109) |

## 3. Headcount

The company headcount as on 31 March 2023 is 1.076 compared to 1.039 on 31 March 2022.

| Executives | | Non-executives | | Consultants | | Average headcount as on 31 March 2023 | Average headcount as on 31 March 2022 |
|---|---|---|---|---|---|---|---|
| Men | Women | Men | Women | Men | Women | | |
| 778 | 248 | 36 | 11 | 1 | 1 | **1,076** | 1,039 |

## 4. Financial income and charges

The break-up of the financial results is as follows:

(EUR in Thousand)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Revenues from receivables | **58** | - |
| Financing commission | **(4)** | (4) |
| Bank interest | **-** | (226) |
| Interest to related parties | **-** | (1) |
| Exchange rate related gain/losses | **229** | 71 |
| Allowance for exchange rate related losses | **5** | (33) |
| Provision for impairment losses, current account and risk | **-** | - |
| Net effect of merger operations | **-** | - |
| Miscellaneous | **90** | (18) |
| **Total** | **378** | (211) |



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## Notes forming part of the Financial Statements

### 5. Extraordinary income and charges

The break-up of the extraordinary results is as follows:

(EUR in Thousand)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Penalties | **-** | - |
| Transfer – Disposal of fixed assets | **(1)** | (1) |
| Donations | **-** | - |
| **Total** | **(1)** | (1) |

### 6. Corporate taxes and employee profit sharing

Impact of tax provisions on the result is as follows:

(EUR in Thousand)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Corporate tax | **437** | 642 |
| Employee profit-sharing | **387** | 503 |
| **Total** | **824** | 1,145 |

The above profit-sharing amount does not take into account social contributions (20%).

As on 31 March 2023, after considering the result for the FY 2022-2023 i.e. (4,498) k Euro, and the limitation on the use of losses for the FY, the amount of losses carried forward stands at 78,037 K€.

**Tax break-up between operating and extraordinary results**

(EUR in Thousand)

| | Pre-tax | Tax | Post-tax |
|---|---|---|---|
| Operating result | **4,422** | **(437)** | **3,985** |
| Extraordinary result | **(1)** | **-** | **(1)** |
| Employee profit-sharing | **(387)** | **-** | **(387)** |
| Tax credit | **-** | **-** | **-** |
| Tax readjustment | **-** | **-** | **-** |
| **TOTAL** | **4,034** | **(437)** | **3,596** |

**Projected tax rebate / excess tax:**

(EUR in Thousand)

| | Base | Post-tax effect | |
|---|---|---|---|
| | | Surcharge | Rebate |
| Conversion adjustments as on 31 March 2023 | **61** | **15** | **-** |
| Provision for foreign currency adjustment | **61** | **-** | **15** |
| Organic | **488** | **-** | **122** |
| Building-related | **324** | **-** | **81** |
| Employee profit-sharing and social contributions | **465** | **-** | **116** |
| Carry-forward losses | **78,036** | **-** | **19,509** |
| **Total** | **-** | **15** | **19,844** |

Tax slab considered starting from 2022: 25%

**7. List of subsidiaries and interests**

None.

**8. Directors' remuneration**

Salaries paid out for the year 2022/-2023 by TCS FRANCE SA are as follows:

(EUR in Thousand)

| | Gross annual remuneration paid out |
|---|---|
| Rammohan Gourneni | 563 |
| Jean Pernet | 30 (included in the overhead expenses) |
| Pradeep Gaitonde | - |

No advance payments, credits or allotment of free shares were extended to the members of the Management Committee.

**9. Other information**

*Commitments and other contractual obligations*

(EUR in Thousand)

| | Total | < 1 year | 1 to 5 years | > 5 years |
|---|---|---|---|---|
| Financing lease commitments | None | | | |
| Operational lease commitments | 19,172 | 2,830 | 11,666 | 4,676 |
| Other long-term commitments | None | | | - |
| **Total** | 19,172 | 2,830 | 11,666 | 4,676 |

*Commitments related to retirement benefits*

There is no special contractual commitment within TCS FRANCE SA. The employees of the Group are covered by the provisions of the "SYNTEC Collective Convention" in terms of retirement gratuity.

On this basis, the commitment amount is 5,371 K Euro including social security contributions as on 31 March 2023 against 6,574 K Euro as on 31 March 2022. No provision has been made for this amount in the company accounts that have just been closed.

The cost of the services defined is determined using the actuarial valuation method based on projected unit credit.

The calculations were based on the following assumptions:

- Discount rate: 3.85%
- Annual salary increase rate: 2.23%
- Mortality table: TH/TF 00-02
- Turnover rate:

| Age | Turnover rate |
|---|---|
| 16-44 years | 15.38% |
| 45-49 years | 5.77% |
| 50-59 years | 2% |
| 60 years and above | 0% |

## Notes forming part of the Financial Statements

*Auditors' fees*

The auditor' fee are split as follows:

(EUR in Thousand)

| | Year ended March 31, 2023 | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| Auditing | **109** | 89 | 90 |

Auditor' fee as it appears in the income statement for the FY is 108,500 Euros that is made up of the following:

- Fee charged for auditing the accounts: 108,500 Euros
- Fee charged for advice and services that are part of the advisory obligations arising from the legal auditing of the accounts, as defined by the professional rules and standards mentioned in II of article L.822-11: 0 Euro

### VIII. IDENTITY OF THE HOLDING COMPANY

TCS FRANCE SA is a 100% subsidiary of TATA CONSULTANCY SERVICES Netherlands BV. All financial information about the company is included in the consolidated financial statements of the ultimate holding company, Tata Consultancy Services Limited.

# Tata Consultancy Services Switzerland Ltd, Zurich

## Report of the Statutory Auditor to the General Meeting on the Financial Statements 2022/2023

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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# INDEPENDENT AUDITORS' REPORT

## REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF SHAREHOLDERS OF TATA CONSULTANCY SERVICES SWITZERLAND LTD, ZURICH

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Tata Consultancy Services Switzerland Ltd (the Company), which comprise the balance sheet as at 31 March 2023, and the income statement 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 comply with Swiss law and the Company's articles of incorporation.

#### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provi-sions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's 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 auditor's 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 Swiss law and SA-CH 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 Swiss law and SA-CH, we exercise professional judgment 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.
- Conclude on the appropriateness of the Board of Directors' 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of 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 accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system ex-ists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Com-pany's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

**Anna Pohle**
Licensed Audit Expert
Auditor in Charge

**Lea Stettler**
Licensed Audit Expert

Zurich, 8 May 2023

***Enclosures:***

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

# BALANCE SHEETS

(SWISS FRANCS)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS:** | | | |
| **Current assets:** | | | |
| Cash and banks | | **7,897,483** | 7,829,626 |
| Time deposits | | **11,893,700** | 18,514,000 |
| Trade receivables | | | |
| Due from third party | 3.1 | **105,267,045** | 94,461,484 |
| Due from affiliated companies | | **8,103,837** | 7,463,507 |
| Due from shareholders | | **405,208** | 374,767 |
| Other receivables | | | |
| Due from third parties | 3.2 | **1,230,661** | 395,410 |
| Due from affiliated companies | | **6,573,638** | 4,273,091 |
| Unbilled Revenue | | **28,134,646** | 24,126,596 |
| Prepaid expenses | | | |
| Due from third parties | | **16,605,297** | 16,255,253 |
| Due from affiliated companies | | **2,467,323** | 3,245,458 |
| **Total current assets** | | **188,578,838** | 176,939,192 |
| **Non-current assets:** | | | |
| Deposits and guarantees | 3.3 | **2,492,091** | 2,167,462 |
| Fixed assets, net | 3.4 | **286,047** | 382,414 |
| Intangible assets, net | 3.5 | **119,665** | 184,779 |
| **Total non-current assets** | | **2,897,803** | 2,734,656 |
| **TOTAL ASSETS** | | **191,476,641** | 179,673,848 |
| **LIABILITIES AND SHAREHOLDERS, EQUITY:** | | | |
| **Current liabilities:** | | | |
| Trade payables | | | |
| Due to third parties | | **1,973,649** | 359,631 |
| Due to affiliated companies | | **6,260,989** | 11,347,785 |
| Due to shareholders | | **1,018,601** | 1,037,670 |
| Accounts payable - others | 3.6 | **15,265,576** | 11,243,368 |
| Deferred revenue | | **13,662,672** | 11,348,533 |
| Accrued expenses | | | |
| Due to third parties | 3.7 | **20,865,603** | 18,856,102 |
| Due to affiliated companies | | **30,554,360** | 28,275,905 |
| Due to shareholders | | **-** | 215,193 |
| Tax provision | | **6,077,655** | 4,808,488 |
| **Total current liabilities** | | **95,679,104** | 87,492,675 |
| **Shareholders, equity** | | | |
| Share capital | | **1,500,000** | 1,500,000 |
| Legal retained earnings | | **1,030,000** | 1,030,000 |
| Voluntary retained earnings | | **93,267,536** | 89,651,174 |
| **Total shareholders, equity** | | **95,797,536** | 92,181,174 |
| **TOTAL LIABILITIES AND SHAREHOLDERS, EQUITY** | | **191,476,641** | 179,673,848 |

## STATEMENTS OF INCOME AND AVAILABLE EARNINGS

(SWISS FRANCS)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Gross revenue from sales of services | | **523,584,395** | 454,443,067 |
| Cost from sales of services | | **(388,755,013)** | (338,192,274) |
| **GROSS PROFIT** | | **134,829,382** | 116,250,794 |
| **Operating expenses** | | | |
| Salaries | | **(100,672,608)** | (78,709,608) |
| Travel expenses | | **(1,292,404)** | (578,107) |
| Marketing and advertising expenses | | **(440,910)** | (831,168) |
| Rent expenses | | **(1,132,868)** | (1,071,561) |
| Office expenses | | **(1,934,279)** | (1,072,947) |
| Insurance | | **(15,349)** | (10,341) |
| Administrative expenses & others | | **(944,899)** | (708,270) |
| Depreciation | | **(259,668)** | (351,802) |
| Total operating expenses | | **(106,692,985)** | (83,333,805) |
| **Operating profit** | | **28,136,396** | 32,916,989 |
| **Non-operating (expenses) / income** | | | |
| Interest income | | **161,878** | 5,407 |
| Interest expenses and bank charges | | **(75,915)** | (150,118) |
| Exchange gains / (losses) | | **893,667** | (1,816,320) |
| Release tax accruals | | **0** | 737,070 |
| **TOTAL NON-OPERATING (EXPENSES) / INCOME** | | **979,630** | (1,223,960) |
| **ANNUAL PROFIT BEFORE TAX** | | **29,116,026** | 31,693,028 |
| Taxes | | **(5,499,664)** | (5,954,104) |
| **PROFIT FOR THE PERIOD/ANNUAL PROFIT** | | **23,616,362** | 25,738,925 |
| AVAILABLE EARNINGS, BEGINNING OF YEAR | | **89,651,174** | 78,912,249 |
| Payment of dividend | | **(20,000,000)** | (15,000,000) |
| **AVAILABLE EARNINGS, END OF PERIOD / YEAR** | | **93,267,536** | 89,651,174 |

## Notes forming part of the Financial Statements

## 1. GENERAL INFORMATION

Tata Consultancy Services Switzerland Ltd ("the Company") was incorporated on January 15, 1985. The Company was established as a limited company in Switzerland and is domiciled in Oerlikon, ZH. Its main activities consist of providing software products and computer services in Switzerland. The Company is a wholly-owned subsidiary of Tata Consultancy Services Netherlands BV in the Netherlands ("the Group"). The Group is ultimately owned by Tata Consultancy Services Ltd, Mumbai, India.

The share capital is divided into 150,000 registered shares of CHF 10 par value.

The average number of full-time employees during 2023 and 2022 did not exceed 250.

As the Company is a wholly-owned subsidiary of Tata Consultancy Services Ltd in Mumbai, India that prepares consolidated financial statements in accordance with IFRS, the Company is exempt from additional disclosure requirements for larger companies in accordance with Art. 961d para 1 CO and also exempt to prepare consolidated accounts in accordance with Art 963a para. 1 CO.

## 2. KEY ACCOUNTING AND VALUATION PRINCIPLES

**Principles of financial reporting**

The annual accounts for the Company have been prepared in accordance with the regulations of Swiss financial reporting law. The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described as follows.

**Estimates and assumptions made by management**

Financial reporting under the Code of Obligations requires certain estimates and assumptions to be made by management. These are made continuously and are based on past experience and other factors (e.g. anticipations of future results, which seem appropriate under the circumstances). The results subsequently achieved may deviate from these estimates.

Actual items in the annual accounts, which are based on the estimates and assumptions made by management, are as follows:

- trade receivables
- unbilled revenue
- accrued expenses

**Foreign currency items**

The functional currency is Swiss Francs (CHF). Transactions in foreign currencies are converted into the functional currency (CHF) at the exchange rate on the day the transaction takes place.

- Monetary assets and liabilities in foreign currencies are converted into the functional currency (CHF) at the exchange rate on the balance sheet date. Any profits or losses resulting from the exchange are recorded in the profit and loss account.
- Non-monetary assets and liabilities at historical costs are converted at the foreign exchange rate at the time of the transaction. Any foreign exchange profits are deferred in the balance sheet as not having an effect on net income. Foreign exchange losses, on the other hand, are recorded in the profit and loss account.

**Related parties**

Related parties include subsidiary companies, members of the board of directors and the shareholders of the Company. Transactions with related parties must take place under proper market conditions (dealing at an arm,s length).

**Trade receivables**

Trade receivables are recorded at their original net invoice amount, less a value adjustment for specific receivables carrying risk (contingency reserves). Value adjustments are carried out for receivables, which are more than 12 months overdue (in arrears) for the full amount, 50% of the amount for receivables which are overdue for 9 to 12 month or for which specific risks have been identified. Doubtful receivables are written off.

**Tangible fixed assets**

The straight-line depreciation method is used for tangible fixed assets according to their expected useful life. Useful lives are established as follows and are revised each year:

- Leasehold improvements — according to rent contract
- Furniture and fixtures — 5 years
- Computer — 4 years
- Office equipment — 4 to 5 years

If there is any evidence of an over-valuation, the accounting values are checked and adjusted where necessary.

**Revenue recognition**

Revenue from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Revenue from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the percentage of completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenue from sale of software licenses are recognised upon delivery.

Revenue from maintenance contracts are recognised on pro-rata basis over the period of the contract.

In respect of Business Process Services, revenue on time and material and unit priced contracts is recognised as the related services are rendered, whereas revenue from fixed price contracts is recognised using the percentage of completion method with contract cost determining the degree of completion.

When recognized revenue is not billed then it is accounted as unbilled revenue in balance sheet.

Revenue is reported net of discounts.

## 3. INFORMATION RELATING TO ITEMS ON THE BALANCE SHEET AND STATEMENT OF INCOME

### 3.1 Trade receivables – due from third parties

(In CHF)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Receivables from third parties | **105,527,721** | 94,487,357 |
| Less allowance for doubtful accounts | **(260,676)** | (25,873) |
| **Total** | **105,267,045** | 94,461,484 |

### 3.2 Other receivables – due from third parties

(In CHF)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Recoverable from employees | **137,213** | 240,703 |
| Recoverable Other | **1,093,448** | 154,707 |
| **Total** | **1,230,661** | 395,410 |

### 3.3 Deposits and guarantees

Deposits for flats and offices on postal and bank accounts amount to CHF 2,492,091 as of March 31, 2023 (2022: CHF 2,167,462).

## Notes forming part of the Financial Statements

### 3.4 Fixed assets

(In CHF)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Computer | **699,987** | 648,619 |
| Furniture and fixtures | **627,283** | 627,283 |
| Office equipment | **282,048** | 261,741 |
| Leasehold improvements | **1,876,747** | 1,870,712 |
| Less depreciation and value adjustments | **(3,200,018)** | (3,025,941) |
| **Total** | **286,047** | 382,414 |

### 3.5 Intangible assets

(In CHF)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Software licences | **260,764** | 260,742 |
| Less depreciation and value adjustments | **(141,099)** | (75,963) |
| **Total** | **119,665** | 184,779 |

### 3.6 Other payables

(In CHF)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Liabilities due to tax authorities | **5,112,198** | 2,129,498 |
| Liabilities due to VAT authorities (Output tax) | **9,697,494** | 8,724,952 |
| Liabilities due to institutions and staff | **455,884** | 388,918 |
| **Total** | **15,265,576** | 11,243,368 |

### 3.7 Accrued expenses – due to third parties

(In CHF)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for staff and social obligations | **6,992,356** | 6,818,853 |
| Provision for vendors | **13,873,247** | 12,037,249 |
| **Total** | **20,865,603** | 18,856,102 |

### 3.8 Rent and other commitments

As of March 31, 2023 the Company has rent commitments for its offices in Zurich, Nyon and Basel for CHF 3,018,980 (2022: CHF 3,741,672).

### 3.9 Leasing

As of March 31, 2023, the Company has outstanding liabilities for leasing contracts in the amount of CHF 114,962 (2022: CHF 190,733).



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## PROPOSED APPROPRIATION OF AVAILABLE EARNINGS AS PER MARCH 31, 2023

The Board of Directors proposes to the General Shareholder Meeting the dividend distribution as follows:

| | (In CHF) |
|---|---:|
| Available earnings at the disposal of the General Meeting | **93,267,536** |
| Dividend | **20,000,000** |
| **Carry forward the balance of** | **73,267,536** |

# TATA CONSULTANCY SERVICES DE ESPAÑA, S.A.U.

## ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED**
**MARCH 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2023

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# MANAGEMENT REPORT

## EVOLUTION OF BUSINESS DURING THE YEAR

The revenue from operations during the financial year 2022-2023 was 63.413.832 euros, which has shown an increase of 39% against the previous year, due to the generally prevailing economic conditions in Spain and across the world after the worst part of the pandemic. The main activity contributing to this turnover continued to be information technology (IT) and IT enabled services.

The employee benefit expenses of 35.369.150 euros represent 55% of sales, being the direct cost of the activities. The employee cost increased by 40% compared to the previous year in line with the improvement in turnover.

Operative income for the year 2022-2023 was 6.337.692 euros which is higher than the previous year by 147% due to the improvement of margins after the adjustments in costs of projects.

Financial income showed a loss of 372.199 euros due to the movements of the exchange rate Euro/USD, which has not been favorable to the Company in this financial year.

The company's investments in fixed assets during the year have been mainly in hardware and improvement of the facilities to develop its activities.

The main clients of the Company are multinational companies and the companies in the field of transportation, life sciences & healthcare and financial services.

The main business risks that the Company faces arises from the general economic situation and specifically the services business in information technology, where the principal players are the multinational companies.

The Company uses its Secure Borderless Work Space TM (SBWSTM) model, which allowed its employees to work remotely, with support from minimal associates working from office, to ensure business support to all its customers. The Company was able to seamlessly adapt and extend this model to prospect for new business, sell, contract and execute programs with strong cybersecurity framework, project management practices and systems needed to ensure that work allocation, monitoring and reporting continued as normal.

## PAYMENT TERMS TO SUPPLIERS

The average term for payments to suppliers has been 95 days which is almost similar to the previous year. In order to avoid the overdues over and above the contracted payment terms, the Company will keep strengthening their processes going forward. Payables to the group companies constitute a major component of the total payables.

## POSITION OF THE COMPANY

The equity of the Company was 13.622.786 euros. Share capital is represented by 60.200 shares with a face value of Euro 1, fully subscribed and paid. At the end of the year all the share capital belongs to the Group's company TCS Netherlands, B.V. and indirectly, all the share capital is owned by the company TATA CONSULTANCY SERVICES LIMITED.

## BUSINESS FORECAST

The evolution of inflation rates in recent times, jointly with the challenges in hiring personnel are generating pressure on wages that may affect margins in the future, although their effect is not expected to be significant in the long term.

## OBJECTIVES AND MANAGEMENT OF FINANCIAL RISKS

Management of risk is controlled by the company according to the policies approved by the Directors:

- **Market risk**

  There are no financial investments made by the company. Hence there are no market risks in respect of financial investments.

- **Credit risk**

  The Company has a concentrated credit risk in few clients outside the group, being mainly multinational companies. The Company has policies to assess that the revenue is generated from the clients having a clean track record of payments. The Company has policies to limit the amount of credit risk with any customer.

  Impairment for credit risk from clients' insolvencies implies an elevated level of judgment by the Management and review of individual balances based on the credit quality of the clients, current trends and historical analysis of the insolvencies at an aggregated level with no forecasts of material impairments for credit risk.

- **Liquidity risk**

  The company has a prudent management of the liquidity risk, based in holding adequate cash in order to meet its payment commitments.

  No financial instruments are carried at fair value. Financial instruments carried at amortised cost as of 31 March 2023 are 24.883.058 euros and were 18.798.419 euros as of 31 March 2022.

  Financial assets of 5.133.227 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of 19.346.499 euros forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance for doubtful debts. The Company closely monitors its customers who are going through financial stress and assesses suitable actions on case-to-case basis. Similar assessment is done in respect of unbilled receivables while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of 8.048 euros is considered adequate.

- **Foreign currency exchange risk**

  The Company has considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

- **Interest rate risk**

  Since the company's financial assets and liabilities do not accrue interest, the interest rate risk is not significant.

- **Price risk**

  There are no financial investments made by the company. Hence there are no price risks in respect of financial investments.

## ENVIRONMENT

There are no significant assets dedicated to protection and improvement of the environment, neither any major expenses of this nature have been incurred during the year. Equally, it is estimated that no material contingency related to protection and improvement of environment exists.

## OWN SHARES

The Company does not own any shares of the company, neither any transaction on its own shares has been carried out during the year.

## ACTIVITIES OF RESEARCH AND DEVELOPMENT

The company did not incur any research and development expenses in the current year.

## STATEMENT OF NON-FINANCIAL INFORMATON

The company has used the exemption for preparing of the Statement of Non-Financial Information established in article 262.5 of the Law of Capital Companies, considering that the group's ultimate parent company, TATA CONSULTANCY SERVICES LIMITED, includes in its consolidated report the Company and its subsidiary, which has been prepared in accordance with GRI standards. This consolidated report will be deposited in the relevant Indian Register and is available on the group's website.

The present management report included from pages 1 to 4 above has been issued by the Board of Directors in Madrid, on 02 May 2023.

| | | |
|---|---|---|
| **Sapthagiri Chapalapalli**<br>President | **Prithwis Chandra Ray**<br>Director | **Niraj Sanghvi**<br>Director |

# Independent Auditor's Report

**To the Sole Shareholder of**
**Tata Consultancy Services De España, S.A.U.**

## Opinion

We have audited the financial statements of TATA CONSULTANCY SERVICES DE ESPAÑA, S.A.U.,(the Company), which comprise the balance sheetas of31 March2023, the statementof income, the statement of changes in equity, the statement of cash-flowsand the notes to the financial statementsfor the year then ended.

In our opinion, the accompanyingfinancial statements express, in all material matters, a true and fair view of the equityand financial position of the Companyas of31 March2023, and of its financial performanceand its cash-flows for the year then ended in accordance with the applicable accounting framework,which isidentified in note 2and, specifically, with the principles and accounting criteria included in it.

## Basis for Opinion

We conducted our audit in accordance with the regulation of the audit activity currently in force in Spain. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the ethical requirements, included those of independence, which are applicableto our audit of the financial statements in Spainas obliged by the regulation of the audit activity in Spain. In this way, we have not rendered services different to the audit of the financial statements neither other situations nor circumstances have happened that, according to those established in the mentioned regulation, have affected to the necessary independence in a way that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Most relevant audit matters

The most relevant audit matters are those matters that, in our professional judgment, were considered as most significant risks of material misstatement in our audit of the financial statements for the current period. These risks have been addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and do not provide a separate opinion on those risks.

We have determined that the issues described below are the most relevant audit matters which we have to disclose in our report.

## Progress of revenue in services rendered

As explained in the attached notes to the financial statements 4 h) and 9, the Company estimates the value of the works performed at the end of the fiscal year but unbilled on that date and records the corresponding amount of assets as trade debtors for services rendered.

On our side, the procedures applied in our audit have consisted of an analysis of the criteria employed in the calculations of the amount of "Unbilled revenue", checking through selective samples of the data used in those calculations, checking their arithmetic integrity and comparison with the accounting balance.

## Other information: Management report

Other information comprises exclusively the management report for the financial year ended on 31 March 2023, whose preparation is a responsibility of the Directors of the Company and is not a part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility on the management report, in accordance with the compulsory legal regulation of the audit activity, consists in:

a) Check only that the statemen of non-financial information, has been provided in the form established by the applicable regulation and, otherwise, to report on it

b) Assessing and disclosing the concordance of the rest of information included in the management report with the financial statements, from the knowledge about the Company obtained when performing the audit of the mentioned financial statements andalsoto assess and disclose whether the content and disclosuresof this part of the management report are in conformity with the applicable regulation. If, based on the work that we have performed, we conclude that there exist material misstatements, we are obliged to inform of it.

Based on our work performed, as described above, we have checked that the informationmentioned in the paragraph a) above is disclosed ad established in the applicable regulation and the resto of the informationthat is contained in the management report is in accordance with the information of the financial statementsfor the year ended on 31 March 2023 and its content and disclosures are in conformity with the applicable regulation.

## RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of the attached financial statements in order to present the true and fair view of the equity and financial position and the financial performance of the Company in conformity with the legal framework of financial information applicable to the Company in Spain, which is identified in note 2, and for such internal control as the Directors determine necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or haveno realistic alternative but to doso.

## AUDITOR'S 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 auditor's 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 ISAs 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 the legal regulation of the audit activity in Spain, we exercise professional judgment 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 the Directors.
- Conclude on the appropriateness of the Directors' 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 auditor's 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 auditor's 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 of the company 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.

From the risks communicated to the Directors, we determine those risks that were of most significance in the audit of the financial statements of the current period and are therefore considered the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the risks.

**BNFIX AUDIT AUDITORES, S.L.P.**
Registered in ROAC No. S0294

**José María Hinojal Sánchez**
Partner – Auditor of accounts
ROAC number 16660

04 May 2023

## Balance Sheet

(EUR)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| ASSETS | | | |
| **Non current assets** | | **907.753** | 790.553 |
| **Fixed assets** | | **876.296** | 542.412 |
| Property, plant and equipment | (5) | **876.296** | 542.412 |
| **Non current, investments in group's companies** | | **5.500** | 5.500 |
| Equity instruments | (8) | **5.500** | 5.500 |
| Deferred tax assets | (14) | **25.957** | 242.641 |
| **Current assets** | | **25.594.319** | 18.923.497 |
| **Trade receivables and other debtors** | | **19.951.408** | 14.321.312 |
| Trade receivables | (9) | **14.118.603** | 9.945.914 |
| Trade receivables, group's companies | (10) | **5.227.896** | 4.155.518 |
| Other debtors | | **309.871** | 219.880 |
| Current tax assets | | **295.038** | - |
| **Short term investments** | | **93.461** | 65.663 |
| Other financial assets | (6) | **93.461** | 65.663 |
| **Accruals** | | **416.223** | 53.519 |
| Prepaid expenses | (11) | **416.223** | 53.519 |
| **Cash and equivalents** | | **5.133.227** | 4.483.003 |
| Cash and bank balances | (12) | **5.133.227** | 4.483.003 |
| **TOTAL ASSETS** | | **26.502.072** | 19.714.050 |
| EQUITY AND LIABILITIES | | | |
| **Net equity** | | **13.622.786** | 8.373.823 |
| **Shareholders' funds** | (13) | **13.622.786** | 8.373.823 |
| Share capital | | **60.200** | 60.200 |
| Reserves | | **136.632** | 12.040 |
| Prior years' earnings | | **8.184.654** | 6.122.889 |
| Income for the year | | **5.241.300** | 2.178.694 |
| **Current liabilities** | | **12.879.286** | 11.340.227 |
| **Trade payables and other creditors** | | **11.936.120** | 10.866.517 |
| Suppliers | | **383.076** | 135.293 |
| Suppliers, group's companies | (10) | **7.257.169** | 7.037.251 |
| Other creditors | | **1.227.534** | 1.361.206 |
| Employees (salaries pending) | | **785.201** | 646.682 |
| Other debts with public entities | (14) | **2.283.140** | 1.686.085 |
| Short term accruals | | **943.166** | 473.710 |
| **TOTAL EQUITY AND LIABILITIES** | | **26.502.072** | 19.714.050 |

## Statement of Profit and Loss

(EUR)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| OPERATIONS | | | |
| **Net revenue from operations** | | **63.413.832** | 45.636.800 |
| Services rendered | (15) | **63.413.832** | 45.636.800 |
| **Procurements** | | **(17.782.346)** | (14.406.545) |
| Works performed by other companies | (16) | **(17.782.346)** | (14.406.545) |
| **Employee benefit expenses** | (17) | **(35.369.150)** | (25.289.323) |
| Salaries and others | | **(27.210.912)** | (19.575.446) |
| Social charges | | **(8.158.238)** | (5.713.877) |
| **Other operative expenses** | | **(3.622.375)** | (3.136.298) |
| External services | (18) | **(3.622.375)** | (3.136.298) |
| **Depreciation of fixed assets** | (5) | **(302.290)** | (244.253) |
| Other income | | **21** | 9.286 |
| OPERATIVE INCOME | | **6.337.692** | 2.569.667 |
| Exchange differences | (20) | **(372.199)** | (79.002) |
| FINANCIAL INCOME | | **(372.199)** | (79.002) |
| INCOME BEFORE TAXES | | **5.965.493** | 2.490.665 |
| Corporate tax | (14) | **(724.193)** | (311.971) |
| **Income for the year from operations** | | **5.241.300** | 2.178.694 |
| INCOME FOR THE YEAR | | **5.241.300** | 2.178.694 |

## Statement of changes in Equity

(EUR)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| STATEMENT OF INCOME RECOGNISED | | | |
| Income for the year | | **5.241.300** | 2.178.694 |
| Other income | | **7.663** | - |
| Total income directly recognised in equity | | **7.663** | - |
| Total transfer to the profit and loss account | | **-** | - |
| Total income recognised | | **5.248.963** | 2.178.694 |

| STATEMENT OF TOTAL CHANGES IN EQUITY | Share capital | Reserves | Income from previous years | Income for the year | Total |
|---|---|---|---|---|---|
| Final balance as at March 31, 2021 | 60.200 | 123.494 | 4.389.184 | 1.622.251 | 6.195.129 |
| Adjusted balances, initial as at April 1, 2021 | 60.200 | 123.494 | 4.389.184 | 1.622.251 | 6.195.129 |
| Total income recognised | - | (111.454) | 111.454 | 2.178.694 | 2.178.694 |
| Other variations in equity | - | - | 1.622.251 | (1.622.251) | - |
| Final balance as at March 31, 2022 | **60.200** | **12.040** | **6.122.889** | **2.178.694** | **8.373.823** |
| Adjusted balances, initial as at April 1, 2022 | **60.200** | **12.040** | **6.122.889** | **2.178.694** | **8.373.823** |
| Total income recognised | **-** | **-** | **7.663** | **5.248.963** | **5.256.626** |
| Other variations in equity | **-** | **124.592** | **2.054.102** | **(2.178.694)** | **-** |
| Final balance As at March 31, 2023 | **60.200** | **136.632** | **8.184.654** | **5.248.963** | **13.630.449** |

## Cash flow statement

(EUR)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | **1.686.395** | 947.899 |
| Income before taxes | | **5.965.493** | 2.490.665 |
| **Adjustments on the income for:** | | **674.489** | 323.884 |
| Depreciation of fixed assets | (5) | **302.290** | 244.253 |
| Exchange differences | | **372.199** | 79.631 |
| **Working capital changes** | | **(3.934.356)** | (1.512.732) |
| Trade receivables and other debtors | | **(5.118.374)** | (3.229.821) |
| Other current assets | | **(362.704)** | (35.358) |
| Trade payables and other creditors | | **1.077.266** | 2.238.228 |
| Other short term liabilities | | **469.456** | (485.781) |
| **Other cash flows from operating activities** | | **(1.019.231)** | (353.918) |
| Collections (Payments) for income tax | (14) | **(1.019.231)** | (353.918) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | **(663.972)** | (240.294) |
| **Payments for investments** | | **(663.972)** | (240.294) |
| Fixed assets | (5) | **(636.174)** | (240.294) |
| Other financial assets | | **(27.798)** | - |
| **Effect from exchange differences** | (20) | **(372.199)** | (79.631) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | **650.224** | 627.974 |
| Cash and cash equivalents at beginning of the year | | **4.483.003** | 3.855.029 |
| **Cash and cash equivalents at the end of the year** | (12) | **5.133.227** | 4.483.003 |

## Notes forming part of the Financial Statements

## 1. GENERAL INFORMATION ABOUT THE COMPANY AND NATURE OF ITS ACTIVITY.

### a) Incorporation and company's name

On 30 May 2003, TATA CONSULTANCY SERVICES DE ESPAÑA, S.A.U. was incorporated, whose social address is situated at Santa Leonor 65, F building, 28037 in Madrid.

### b) Social purpose

According to the by laws the social purpose is, advisory and consultancy services, implementation and maintenance services related to information systems and information technologies.

The Company's activity is focused on rendering Information Technology and IT enabled Services.

### c) Group companies

The company is integrated in the TCS group as disclosed in note 13, the group's company TATA CONSULTANCY SERVICES NETHERLANDS, B.V., whose social address situated at Symphony Towers 20th floor, Gustav Malherplein 85-91, Amsterdam (The Netherlands) is the direct parent company and the sole shareholder. The last parent company is the company TATA CONSULTANCY SERVICES LIMITED, with social address at 9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021 (India).

### d) Consolidated financial statements

The directors of the last parent company issue the consolidated financial statements as of 31 March 2023, which will be presented before the authority of India.

The company and its subsidiary TATA CONSULTANCY SERVICES PORTUGAL, UNIPESSOAL LIMITADA form a group of companies as established in the article 42 of the Spanish Commercial Code. The Directors issue consolidated financial statements for the Group that will be presented before the House of Companies in Madrid.

## 2. BASIS OF PRESENTATION

### a) True and fair view

The financial statements have been prepared from the accounting records of the Company according to the current commercial law and the rules established in the General Accounting Plan, in order to present the true and fair view of the equity and financial position as of 31 March 2023 and the results of its operations, changes in net equity and cash flows for the year then ended.

The financial statements as of 31 March 2023 have not been submitted to the approval of the sole shareholder; nevertheless, the Directors hope that they will be approved without changes.

### b) Functional and presentation currency

The financial statements are presented in euros, rounded to the nearest unit, which is the functional and presentation currency for the Company.

### c) Changes in accounting standards

Law 18/2022 has introduced the obligation to report on the monetary volume and number of invoices paid in a period lower than the maximum established in the payment terms regulations and the percentage they represent on the total number of invoices and on the monetary amount of payments to suppliers. As it is the first year of application, comparative information is not included for this concept.

### d) Comparative figures

the statement of profit and loss, the statement of changes in equity, the cash flow statement and the notes, in addition to the figures for the year ended on 31 March 2023 (that are pending to be approved by the Sole Shareholder), those for the prior year which were included in the financial statements for the year ended on 31 March 2022 which have been approved by the sole shareholder.

## Notes forming part of the Financial Statements

**e) Significant valuation issues and use of estimates and relevant judgements in applying the accounting policies.**

Preparing the financial statements require applying relevant accounting estimates and making judgments, forecasts and hypotheses in the process of applying the accounting policies of the Company. In this process, the aspects that imply a major level of judgment, complexity or where hypotheses and forecasts are significant for preparing the financial statements are mainly, the recognition of turnover and expense by reference to the stage of completion. This method is based on the estimations of the stage of completion of the projects. Based on the method to establish the completion of the projects, the forecasts include the cost incurred in executing the projects.

**f) Addition of entries**

Some entries of the balance sheet, the statement of profit and loss, the statement of changes in equity, the cash flow statement and the notes are disclosed or added in order to enable easy comprehension, although when material, the information has been disaggregated in the notes.

## 3. DISTRIBUTION OF INCOME

The Directors will propose to the sole shareholder the next distribution of income:

(EUR)

| | Year ended March 31, 2023 |
|---|---|
| Basis of distribution | |
| Income for the year | **5.241.300** |
| | **5.241.300** |
| Distribution | |
| Prior's years earnings | **5.241.300** |
| | **5.241.300** |

## 4. VALUATION AND RECORDING STANDARDS

**a) Intangible assets**

Assets included as intangible are software that is initially valued at cost. Costs of maintenance are expensed when incurred. As at 31 March 2023 and 2022, all of them are fully amortised.

**b) Tangible assets**

Assets included as tangible assets are recorded at cost of acquisition. Tangible assets are presented in the balance sheet at cost less accumulated amortisation.

Depreciation is calculated on a straight-basis method, during their estimated useful lives, in such a way that at the end of it, the net value is zero. Percentages of amortisation annually applied are:

| | |
|---|---|
| Furniture and fixtures | 20.0% |
| Computers | 25.0% |

The company reviews the residual value, useful life and method of amortisation of property, plant and equipment at the end of each year. Modifications in established criteria are recognised as change of estimations.

After the initial recognition of the asset, only those costs that increases the capacity, productivity or enhances the useful life are capitalised, writing-off those elements substituted. The daily maintenance costs are expensed when incurred.

The company evaluates periodically the possible existence of impairment in the value of tangible assets.

**c) Operating leases**

The company has the right of use for some assets under lease contracts. Given that those contracts do not transfer to the Company substantially all the risk and benefits inherent to the property of the goods, those leases are classified as operating leases.

Amounts paid for operating leases are recognised as expense on a straight-line basis during the term of the contract.

**d) Financial instruments**

i) ***Classifications and separation of financial instruments***

Financial instruments are classified initially as a financial asset or a financial liability, as appropriate, according to the arrangement and definition of financial asset or financial liability.

In order to be valued, financial instruments are classified as financial assets or liabilities at fair value through profit or loss, financial assets at amortised cost and financial assets at cost. The classification in those categories is made initially according to the instrument and the Management intention.

Financial instruments are recognised when the company is obliged by a contract or arrangement.

Transactions of purchase or sale of financial assets documented in contracts in which reciprocal obligations must be carried out in an established time and cannot be settled by difference are recognised at the date of contract or settlement.

ii) ***Non-compensation principle***

A financial asset and a financial liability are compensated only when the company has the right to compensate the recognised amounts and has the intention to settle the net amount or cancel the asset and the liability simultaneously.

iii) ***Financial assets at amortised cost***

Financial assets at amortised cost are trade and non-trade credits with fixed collections or fixable that are not traded in an active market and different from other financial assets. These assets are initially recognised at fair value, including transactions costs and are valued after initial measurement at amortised cost using the effective interest rate method. Nevertheless, financial assets that does not have an interest rate or from which the maturity is less than a year and the effects are not material, are valued at face value.

iv) ***Rental Deposits***

Rental Deposits given are initially valued as financial instruments. After the initial valuation, given that the effect is not material, these are valued at face value.

v) ***Interests***

Interests are recognised using the effective interest rate method, which is the rate that equals the book value of the financial instrument with the cash flows estimated in the life of the instrument, from their contract conditions and with no loss for future credit risk.

vi) ***Derecognition of financial assets***

The company derecognises a financial asset or a part of it, when it gets expired or when the rights on the cash flows of the financial asset are transferred, being necessary that risks, and rewards of ownership are substantially transferred.

When the financial asset is derecognised, the difference between the amount received net of transactions costs and the book value of the financial asset is the resultant profit or loss which arises upon de-recognition of the financial asset is included in the income for the year.

The company applies the average price in order to evaluate and derecognise the cost of equity instruments or debt that are included in a portfolio and have the same rights.

## Notes forming part of the Financial Statements

vii) ***Impairment of financial assets***

A financial asset or a group of financial assets is impaired and a loss for impairment arises, if there is objective evidence of the impairment as a consequence of the events that have occurred after the initial recognition of the asset and which affects the estimated future cash flows from the asset or group of financial assets, that can be reliably estimated.

For financial assets at amortised cost, it is considered that there exists impairment when an event that causes reduction or delay in the future estimated cash flows, motivated by an insolvency of the debtor.

The amount of the impairment is the difference between the account value of the financial asset and the current value of the cash flows estimated, excluding future losses for credit risk, using the effective interest rate. For those financial assets with variable interest rate, the interest rate on the date of valuation is used according to the arrangement.

Losses for impairment are recognised in the income statement and it is reversible in future years if the decrease can be objectively related to a future event. Nevertheless, the reversal of the loss has a limit in the amortised cost of the asset with no loss for impairment.

viii) ***Financial liabilities at amortised cost.***

Financial liabilities at amortised cost, including trade creditors and other payable, are initially recognised at fair value, less, in case costs of transaction which are directly attributable to issuing them. After initial recognition, financial liabilities at amortised cost are valued using the effective interest rate method. Nevertheless, financial liabilities that do not have an established interest rate and the maturity is less than a year and the effect is not material are valued at face value.

ix) ***Derecognition of financial liabilities***

The Company derecognizes a financial liability or a part of it when it has accomplished the obligation included in the liability or it is legally freed from the responsibility included in the liability, from a trial or agreement with the creditor.

**e) Cash and equivalents**

Cash and equivalents include cash in hand and disposable bank deposits in credit entities. Other investments of great liquidity are also included if they are easily converted in fixed amounts of cash and the risk of change value is not material. For these reasons, investments with a maturity of less than three months from acquisition are included.

**f) Accruals**

Turnover and expense invoiced that have not been carried out at the end of the year is recorded as a current liability or asset as short-term accruals.

**g) Turnover and expenses**

Turnover and expenses are accrued independent of the time / moment of cash flows from them. Nevertheless, the company only recognises profits realisable at the end of the year, but risks and losses are recognised when known.

**h) Revenue from services rendered**

- The Company's contracts with customers could include commitments to transfer multiple products and services to a customer. The Company assesses the commitment related to the product/services in a contract and identifies distinct performance obligation in the contract. Which involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price can be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price unless it is a payment for a distinct product or service form the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and it is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations

to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period. The Company considers indicator such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenues for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of the completion of the performance obligation.

**i) Employee benefit expenses**

The company recognises the cost of the cash bonuses to employees when there is an obligation, legal or constructive, because of past events and can be reliably estimated.

Employee termination benefits are recognised when there is a formal plan and there is a valid expectation in the affected staff that the termination is going to be carried out, as the plan has been started or the main characteristics have been informed.

**j) Corporate tax**

Expense or turnover for corporate tax includes current and deferred income tax.

Current income tax is the amount to be paid or collected for the corporate tax from the taxable base for the year. Assets or liabilities for the current income tax are valued for the amounts that are expected to be paid or recovered from the tax authority, using the current law and tax rates or those approved and pending to be published at the end of the year.

Income tax, current or deferred is recognised in the statement of profit and loss unless it arises from a transaction or event that is recognised in the same year or in other years and is recognised directly in net equity or a business combination.

Deductible temporary differences are recognised if it is likely with high probability that there will exist positive taxable bases in the future, enough for their compensation.

Deferred tax assets are valued according to the tax rates that will be applied in the years when it is expected to compensate those assets with the law and rates currently applicable.

**k) Classification of current and non-current assets and liabilities**

Assets are classified in the balance sheet as current when it is expected to be recovered or is intended to be sold or consumed in the normal operating cycle, are kept mainly to trade, is expected to be sold in twelve month after the end of the year or is cash or cash equivalents, except in those cases when they cannot be exchanged or used to settle a liability, at least in the next twelve months after the end of the year, when they are classified as non-current.

Liabilities are classified in the balance sheet as current when it is expected to be settled in the normal operating cycle, are kept mainly to trade, and must be settled in the next twelve months or the company does not have the right to delay the cancellation of the liability during the next twelve months after the end of the year, presented as non-current in any other case.

Financial liabilities are classified in the balance sheet as current when it must be settled in the next twelve months after the end of the year although the initial maturity is for a period higher to twelve months and there exists an agreement for refinancing or restructuring payments in a term completed after the end of the year and before the annual accounts are issued. In any other circumstance, they are classified as non-current liabilities.

**l) Transaction with related parties**

Transactions carried out with related parties are recognised at fair value of the consideration to be given or received. The main transactions carried out during the year with related parties have been recorded with the criteria given below:

- Services rendered have been evaluated at cost of the work carried out plus a market margin.
- Cash balances for credits generate interests according to preferential market rates.

## Notes forming part of the Financial Statements

**m) Foreign currency transactions**

Those transactions in foreign currency are converted to the functional currency by applying the current exchange rates between the functional and the foreign currency at the date when the transactions are carried out. Nevertheless, the Company uses monthly exchange rates for those transactions carried out in that term.

Monetary assets and liabilities denominated in foreign currency have been converted to euros by applying the exchange rate at the end of the year and non-monetary assets valued at historic cost are converted applying the exchange rate when the transaction was carried out. Finally, conversion to euros of the non-monetary assets that are valued at fair value has been carried out by applying the exchange rate at the date when the valuation of the asset was made.

## 5. TANGIBLE ASSETS

a) Composition and movement as of 31 March 2023 in accounts included as tangible assets have been as follows:

(EUR)

| | Balances as at March 31, 2022 | Additions (Expense) | Disposals | Transfers | Balances as at March 31, 2023 |
|---|---|---|---|---|---|
| **Cost value** | | | | | |
| Computers | **944.376** | **309.184** | **-** | **-** | **1.253.560** |
| Office equipment | **84.419** | **11.620** | **-** | **-** | **96.039** |
| Furniture and fixtures | **1.221.775** | **200.471** | **-** | **-** | **1.422.246** |
| Tangible assets in progress | **(146)** | **107.610** | **-** | **-** | **107.464** |
| | **2.250.424** | **628.885** | **-** | **-** | **2.879.309** |
| **Cumulated amortisation** | | | | | |
| Computers | **(621.621)** | **(178.767)** | **-** | **-** | **(800.388)** |
| Office equipment | **(28.845)** | **(17.586)** | **-** | **-** | **(46.431)** |
| Furniture and fixtures | **(1.057.546)** | **(98.648)** | **-** | **-** | **(1.156.194)** |
| | **(1.708.012)** | **(295.001)** | **-** | **-** | **(2.003.013)** |
| **Net value** | | | | | |
| Computers | **322.755** | | | | **453.172** |
| Office equipment | **55.574** | | | | **49.608** |
| Furniture and fixtures | **164.229** | | | | **266.052** |
| Tangible assets in progress | **(146)** | | | | **107.464** |
| **Total** | **542.412** | | | | **876.296** |

b) Composition and movement as of 31 March 2022 in accounts included as tangible assets have been as follows:

(EUR)

| | Balances as at March 31, 2021 | Additions (Expense) | Disposals | Transfers | Balances as at March 31, 2022 |
|---|---|---|---|---|---|
| **Cost value** | | | | | |
| Computers | 915.719 | 217.973 | (191.161) | 1.845 | 944.376 |
| Office equipment | 78.216 | 6.203 | - | - | 84.419 |
| Furniture and fixtures | 1.134.194 | 16.118 | - | 71.463 | 1.221.775 |
| Tangible assets in progress | 73.162 | | | (73.308) | (146) |
| | 2.201.291 | 240.294 | (191.161) | - | 2.250.424 |
| **Cumulated amortisation** | | | | | |
| Computers | (672.483) | (140.299) | 191.161 | - | (621.621) |
| Office equipment | (12.438) | (16.407) | - | - | (28.845) |
| Furniture and fixtures | (969.999) | (87.547) | - | - | (1.057.546) |
| | (1.654.920) | (244.253) | 191.161 | - | (1.708.012) |
| **Net value** | | | | | |
| Computers | 243.236 | | | | 322.755 |
| Office equipment | 65.778 | | | | 55.574 |
| Furniture and fixtures | 164.195 | | | | 164.229 |
| Tangible assets in progress | 73.162 | | | | (146) |
| **Total** | 546.371 | | | | 542.412 |

c) There are no significant tangible assets fully amortised.

d) The Company has contracted insurance policies in order to cover the risk for the goods in tangible assets. The coverage of those policies is considered enough.

## 6. OPERATING LEASES

a) The Company has taken on lease from third parties office buildings and vehicles. The total leases expenses incurred during the year as of 31 March 2023 have amounted to 526.008 euros and in the prior year as of 31 March 2022 were 451.167 euros.

b) The main lease contract included in the a) above is for lease for the facilities that the Company occupies in Santa Leonor, 65, F Building in Madrid, where is also the social address, which has incurred rents and expenses for an amount of 617.593 euros in this year and 562.159 euros in the prior year. This contract ends in April 2024.

c) The company has made rental deposits for 93.461 euros.

## Notes forming part of the Financial Statements

d) Amount of lease commitments at the end of the year is as follows:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Amounts to pay** | | |
| Less than 1 year | **497.253** | 472.320 |
| Between 1 and 5 years | **98.656** | 501.621 |
| More than 5 years | **-** | - |
| **Total** | **595.909** | 973.941 |

e) The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centres / sales offices are long term in nature and no changes in terms of those leases are expected.

## 7. FINANCIAL INSTRUMENTS

a) The classification of financial assets by categories and classes, without cash and equivalents nor equity instruments in group's companies is as follows:

(EUR)

| | Balance As at March 31, 2023 | Balance As at March 31, 2022 |
|---|---|---|
| **Short term financial assets** | | |
| **Financials assets at amortised cost** | | |
| Trade receivables and other debtors | **19.656.370** | 14.249.753 |
| Other financial assets | **93.461** | 65.663 |
| **Total** | **19.749.831** | 14.315.416 |

b) The classification of financial liabilities by categories and classes is as follows:

(EUR)

| | Balance As at March 31, 2023 | Balance As at March 31, 2022 |
|---|---|---|
| **Short term financial liabilities** | | |
| **Financial liabilities at amortised cost** | | |
| Trade payables and other creditors | **9.652.980** | 9.180.432 |
| **Total** | **9.652.980** | 9.180.432 |

c) Nature and level of risk from financial instruments

Management of risk is controlled by the company according to the policies approved by the Directors:

**i. *Market risk***

There are no financial investments made by the company. Hence there are no market risks in respect of financial investments.

**ii. *Credit risk***

The Company has a concentrated credit risk in few clients outside the group, being mainly multinational companies. The Company has policies to assess that the revenue is generated from the clients having a clean track record of payments. The Company has policies to limit the amount of credit risk with any customer.

Impairment for credit risk from clients' insolvencies implies an elevated level of judgment by the Management and review of individual balances based on the credit quality of the clients, current trends and historical analysis of the insolvencies at an aggregated level. No impairments for credit risk are forecasted.

**iii. *Liquidity risk***

The company has a prudent management of the liquidity risk, based in holding adequate cash in order to meet its payment commitments.

No financial instruments are carried at fair value. Financial instruments carried at amortised cost as of 31 March 2023 are 24.883.058 euros and were 18.798.419 euros as of 31 March 2022.

Financial assets of 5.133.227 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of 19.346.499 euros forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance for doubtful debts. The Company closely monitors its customers who are going through financial stress and assesses suitable actions on case-to-case basis. Similar assessment is done in respect of unbilled receivables while arriving at the level of provision that is required.

**iv. *Foreign currency exchange risk***

The Company has considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company believes that there is no impact on effectiveness of its hedges.

**v. *Interest rate risk***

As the financial assets and liabilities do not generate interests, the interest rate risk is not material.

**vi. *Price risk***

There are no financial investments made by the company. Hence there are no price risks in respect of financial investments.

## 8. EQUITY INSTRUMENTS FROM GROUP'S COMPANIES

a) The balance of equity instruments in group companies are shares of TATA CONSULTANCY SERVICES PORTUGAL UNIPESSOAL LIMITADA, owning the 100% of its share capital.

b) The social address of that company is Avenida José Gomes Ferreira 15, 7º-U, Miraflores - Algés (Portugal) and its activities are in consultancy of information technologies.

c) The financial information of it is as follows:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Net equity** | | |
| Share capital | **5.500** | 5.500 |
| Reserves | **1.572.353** | 535.453 |
| Income for the year | **2.290.939** | 1.118.631 |
| **Total** | **3.868.792** | 1.659.584 |

d) That company is not listed in stock exchange and during the years as of 31 March 2023 and 2022 has not paid dividends.

## Notes forming part of the Financial Statements

### 9. TRADE RECEIVABLES

a) Detail of the balance is as follows:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Clients | | |
| For services rendered | **16.165.660** | 12.463.447 |
| Unbilled revenue | **3.180.839** | 1.637.985 |
| **Total** | **19.346.499** | 14.101.432 |

b) No movement of credit risk impairment has arisen during the year nor in the prior year.

### 10. BALANCES AND TRANSACTIONS WITH GROUP'S COMPANIES

a) Detail of debtor balances and revenues for services rendered to group's companies is as follows:

(EUR)

| | Assets | | Turnover for services | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **Debtors** | | | | |
| Tata Consultancy Services America | **(15)** | (15) | **-** | - |
| Tata Consultancy Services Belgium, N.V./ S.A. | **548.029** | 503.297 | **2.792.536** | 1.540.578 |
| Tata Consultancy Services Deutschland, GmbH | **368.367** | 241.735 | **774.169** | 736.532 |
| Tata Consultancy Services France S.A. | **203.395** | 48.568 | **320.677** | 731.341 |
| Tata Consultancy Services Luxembourg S.A. | **(52.448)** | (71.459) | **17.100** | - |
| Tata Consultancy Services Italia SRL | **361** | 445 | **-** | - |
| Tata Consultancy Services Japan, Ltd. | **46.991** | - | **309.480** | - |
| Tata Consultancy Services Netherlands BV | **323.772** | 399.924 | **1.928.954** | 1.141.787 |
| Tata Consultancy Services Osterreich GmbH | **391** | 5.697 | **-** | - |
| Tata Consultancy Services Portugal U. Lda. | **33.921** | 28.558 | **-** | - |
| Tata Consultancy Services Sverige AB | **2.665.587** | 572.028 | **8.995.783** | 4.455.861 |
| Tata Consultancy Services Switzerland, Ltd. | **264.221** | 229.688 | **1.795.135** | 1.891.351 |
| TCS Uruguay S.A. | **117.525** | - | **-** | - |
| Tata Consultancy Services, Limited | **1.253.277** | 2.197.052 | **2.756.457** | 5.823.232 |
| | **5.773.371** | 4.155.518 | **19.690.290** | 16.320.681 |

b) The detail of credit balances and expenses for services rendered by group's companies is as follows:

(EUR)

| | Liabilities | | Services received | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **Creditors** | | | | |
| Tata America International Corporation | **-** | - | **-** | 799 |
| TCS Belgium, S.A. | 19.327 | 18.599 | **695** | 1.595 |
| TCS Deutschland, GmbH | 171.418 | 13.426 | **(113.984)** | (202.904) |
| TCS Do Brasil , Ltda. | **-** | - | **-** | 1.530 |
| TCS France, S.A. | 69.330 | 68.790 | **55.540** | 27.608 |
| TCS Italia, SRL | **-** | - | **(633)** | 154.214 |
| TCS Japan, Ltd. | **29.403** | - | **-** | - |
| TCS Luxcembourg, S.A. | - | - | **(1.397)** | (2.406) |
| TCS México, S.A. de C.V. | 185.941 | 67.384 | **541.779** | 366.812 |
| TCS Netherlands, BV | 62.118 | 32.288 | **27.598** | 18.018 |
| TCS Osterreich GmbH | - | - | **(4.059)** | (14.762) |
| TCS Portugal U., Lda. | 1.489 | 1.488 | **(4.139)** | (2.654) |
| TCS Sverige AB | 14.428 | 10.158 | **13.339** | 7.869 |
| TCS Switzerland Ltd | 40.696 | 50.205 | **24.524** | 113.663 |
| TCS Uruguay, S.A. | 241.085 | - | **330.404** | - |
| TCS Limited | **5.570.610** | 6.055.177 | **12.660.365** | 8.446.984 |
| | **6.405.847** | 6.317.515 | **13.530.033** | 8.916.367 |
| Other creditors | | | | |
| Tata Sons Limited | **-** | - | **190.537** | 216.295 |
| | **6.405.847** | 6.317.515 | **13.720.570** | 9.132.662 |

## 11. PREPAID EXPENSES

a) Detail of the balance and movement is as follows:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Project expenses | | |
| Balance at the beginning of the year | **53.519** | 18.161 |
| Transfer to income for the year | **(53.519)** | (18.161) |
| Services TCS Limited | **365.272** | - |
| Other prepaid expenses | **50.951** | 53.519 |
| **Total** | **416.223** | 53.519 |

## Notes forming part of the Financial Statements

### 12. CASH AND BANK BALANCES

a) Detail of the balance by categories is as follows:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash in credit entities | | |
| Current accounts, Euro | **5.129.697** | 4.479.362 |
| Current accounts, USD | **3.530** | 3.641 |
| **Total** | **5.133.227** | 4.483.003 |

### 13. SHAREHOLDERS' FUNDS

a) Share capital is represented by 60.200 shares with a face value of 1 euro each, fully subscribed and paid being the sole shareholder being the group's company TATA CONSULTANCY SERVICES NETHERLANDS, B.V.

b) Indirectly, all the share capital belongs to the company TATA CONSULTANCY SERVICES LIMITED in both years.

c) Detail of reserves is as follows:

(EUR)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Reserves | | |
| Legal Reserve | **12.040** | 12.040 |
| Other reserves | **124.592** | - |
| **Total** | **136.632** | 12.040 |

d) The legal reserve has been created according to the Law of Capitalists Companies, establishing that in any case, an amount equal to 10 per cent of the profit in the year will be dedicated to it until it is, at least, 20 per cent of the share capital. This reserve is not distributable to the shareholders and it can only be used to compensate losses in case other reserves are not available for the same.

e) The balance of income from previous years are profits pending to be distributed according to the sole shareholder's decisions.

### 14. PUBLIC ENTITIES AND TAX POSITION.

a) Detail of balances is as follows:

(EUR)

| | Non Current | | Current | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **Assets** | | | | |
| Deferred tax assets | **25.957** | 242.641 | **-** | - |
| Current tax assets | **-** | - | **295.038** | 71.559 |
| | **25.957** | 242.641 | **295.038** | 71.559 |
| **Liabilities** | | | | |
| Withholdings on personal tax | **-** | - | **386.457** | 272.705 |
| Added Value Tax | **-** | - | **919.646** | 739.223 |
| Social Security Entities | **-** | - | **977.037** | 674.157 |
| | **-** | - | **2.283.140** | 1.686.085 |

b) The company has generated losses in prior years, hoping to be able to compensate the negative tax bases arisen with positive tax bases in future years. The tax rate used in calculating the applicable tax to the future company's operations is 25%. The tax credit from the negative tax bases amounts 1.606.804 euros and it was 2.348.256 euros at the end of the prior year, with a decrease of 741.452 euros and 252.972 euros in the prior year applied in the corporate tax for the year. The tax credit has not been recognised as the directors consider that currently, for prudent reasons, there is not a high probability for compensating with positive tax bases of future years.

c) Detail of negative bases pending to be compensated in the corporate tax is as follows:

| End of the original year | Euro |
|---|---|
| 31/03/2013 | 1.058.526 |
| 31/03/2014 | 2.289.977 |
| 31/03/2015 | 2.493.129 |
| 31/03/2016 | 585.585 |
| | 6.427.217 |

d) The reconciliation between the net amount of revenues and expenses for the year and the taxable base is as follows:

(EUR)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Balance of revenues and expenses** | | |
| For the year | **5.241.300** | 2.178.694 |
| Corporate tax | **724.193** | 311.971 |
| Permanent differences | **193.826** | 14.524 |
| Capitalisation reserve | **(234.142)** | - |
| Temporary differences | | |
| Depreciation non-deductible | **(9.815)** | (16.273) |
| Compensation of negative bases | **(2.906.600)** | (1.241.027) |
| Taxable base | **3.008.762** | 1.247.889 |
| Tax amount | **(752.191)** | (311.972) |
| Deductions for R&D | **-** | (79.278) |
| Withholdings and payments in advance | **1.047.228** | 304.253 |
| **Net receivable (payable)** | **295.038** | 71.559 |

e) The reconciliation between the income before tax and the tax expense for income tax is as follows:

(EUR)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Income before taxes for the year** | **5.965.493** | 2.490.665 |
| Income for corporate tax recognised in the statement of profit and loss | | |
| Amount at tax general rate | **(1.491.373)** | (622.666) |
| Operating losses carry forwards | **726.650** | 310.257 |
| Other Permanent differences | **40.530** | 438 |
| | **(724.193)** | (311.971) |

## Notes forming part of the Financial Statements

f) Detail and movements for deferred tax assets are as follows:

(EUR)

| | As at March 31, 2022 | Additions | Reduction | As at March 31, 2023 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Deductions pending to apply | 159.810 | - | (1.775) | **158.035** |
| Other deferred tax assets | 82.831 | - | (214.909) | **(132.078)** |
| | 242.641 | - | (216.684) | **25.957** |

Deductions pending to apply come from expenses in research and development incurred during the years 2015 to 2019.

g) Movements for the prior year are as follows:

(EUR)

| | As at March 31, 2021 | Additions | Reduction | As at March 31, 2022 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Deductions pending to apply | 237.375 | - | (77.565) | 159.810 |
| Other deferred tax assets | 84.545 | - | (1.714) | 82.831 |
| | 321.920 | - | (79.279) | 242.641 |

h) The company has open to be reviewed tax assessment for the years given below:

| Tax issue | |
|---|---|
| Corporate tax | 2012 to 2022 |
| Value Added Tax | 2018 to 2022 |
| Withholdings on personal tax | 2018 to 2022 |
| Local tax | 2018 to 2022 |

Consequently, among others, of different possible interpretations of the current tax law, additional tax liabilities could arise as a result of a tax audit. Nevertheless, the directors of the company consider that in that case those liabilities would not affect materially to the financial statements.

## 15. SERVICES RENDERED

a) Detail of the amount by geographical areas is as follows:

(EUR)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Area** | | |
| Europe | **61.089.470** | 42.512.193 |
| United Kingdom | **1.656.949** | 2.795.898 |
| Americas | **357.932** | 328.710 |
| | **309.480** | - |
| **Total** | **63.413.832** | 45.636.800 |

## 16. WORKS PERFORMED BY OTHER COMPANIES

a) The entire amount comes from works in consultancy subcontracted to other companies. Approximately, 76% of the balance in the year ended as at 31 March 2023 and 63% in the prior year is from acquisition of services from group's companies.

b) Detail of expense by geographical markets is as follows:

(EUR)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Area** | | |
| Spain | **1.387.612** | 5.491.708 |
| Rest of Europe | **5.668.229** | 100.242 |
| America | **110.048** | 367.611 |
| Asia Pacific | **10.616.457** | 8.446.984 |
| **Total** | **17.782.346** | 14.406.545 |

## 17. PERSONNEL

a) The average staff during the years by categories is as follows:

| | For the year ended March 31, 2023 | | | For the year ended March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Women | Men | Total | Women | Men | Total |
| **Categories** | | | | | | |
| Managers | **1** | **-** | **1** | 1 | - | 1 |
| Technicians | **111** | **543** | **654** | 90 | 426 | 516 |
| Administrative | **12** | **12** | **24** | 8 | 9 | 17 |
| **Total** | **124** | **555** | **679** | 99 | 435 | 534 |

b) Staff at the end of the year is as follows:

| | For the year ended March 31, 2023 | | | For the year ended March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Women | Men | Total | Women | Men | Total |
| **Categories** | | | | | | |
| Managers | **1** | **-** | **1** | 1 | - | 1 |
| Technicians | **121** | **588** | **709** | 97 | 456 | 553 |
| Administrative | **12** | **11** | **23** | 8 | 9 | 17 |
| **Total** | **134** | **599** | **733** | 106 | 465 | 571 |

c) Staff includes 6 handicapped persons, with a level higher than 33%, hired as technicians in both financial years.

## Notes forming part of the Financial Statements

d) Detail of the balance of social charges in both years is as follows:

(EUR)

| | As of March 31, 2023 | As of March 31, 2022 |
|---|---|---|
| **Social charges** | | |
| Social Securiy charged to the company | **7.598.639** | 5.415.292 |
| Other social charges | **559.599** | 298.585 |
| **Total** | **8.158.238** | 5.713.877 |

### 18. EXTERNAL SERVICES

a) Detail of the balances by concepts is as follows:

(EUR)

| | As of March 31, 2023 | As of March 31, 2022 |
|---|---|---|
| **External services** | | |
| Leases and maintenance of facilities | **818.517** | 683.083 |
| External consultants | **443.495** | 297.853 |
| Travel expenses | **509.483** | 173.804 |
| Communications | **190.908** | 189.359 |
| Other expenses | **1.659.972** | 1.792.199 |
| **Total** | **3.622.375** | 3.136.298 |

### 19. BALANCES AND TRANSACTIONS IN FOREIGN CURRENCIES

Detail of balances and transactions performed in foreign currency different from euros is as follows:

| | US Dollar | | GB Pound | | Other currencies | |
|---|---|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **Balance sheet** | | | | | | |
| Trade receivables and other debtors | **181.685** | 437.046 | **44.875** | 310.570 | **1.129.958** | 130.251 |
| Trade payables and other creditors | **190.854** | 60.764 | **9.806** | 42.877 | **467.158** | 94.182 |
| Cash and equivalents | **3.530** | 3.641 | **-** | - | **-** | - |
| **Statement of profit and loss** | | | | | | |
| Services rendered | **2.436.687** | 1.636.144 | **853.527** | 1.381.643 | **10.389.402** | 1.828.636 |
| Services received | **590.694** | 254.968 | **-** | 11.987 | **59.923** | 108.889 |

## 20. INFORMATION ON DEFERRED PAYMENTS TO SUPPLIERS. THIRD ADDITIONAL DISPOSITION “COMMITMENT TO INFORM” LAW 15/2010, 5 JULY

a) The detailed information to be presented related to payments delayed is as follows:

(EUR)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Average period of payments to suppliers | **95 days** | 106 days |
| Ratio of paid transactions | **113 days** | 71 days |
| Ratio of payable transactions | **31 days** | 146 days |
| Amount of payments carried out | **24.196.486 100%** | 6.749.866 |
| Amount of payments in legal term | **9.772.546 40%** | - |
| Amount of payments pending | **6.526.592 27%** | 5.971.634 |
| Total number of invoices | **3.634 0%** | |
| Number of invoices paid in the legal term | **1.742 48%** | |

b) The excess in the average period of payments over the legal limit is explained because the payments are to those suppliers that are Group's Companies and therefore, the payment to them is carried out depending of the availability of cash in the Company. Therefore, average period of payments to third parties is approximately 40 days.

## 21. OTHER COMMITMENTS AND CONTINGENCIES

The company does not have bank guarantees neither the directors know other material contingencies different to those from the leases.

## 22. INFORMATION RELATED TO THE DIRECTORS AND OTHER RELATED PARTIES

a) In both years, the directors, three men in this year and three men in the prior year, have not received any remuneration for their functions in the company. Additionally, at the end of both years there were no balances pending with directors, neither the company has commitments for pensions or life insurances with old or current directors of the company.

b) Accomplishing the article 229 of the Spanish Law of Capitalistic Companies, the Directors settle that they do not have any situation of conflict of interests with the activities carried out by the Company and also they do not own significant stakes in other companies with the same, similar or complementary activity to the social purpose neither execute functions in other companies different from those belonging to the TCS group.

c) The top executive has received as salaries during the year ended on 31 March 2023 an amount of 208.538 euros and was 201.828 euros for the year ended on 31 March 2022.

## 23. ENVIRONMENTAL INFORMATION

At the end of the year, there are no significant assets dedicated to protection and improvement of the environment and no significant expenses of this nature have been incurred during the year. It is also estimated that no material contingency related to protection and improvement of environment exists, and hence it is not considered necessary to record any provisions in respect of risks and expenses for environmental reasons.

## Notes forming part of the Financial Statements

### 24. REMUNERATION TO THE AUDITORS

Fees of professional services accrued for BNFIX have been:

(EUR)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Fees** | | |
| Audit | **7.350** | 7.350 |
| Tax advising | **7.222** | 7.413 |
| | **14.572** | 14.763 |

### 25. SUBSEQUENT EVENTSW

After the end of the year, no facts or circumstances have arisen that could affect materially to these financial statements.

The present financial statements included from pages 1 to 25 above have been issued by the Board of Directors in Madrid, on 02 May 2023.

| | | |
|---|---|---|
| **Sapthagiri Chapalapalli** | **Prithwis Chandra Ray** | **Niraj Sanghvi** |
| President | Director | Director |

# TATA CONSULTANCY SERVICES PORTUGAL UNIPESSOAL, LDA.

## FINANCIAL STATEMENTS

**For the year ended**
**March 31, 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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# MANAGEMENT REPORT

## Introduction

In accordance with what is stated in the by-laws and in accordance with the applicable requirements of the Commercial Companies Code, the Management of TATA CONSULTANCY SERVICES PORTUGAL, UNIP.LDA submits the MANAGEMENT REPORT for the year 2022 for consideration in the General Meeting of the Company.

## Company Performance

The company's activity improved satisfactorily in 2022 and despite the challenges, the company presents positive net results, which is an increase of 93% compared to the previous year, representing 18.0% of turnover.

The results obtained by the company in the current financial year were within the estimates made, as better described in chapter < Analysis of Economic and Financial position of the Company>.

We project the continuation of the company's growth on a sustainable basis, despite of taking into account the constant uncertainty of the markets' s evolution.

## Economic and financial Company position analyses

The comparative situation of the various company indicators is shown in the following table:

(EUR)

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Sales | 3,820,212 | 6,662,320 | **12,035,084** |
| Income before Tax | 593,047 | 1,224,665 | **2,789,814** |
| Net income | 541,347 | 1,118,631 | **2,162,749** |
| | | | |
| Current assets | 3,551,301 | 4,607,876 | **7,811,135** |
| Non-current Assets | 9,569 | 54,645 | **115,668** |
| TOTAL ASSETS | 3,560,870 | 4,662,522 | **7,926,803** |
| TOTAL EQUITY | 540,953 | 1,659,584 | **3,822,333** |
| TOTAL LIABILITIES | 3,019,918 | 3,002,938 | **4,104,469** |
| TOTAL LIABILITY AND EQUITY | 3,560,870 | 4,662,522 | **7,926,803** |
| | | | |
| Number of employees | 11 | 11 | **11** |
| Employee Expenses | 891,802 | 919,331 | **1,015,268** |

The 2022 fiscal year was influenced by an increase turnover volume, from 6,662,320 € in 2021 to 12,035,084 € in the year to which this report concerns.

The net turnover increase led to the improvement in the operating and current results, with an increase of 1,565,149 € while compared with previous year.

In 2022, the company proved to be self-sufficient to meet its cash requirements and did not take recourse to Banks for financial operations.

The financial position of the company, is presented in the following table:

## Indicators

| Indicator | 2020 | 2021 | 2022 |
|---|---|---|---|
| Financial autonomy | 15.18% | 35.59% | **48.22%** |
| Solvency | 17.90% | 55.27% | **93.13%** |

The operations of the company will continue as at the present, the current assets exceed current liabilities, net equity has improved. The company will be provided with all the necessary mechanisms to ensure the continuity of operations, the realization of its assets and the settlement of its liabilities, in the normal course of its operations.

## Human resources

Regarding the employees, in 2022, the company maintained the same number of employees as in the previous year.

## Market Conditions

As in the previous year, the price levels practiced by the Company in 2022 were maintained this year by the consideration to maintain the services quality, which will enable sustained growth for the coming years. The market for our services has been characterized as quite competitive. Despite the increase in competition, which is highly competitive in terms of prices, the quality ofTATA CONSULTANCY SERVICES PORTUGAL, UNIP, LDA. services, together with the seriousness with which the company operates, has allowed us to continue to improve the trust and preference of our current customers.

## Communication and Image

In the perspective of the increase in sales volume, during the year 2022 and, in order to increase the market share, TATA CONSULTANCY SERVICES PORTUGAL , UNIP.LDA has benefited from an international corporate image.

## Investments

Direct investment in 2022 was 75,965 € in IT equipment.

## Relevant subsequent events

The year 2022 ended with signs of an economic recovery which is expected to continue in 2023 and is expected to slow down in subsequent years.

Prices are likely to rise, as in the previous year, which entails some uncertainty for all activities, and a general increase in prices is expected in all sectors of the economy.

However, taking into account the present scenario, We expect would not have any impact on the continuity of the Company. Hence the assumption of the continuity of operations as a going concern used in the preparation of these financial statements, remains appropriate.

Events occurring after the balance sheet date on conditions that existed at the balance sheet date have been are considered in the preparation of the financial statements.

## Business Forecast

Management believes that the results obtained at all levels by the company reinforce its stability both in economic and financial terms and in terms of the current market share.

The Company's activity in the first months of the next fiscal year is expected to remain identical compared to the activity in 2022.

Management believes that the company has adequate facilities to manage with the desirable evolution in turnover.

## Proposal for profit appropriation

Management proposes that the net profit for 2022, in the amount of 2,162,749.42 €, should be transferred to the Retained Earnings account.

## Final note

To the Companies and Entitles that honorcd us with their preference, we thank the trust, shown, which was an important incentive and compensation for the efforts assumed by those who work in this Company.

To all the employees who contributed to the company's performance, with its professionalism and dedication, the Management expresses its gratitude.

Amadora, 5th May 2023

The Management

# STATUTORY AUDIT REPORT

(Translation of a report originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of TATA Consultancy Services (Portugal), Unipessoal, Lda. (the Entity), which comprise the balance sheet as at 31 March 2023 (which shows total assets of Euro 7,924,736 and total shareholders' equity of Euro 3,822,333 including a net profit of Euro 2,162,749), the statement of income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of TATA Consultancy Services (Portugal), Unipessoal, Lda. as at 31 March 2023, and its financial performance and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Portugal.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of management for the financial statements

Management is responsible for:

- the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with the with generally accepted accounting principles in Portugal.
- the preparation of the Management' Report, in accordance with the applicable law and regulations;
- the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of appropriate accounting policies and criteria;
- the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

### Auditor's responsibilities for the audit of the financial statements

Our responsibility is 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 auditor's 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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;
- communicate with those charged with governance, including the supervisory board, 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;

Our responsibility also includes verifying that the information included in the Management' report is consistent with the financial statements.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Management's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Management's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Management' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified.

Lisbon, 5th May 2023

RSM & Associados- Sroc, Lda

Represented by Joaquim Patricio da Silva (ROC no 320)

## TATA CONSULTANCY SERVICES (PORTUGAL), UNIPESSOAL, LDA.
## BALANCE SHEET AS OF MARCH 31, 2023 AND 2022

(Translated from the Portuguese original – Note 25) (EUR)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets:** | | | |
| Tangible fixed assets | 6 | **95,045** | 35,821 |
| Tangible fixed assets in progress | | **12,910** | 12,910 |
| Other financial assets | | **7,713** | 5,914 |
| | | **115,668** | 54,645 |
| **Current assets:** | | | |
| Trade receivables | 8 | **3,020,447** | 1,811,992 |
| State and other public entities | 15 | **838,705** | 325,851 |
| Other receivables | 8 | **1,223,471** | 597,964 |
| Deferrals | 10 | **1,953** | 35,996 |
| Cash and bank deposits | 4 | **2,724,492** | 1,836,073 |
| | | **7,809,068** | 4,607,876 |
| **TOTAL ASSETS** | | **7.924.736** | 4,662,522 |
| **QUOTAHOLDERS' EQUITY AND LIABILITIES** | | | |
| **Quotaholders' equity:** | | | |
| Quota capital | 11 | **5,500** | 5,500 |
| Legal reserves | 11 | **17,574** | 17,574 |
| Retained earnings/(losses) | 11 | **1,636,510** | 517,879 |
| | | **1,659,584** | 540,953 |
| Net profit/(loss) for the year | | **2,162,749** | 1,118,631 |
| **Total quotaholders' equity** | | **3,822,333** | 1,659,584 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Provisions | | **4** | 20,629 |
| Other payables | 13 | **1,994** | 13,333 |
| | | **1,998** | 33,962 |
| **Current liabilities** | | | |
| Suppliers | 14 | **1,767,574** | 1,717,457 |
| State and other public entities | 15 | **589,803** | 103,227 |
| Other payables | 13 | **1,691,180** | 1,135,827 |
| Deferrals | 10 | **51,848** | 12,466 |
| | | **4,100,405** | 2,968,976 |
| **Total liabilities** | | **4,102,403** | 3,002,938 |
| **TOTAL QUOTAHOLDERS' EQUITY AND LIABILITIES** | | **7,924,736** | 4,662,522 |

The accompanying notes form an Integral part of the balance sheet as of March 31, 2023.

THE CERTIFIED ACCOUNTANT MANAGEMENT

## STATEMENTS OF PROFIT AND LOSS
## FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

(Translated from the Portuguese original – Note 25)

(EUR)

| EARNINGS AND LOSSES | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Services rendered | 17 | **12,035,084** | 6,662,320 |
| Supplies and services | 18 | **(8,181,466)** | (4,460,909) |
| Payroll expenses | 19 | **(1,015,268)** | (919,331) |
| Provisions | 20 | **20,604** | (20,608) |
| Other operating income | 21 | **-** | 32,964 |
| Other operating expenses | 22 | **(52,399)** | (63,721) |
| **Net profit/(loss) before depreciation, financial expenses and taxes** | | **2,806,555** | 1,230,715 |
| Amortization and depreciation | 6 | **(16,741)** | (6,050) |
| **Operating profit (before financial expenses and income taxes)** | | **2,789,814** | 1,224,665 |
| **NET PROFIT/(LOSS) BEFORE INCOME TAX** | | **2,789,814** | 1,224,665 |
| Corporate income tax for the year | 7 | **(627,064)** | (106,034) |
| **NET PROFIT/(LOSS) FOR THE YEAR** | | **2,162,749** | 1,118,631 |

The accompanying notes form an integral part of the statement of profit and loss by nature for the year ended March 31, 2023.

THE CERTIFIED ACCOUNTANT

MANAGEMENT

# STATEMENTS OF CASH FLOWS
# FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

(Translated from the Portuguese original – Note 25)

(EUR)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **OPERATING ACTIVITIES:** | | | |
| Received from clients | | **10,830,419** | 5,567,829 |
| Paid to suppliers | | **(8,773,633)** | (5,235,515) |
| Paid to employees | | **(775,487)** | (644,090) |
| **Net cash from operations** | | **1,281,299** | (311,776) |
| Income tax (paid) / received | | **(146,606)** | (62,059) |
| Other (payments) / receipts relating to operating activities | | **(244,283)** | (321,539) |
| **Net cash provided by operating activities (1)** | | **890,411** | (695,375) |
| **INVESTING ACTIVITIES:** | | | |
| **Receipts relating to:** | | | |
| Financial investments | | **252** | - |
| | | **252** | - |
| **Payments relating to:** | | | |
| Other financial assets | | **(2,244)** | (1,228) |
| | | **(2,244)** | (1,228) |
| **Net cash used by investing activities (2)** | | **(1,992)** | (1,228) |
| **Variation in cash and cash equivalents [3] = [1] + [2]** | | **888,419** | (696,603) |
| Cash and cash equivalents at the beginning of the year | 4 | **1,836,073** | 2,532,676 |
| **Cash and cash equivalents at the end of the year** | 4 | **2,724,492** | 1,836,073 |

The accompanying notes form an integral part of the statement of cash flows for the year ended March 31, 2023.

THE CERTIFIED ACCOUNTANT

MANAGEMENT

## Notes forming part of the Financial Statements, As of March 31, 2023

### 1. INTRODUCTORY NOTE

TATA Consultancy Services (Portugal), Unipessoal, Lda. ("The Company"), has its head office in Amadora, was founded on July 4, 2005 and its corporate object consists of IT consultancy services.

The Company is included in TATA Group (whose mother company has its head office in India), which includes several companies with head office in Europe and America, with which it has transactions related to the development of its operations (Note 16), so that its activity and results are influenced by decisions taken at group level.

These financial statements were approved by Management on May 5, 2023.

### 2. ACCOUNTING REFERENCE FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in compliance with the requirements in force in Portugal in accordance with Decree-Law 158/2009, of 13 July and the conceptual structure, modified by Decree-Law 98/2015, of 2 June, interpretation standards and accounting and financial reporting standards ("NCRF"), contained in Notices 8254/2015, 8258/2015 and 8256/2015, which together make up the Portuguese Accounting Standards System ("Sistema de Normalização Contabilística" or "SNC"). These standards and interpretations are hereinafter referred to generally as "NCRF".

### 3. PRINCIPAL ACCOUNTING POLICIES

#### 3.1. Bases of presentation

The accompanying financial statements were prepared on a going concern basis as from the Company's accounting records, in accordance with NCRF.

#### 3.2. Tangible fixed assets

Tangible fixed assets are initially recorded at acquisition cost, which includes the purchase cost and any other direct expenses to put the assets in the location and conditions needed to operate in the intended manner and, when applicable, the initial estimates of dismantling and removing assets and restoration of the places of installation/operation of the assets that the Company expects to incur.

Depreciations are recognised after the asset is available for use, in a straight-line basis, according to its estimated useful life for each group of assets, as follows:

| | Years |
|---|---|
| Administrative equipment | 3 to 8 |
| Tangible fixed assets | 8 to 16 |

Useful life and the depreciation method are revised on an annual basis. The effect of any change is recognised prospectively in the statement of profit and loss.

Costs of maintenance and repair (subsequent expenditure) that are not likely to generate future economic benefits are recorded as expenses in the period they are incurred on.

The gain (or loss) on disposal or write-off of a plant and equipment is determined as the difference between the amount received in the transaction and the amount of the asset and is recognized in the period in which it occurs.

#### 3.3. Income tax

Income tax for the year consists of current tax and deferred tax. Current tax and deferred tax are recognized in the statement of profit and loss, except when they are related with items recorded directly in equity. In such cases current and deferred tax are also recorded in equity.

Income tax for the period is calculated based on the Company's taxable results. The taxable income differs from the accounting profit or loss, as it excludes several costs and earnings that are deductible or taxable in other years. Taxable income also excludes costs and earnings that will never be deductible or taxable, according to tax rules in force.

Deferred tax relates to the temporary differences between assets and liabilities for accounting and tax purposes.

Deferred tax liabilities are recorded for all taxable temporary differences.

Deferred tax assets are recorded for deductible temporary differences, only when there is reasonable expectation of sufficient future taxable income to use them. Temporary differences underlying deferred tax assets are reviewed at each balance sheet date in order to recognise or adjust them based on the current expectation of their future recovery.

Deferred tax assets and liabilities are calculated and assessed using the tax rates expected to be in force when the temporary differences reverse, based on tax rates (and tax legislation) that are formally or substantially issued at the reporting date.

The compensation between deferred tax assets and liabilities is only allowed when: (i) the Company has the legal right to do the compensation between this assets and liabilities for liquidating purposes; (ii) those assets and liabilities relate to income tax of the same fiscal authority; and (iii) the Company has the intention of compensating for liquidation purposes.

### 3.4. Financial assets and liabilities

Financial assets and liabilities are recorded in the balance sheet when the Company becomes part of the correspondent arrangements, as established by NCRF 27 – Financial Instruments.

*Financial assets and liabilities at cost or at amortised cost*

The financial assets and liabilities are measured at cost or at amortised cost net of accumulated impairment losses (in the case of financial assets) when:

- The maturity is defined; and
- They have a fix or determinate repayment; and
- They do not constitute or incorporate a derivative financial instrument.

The amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus a cumulative amortisation, using the effective interest method, of any difference between the original amount and the amount at the maturity date. The effective interest rate is the rate that discounts cash flows associated with the financial instrument net carrying amount.

Assets and liabilities at cost or at amortised cost net of accumulated impairment losses include, namely:

- Trade receivables;
- Other receivables;
- Suppliers;
- Other payables;
- Group companies.

*Cash and cash equivalents*

"Cash and cash equivalents" include cash, bank deposits and term deposits with maturity up to three months and that can be demanded immediately with insignificant risk of losses.

*Trade receivables and other receivables*

Trade receivables and other receivables are recorded at cost or amortised cost net of eventual impairment losses. Generally, the amortised cost of these assets doesn't differ from its nominal value.

*Suppliers and other payables*

Suppliers and other payables are recorded at cost or amortised cost.

Generally, the amortised cost of these liabilities doesn't differ from its nominal value.

## Notes forming part of the Financial Statements, As of March 31, 2023

*Impairment of financial assets*

Financial assets classified "at cost or at amortised cost" are tested for impairment at each reporting date. Such financial assets are impaired when there is objective evidence that, as a result of one or more events after their initial recognition, their estimated future cash flows are negatively affected.

For financial assets measured at amortised cost, the impairment loss recognised corresponds to the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the respective original effective interest rate.

For financial assets measured at cost, the impairment loss recognised corresponds to the difference between the asset's carrying amount and the best estimate of the fair value of the asset.

Impairment losses are recognized in the statement of profit and loss in the period in which they are determined.

Subsequently, if the amount of the impairment loss decreases and such reduction can be objectively related to an event that took place after the recognition of that loss, it is reversed through the statement of profit and loss. The reversal shall be done within the limits of the amount that would be recognized (amortised cost) if the loss had not been initially accounted for. Reversal of impairment losses are recognized in the statement of profit and loss.

*Derecognition of financial assets and liabilities*

The Company derecognizes the financial assets only when the contractual rights to receive the cash flows expire, or when the financial assets and the risks and rewards of its ownership are transferred to other entity. The Company derecognizes the financial assets transferred, even if some significant risks and rewards remain, when the transference of control occurs.

The Company derecognizes financial liabilities only when the corresponding obligation specified in the contract is either discharged, cancelled or expires.

### 3.5. Foreign currency balances and transactions

Transactions in foreign currency (different from functional currency) are recorded at the exchange rate of the transaction date. At each reporting date, the foreign currency monetary items are translated at the exchange rate of that date.

Exchange gains and losses arising from differences between the historical exchange rates and those prevailing at the date of collection, payment or at the reporting date are recorded in the statement of profit and loss for the period.

### 3.6. Provisions and contingent assets and liabilities

*Provisions*

Provisions are recognized when there is a present legal or implied obligation resulting from a past event, the resolution of which will probably require expending internal resources, the amount of which can be reasonably estimated.

The amount recorded in provisions is the present value of the best estimate at the reporting date, needed to settle the obligation. The estimate is determined based on risks and uncertainties related to the obligation. The amount of provisions is reviewed and adjusted at each reporting date so as to reflect the best estimate at that time.

*Contingent liabilities*

Contingent liabilities are not recorded in the financial statements, but are disclosed when the possibility of outflows of resources including economic benefits is not remote.

*Contingent assets*

Contingent assets are not recorded in the financial statements, but are disclosed when economic future inflows of resources are likely to occur.

### 3.7. Revenue

Revenue is measured at fair value of the compensation received or to be received. Revenue to be recorded is offset of the estimated discounts and other rebates.

Revenue provided by rendered services (projects) is recognised according to the stage of completion method of the transaction/service at the financial position date, subject to the following conditions:

- The amount of revenue can be reliably measured;
- It is probable that future economic benefits flow to the Company; and
- Incurred cost or costs to be incurred with transactions can be measured reliably.

### 3.8. Accruals basis

Costs and earnings are recorded in the period to which they relate, independently of the date they are paid or received. Costs and earnings for which the real value is not known are estimated.

Costs and earnings attributed to the current period and which expenses and revenues will occur in future periods as well as costs and earnings that have already occurred but that respect to future periods are recorded as assets or liabilities.

### 3.9. Leases

As of March 31, 2023 and 2022, the Company has long term lease contracts, which, due to their characteristics, according to NCRF 9 - Leases, taking into account the substance over form principle, are recognized in the financial statements as operational leases. Payments of operational leases are recorded as costs in a straight line basis during the period of the lease. The operating assignment contract was considered for the purpose of recognizing the mobile assets underlying it and the associated debt.

### 3.10. Critical judgments/estimates in applying the accounting standards

In the preparation of the financial statements' judgments, estimates and assumptions were made, that can affect the value of the assets and liabilities presented, as well as earnings and costs of the period.

These estimates are based on the best knowledge available at the time and on the actions planned, and are constantly revised based on the information available at the financial position date. However, situations can happen in subsequent periods which are not predictable at the time of the approval of the financial statements and thus, were not considered on those estimates. Changes in estimates that occur after the date of the financial statements will be corrected prospectively. For this reason and due to that uncertainty, real results can differ from the corresponding estimates.

The most significant estimates reflected in the financial statements refer to: (i) impairment analysis of receivables; (ii) revenue recognition of ongoing projects

### 3.11. Subsequent events

Events that occur after the balance sheet date that provide additional information on conditions that existed as of that date ("adjustable events") are reflected in the financial statements. Events that occur after the balance sheet date that provide information on conditions that exist after that date ("non-adjustable events"), if material, are disclosed in the notes to the financial statements.

## 4. CASH FLOWS

Cash and cash equivalents include cash and bank deposits immediately callable. Cash and cash equivalents as of March 31, 2023 and 2022, are detailed as follows:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Bank deposits immediately callable | **2,724,492** | 1,836,073 |
| Cash and equivalents | **2,724,492** | 1,836,073 |

## Notes forming part of the Financial Statements, As of March 31, 2023

### 5. ACCOUNTING POLICIES, CHANGES IN ESTIMATES AND ERRORS

In the year ended as of March 31, 2023, there were no changes in accounting policies in relation to those used in the year ended as of March 31, 2022, presented for comparative purposes, nor were material errors relating to prior years identified.

### 6. TANGIBLE FIXED ASSETS

During the years ended March 31, 2023 and 2022, the movements in tangible fixed assets, as well as in the respective accumulated depreciations and impairment losses, were as follows:

(EUR)

| Administrative equipment | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Gross assets:** | | |
| Beginning balance | **92,636** | 60,428 |
| Increases | **75,965** | 32,208 |
| Ending balance | **168,601** | 92,636 |
| **Accumulated depreciation and impairment losses:** | | |
| Beginning balance | **61,505** | 55,555 |
| Depreciation of the year | **16,142** | 5,950 |
| Ending balance | **77,647** | 61,505 |
| **Net assets** | **90,954** | 31,131 |
| **Other tangible fixed assets** | | |
| **Gross assets:** | | |
| Beginning balance | **4,790** | - |
| Increases | **-** | 4,790 |
| Ending balance | **4,790** | 4,790 |
| **Accumulated depreciation and impairment losses:** | | |
| Beginning balance | **100** | - |
| Depreciation of the year | **599** | 100 |
| Ending balance | **699** | 100 |
| **Net assets** | **4,091** | 4,690 |
| **Total Net assets** | **95,045** | 35,821 |

### 7. INCOME TAX

The Company is subject to corporate income tax, in accordance with article 87 of the Portuguese Corporate Income Tax Code ("IRC"), at the rate of 21%. This rate is increased up to a maximum of 1.5% of Municipal Surcharge.

For 2022, the nominal tax rate can vary between 22.5% and 29.5% depending on the determined taxable income, which will be taxable at the follow rates:

- IRC rate : 17% to the first 25,000 Euros;
- IRC rate: 21% over remaining taxable income;
- Municipal surcharge: 1.5% over taxable income;
- State surcharge: 3% over taxable income if 1,500,000 < taxable income <= 7,500,000 Euros, 5% over taxable income if 7,500,000 Euros < taxable income <= 35,000,000 Euros or 7% over taxable income if taxable income > 35,000,000 Euros.

In accordance with article 88 of the Portuguese Corporate Income Tax Code, the Company is also subject to autonomous taxation of certain expenses at the rates mentioned therein.

In accordance with applicable Portuguese legislation, income tax returns are subject to review and correction by the tax authorities for a period of four years (five years for social security) except where there are tax losses, tax benefits have been granted or there is litigation in progress where, depending on the circumstances, the period can be extended or suspended. Accordingly, the Company's tax returns for the years 2019 to 2022 are still subject to review. Management believes that possible corrections arising from inspections by the tax authorities of those tax returns will not have a significant impact on the financial statements of March 31, 2023 and 2022.

As of March 31, 2023 and 2022, there were no temporary differences between accountant and tax in order to create deferred taxes in the financial statements.

For the years ended March 31, 2023 and 2022, the tax rate reconciliation is as follows:

**Reconciliation of the tax rate**

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit / (Loss) before income tax | **2,789,814** | 1,224,665 |
| Nominal tax rate (<25,000 net income) | **17.00%** | 17.00% |
| Nominal tax rate (>25,000 net income) | **21.00%** | 21.00% |
| Municipal Tax | **1.50%** | 1.50% |
| Expected income tax | **626,708** | 274,550 |
| **Nominal tax rate** | **22.46%** | 22.42% |
| Profit / (Loss) before income tax | **2,789,814** | 1,224,665 |
| Permanent differences | **(20,593)** | 64,909 |
| Tax losses carried forward for which no deferred taxes were recorded | **(201,123)** | (902,702) |
| Profit for tax proposes | **2,568,098** | 386,872 |
| Income tax (<25,000) | **4,250** | 4,250 |
| Income tax (>25,000) | **534,051** | 75,993 |
| Income tax (municipal tax) | **41,538** | 19,344 |
| **Income tax(State tax)** | **38,077** | - |
| Autonomous taxation | **9,149** | 6,447 |
| **Total income tax (note 15)** | **627,065** | 106,034 |
| **Effective tax rate** | **22.48%** | 8.66% |

## Notes forming part of the Financial Statements, As of March 31, 2023

### 8. TRADE RECEIVABLES AND OTHER RECEIVABLES

As of March 31, 2023 and 2022, trade receivables and other receivables present the following composition:

(EUR)

| | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Gross Amount | Impairment Losses | Net Amount | Gross Amount | Impairment Losses | Net Amount |
| **Current:** | | | | | | |
| Trade receivables | **3,031,500** | **(11,053)** | **3,020,447** | 1,824,435 | (12,443) | 1,811,992 |
| Other receivables | **1,223,471** | **-** | **1,223,471** | 597,964 | - | 597,964 |
| | **4,254,971** | **(11,053)** | **4,243,918** | 2,422,399 | (12,443) | 2,409,956 |

As of March 31, 2023 and 2022, trade receivables include 1,394,447 Euros and 1,498,506 Euros, respectively, related with Group companies (Note 16).

For the years ended March 31, 2023 and 2022, movements occurred in impairment losses, were as follows:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Beginning balance | **12,443** | 11,894 |
| Increase | **-** | - |
| Decrease | **-** | - |
| Effect of exchange rate adjustments | **(1,390)** | 549 |
| | **11,053** | 12,443 |

As of March 31, 2023 and 2022, the variance occurred in this rubric includes 1,390 Euros and 549 Euros, respectively, due to foreign exchange actualization.

**Other receivables**

As of March 31, 2023 and 2022, this caption was as follows:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Accrued income:** | | |
| Unbilled services rendered | **1,187,740** | 582,537 |
| Other debtors | **35,731** | 15,427 |
| | **1,223,471** | 597,964 |

As of March 31, 2023 and 2022, other receivables included 1,156,578 Euros and 393,202 Euros respectively, related with Group companies (Note 16).

## 9. ADVANCES TO SUPPLIERS

As of March 31, 2023, there were no advances to suppliers.

## 10. DEFERRALS

As of March 31, 2023 and 2022, these captions were detailed as follows:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred assets:** | | |
| Supplies and services | **1,838** | 33,767 |
| Payroll expenses | **115** | 2,229 |
| | **1,953** | 35,996 |
| **Deferred liabilities:** | | |
| Services rendered | **51,848** | 12,466 |

As of March 31, 2023, and 2022, there were no active deferrals with related parties.

## 11. QUOTA CAPITAL AND RESERVES

As of March 31, 2023 and 2022, the Company's fully subscribed and paid up quota capital was made up of one quota with the nominal value of 5,500 Euros. As of those dates, quota capital was totally owned by TATA Consultancy Services España, S.A. (head office at Spain).

**Legal reserve:**

Portuguese legislation establishes that at least 5% of annual net profit must be appropriated to legal reserves until the reserve equals the statutory minimum requirement of 20% of quota capital. This reserve is not available for distribution, except in the case of liquidation of the Company, but may be used to absorb losses once other reserves and retained earnings have been exhausted. The balance of this item as at 31 March 2023 is 17,574 Euros.

**Results application:**

As approved at the General Shareholders' Meeting held on April 23, 2021, the results of the year ended on March 31, 2021, EUR 541,347 were transferred to Retained earnings/(losses).

As approved at the General Shareholders' Meeting held on April 23, 2022 the results of the year ended on March 31, 2022, EUR 1,118,631 were transferred to Retained earnings/(losses).

## 12. LEASES

**Operating leases**

As of March 31, 2023 and 2022, the Company has part of its operational lease contracts related to rented vehicles. The minimum non-cancellable lease payments as of March 31, 2023 and 2022, are as follows:

## Notes forming part of the Financial Statements, As of March 31, 2023

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Until 1 year | **2,840** | 9,042 |
| Between 1 and 5 years | **-** | - |
| | **2,840** | 9,042 |

### 13. OTHER PAYABLES

As of March 31, 2023 and 2022, the caption "Other payables" had the following composition:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Accrued costs:** | | |
| Employees | **122,538** | 137,250 |
| supplies and services Group (Note 16 (a) | **57,216** | 23,046 |
| Bonuses | **58,440** | 59,187 |
| Audit | **6,500** | 6,500 |
| Credits to be granted | **29,580** | 50,805 |
| Subcontracts | **1,304,025** | 711,133 |
| Others | **50,583** | 101,189 |
| Other creditors | **53,877** | 49,877 |
| Other creditors - Group (Note 16) (a) | **10,416** | 10,173 |
| | **1,693,174** | 1,149,160 |

As of March 31, 2023 and 2022 other payables included 67,632 Euros and 33,219 Euros, respectively, related with Group companies (Note 16).

### 14. SUPPLIERS

As of March 31, 2023 and 2022, the caption "Suppliers" was as follows:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Suppliers, current account :** | | |
| Group companies (Note 16) | **636,274** | 1,507,031 |
| Other suppliers | **1,131,300** | 210,426 |
| | **1,767,574** | 1,717,457 |

## 15. STATE AND OTHER PUBLIC ENTITIES

As of March 31, 2023 and 2022, the caption "State and other public entities" was as follows:

(EUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Corporate income tax:** | | |
| Withholding taxes | **76,233** | 35,661 |
| Advances | **-** | - |
| Estimated tax (Note 7) | **(627,064)** | (106,034) |
| Personal income tax | **(21,432)** | (14,944) |
| Value Added Tax | **838,705** | 325,850 |
| Social Security Contributions | **(17,540)** | (17,909) |
| | **248,902** | 222,624 |

## 16. RELATED PARTIES

**Transactions with related parties**

During the years ended March 31, 2023 and 2022 transactions with related parties were as follows:

(EUR)

| | Year ended March 31, 2023 | | Year ended March 31, 2022 | |
|---|---|---|---|---|
| | Services rendered (Note 17) | Supplies and services (Note 18) | Services rendered (Note 17) | Supplies and services (Note 18) |
| Tata America Internacional Corporation | **-** | **-** | - | - |
| Tata Consultancy Services, Limited | **3,376,780** | **1,278,869** | 1,512,852 | 937,602 |
| Tata Consultancy de España, S.A. | **-** | **5,363** | - | 3,306 |
| Tata Consultancy Services Netherlands B.V. | **3,310,138** | **2,465** | 1,979,816 | 1,751 |
| Tata Consultancy Services France SAS | **436,707** | **3,933** | 117,607 | 2,029 |
| Tata Consultancy Services Deutschland GmbH | **652,505** | **2,064** | 494,062 | 1,105 |
| Tata Consultancy Services Sweden | **688,599** | **560** | 796,994 | 429 |
| Tata Consultancy Services Belgium N.V./S.A. | **441,654** | **-** | 178,863 | - |
| Tata Consultancy Services Canada Inc. | **585,156** | **-** | 52,113 | - |
| Tata Consultancy Services Luxembourg SA | **133,538** | **-** | 125,490 | - |
| Tata ConsultancySenAces Osterreich GmbH | **-** | **100** | - | - |
| | **9,625,076** | **1,293,354** | 5,257,797 | 946,222 |

## Notes forming part of the Financial Statements, As of March 31, 2023

### Balances with related parties

As of March 31, 2023 and 2022, balances with related parties were as follows:

(EUR)

| | As at March, 2023 | | | | |
|---|---|---|---|---|---|
| | Trade receivables (Note 8) | Other receivables (Note 8 ) | Other payables (Note 13) | Suppliers (Note 14) | Other payables (Note 13) |
| Tata Consultancy de España, S.A. | **3,332** | **-** | **923** | **32,998** | **-** |
| Tata Consultancy Services Netherlands B.V. | **360,537** | **788,216** | **565** | **25,607** | **-** |
| Tata Consultancy Services Deutschland GmbH | **22,762** | **6,502** | **499** | **13,169** | **-** |
| Tata Consultancy Services France SA | **280,440** | **111,438** | **835** | **23,042** | **-** |
| Tata Consultancy Services Luxembourg SA | **31,424** | **31,667** | **-** | **-** | **-** |
| Tata Consultancy Services Sweden | **88,331** | **28,804** | **92** | **4,540** | **-** |
| Tata America Internacional Corporation | **-** | **-** | **-** | **2,657** | **10,416** |
| Tata Consultancy Services Switzerland Ltd | **-** | **-** | **-** | **2,757** | **-** |
| Tata Consultancy Services Belgium N.V./S.A. | **39,550** | **22,016** | **-** | **-** | **-** |
| Tata Consultancy Services Canada Inc. | **99,952** | **59,347** | **-** | **100** | **-** |
| Tata Consultancy Services, Limited | **468,118** | **108,588** | **54,303** | **531,403** | **-** |
| | **1.394.445** | **1,156,578** | **57,216** | **636,274** | **10,416** |

| | As at March, 2022 | | | | |
|---|---|---|---|---|---|
| | Trade receivables (Note 8) | Other receivables (Note 8 ) | Other payables (Note 13) | Suppliers (Note 14) | Other payables (Note 13) |
| Tata Consultancy de España, S.A. | 3,332 | - | 727 | 27,831 | - |
| Tata Consultancy Services Netherlands B.V. | 405,277 | 205,639 | 439 | 23,269 | - |
| Tata Consultancy Services Deutschland GmbH | 93,578 | 57,359 | 282 | 11,322 | - |
| Tata Consultancy Services France SAS | 9,200 | 6,513 | 487 | 19,456 | - |
| Tata Consultancy Services Luxembourg SA | 59,558 | 32,791 | - | - | - |
| Tata Consultancy Services Sweden | 67,071 | - | 33 | 4,421 | - |
| Tata America International Corporation | - | - | - | 2,595 | 10,173 |
| Tata Consultancy Services Switzerland Ltd | - | - | - | 2,662 | - |
| Tata Consultancy Services Belgium N.VJSA | 14,299 | | - | - | - |
| Tata Consultancy Services Canada Inc. | 41,854 | | - | - | - |
| Tata Consultancy Services, Limited | 804,338 | 72,126 | 21,078 | 1,415,475 | - |
| | 1,498,506 | 393,202 | 23,046 | 1,507,031 | 10,173 |

## 17. RENDERED SERVICES

Rendered services by the Company during the years ended March 31, 2023 and 2022, were as follows:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Internal market | **2,410,008** | 1,404,523 |
| External market (a) | **9,625,076** | 5,257,797 |
| | **12,035,084** | 6,662,320 |

(a) As of March 31, 2023 and 2022 rendered services included 9,625,076 Euros and 5,257,797 Euros, respectively, related with Group companies (Note 16).

## 18. SUPPLIES AND SERVICES

The caption "Supplies and services" for the years ended March 31, 2023 and 2022, is made up as follows:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Subcontracts | **7,921,733** | 3,891,738 |
| Fees | **0** | 366,685 |
| Rents and leases | **126,587** | 95,433 |
| Travel expenses | **11,429** | 690 |
| Specialized services | **50,453** | 45,937 |
| Communication | **12,053** | 5,364 |
| Others | **59,211** | 55,062 |
| | **8,181,466** | 4,460,909 |

During the years ended March 31, 2023 and 2022, these captions included 1,293,354 Euros and 946,222 Euros, respectively, related to services rendered by Group companies (Note 16).

A new lease agreement was done, following the change of the Company's headquarters, resulting in an increase in the rents and leases value.

In the current financial year, no services were obtained through self-employed workers, which justifies the variation recorded.in the fees Item.

## 19. PAYROLL EXPENSES

The caption "Payroll expenses" of the years ended March 31, 2023 and 2022, was as follows:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Staff remuneration | **782,333** | 671,213 |
| Bonuses | **47,439** | 44,587 |
| Social security charges | **163,821** | 141,514 |
| Others | **21,675** | 62,017 |
| | **1,015,268** | 919,331 |

During the years ended March 31, 2023 and 2022, the average number of personnel was 17 and 11, respectively.

## Notes forming part of the Financial Statements, As of March 31, 2023

### 20. PROVISIONS

In the years ended March 31, 2023 and 2022, movements occurred in caption "Provisions" were as follows:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Increase | **53,580** | 125,424 |
| Decrease | **74,184** | 104,816 |
| | **(20,604)** | 20,608 |

### 21. OTHER OPERATING INCOME

The composition of the caption "Other operating income" for the years ended March 31, 2023 and 2022, was as follows:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Foreign exchange rate gains | **-** | 32,964 |
| Others | **-** | - |
| | **-** | 32,964 |

### 22. OTHER OPERATING EXPENSES

The composition of caption "Other operating expenses" for the years ended March 31, 2023 and 2022, was as follows:

(EUR)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Foreign exchange rate losses | **51,922** | 62,567 |
| Others | **477** | 1,154 |
| | **52,399** | 63,721 |

### 23. SUBSEQUENT EVENTS

The year 2022 ended with strong signs of an economic recovery which is expected to continue in 2023 and is expected to slow down in subsequent years. Prices are likely to rise, which entails some uncertainty for all activities, and a general increase in prices is expected In all sectors of the economy.

Events occurring after the balance sheet date on conditions that existed at the balance sheet date have been are considered in the preparation of the financial statements.

### 24. RISKS

**Credit risks**

The company is exposed to credit risk related with the possibility of the other part failing to comply with contractual obligations, resulting in losses relating to assets fulfilment.

Credit risk is mainly related with receivables, as a result of the Company´s operations, namely data-processing consultancy rendered services to its clients.

This risk is monitored, on a regular basis, with the objective of:

- limit credit granted to clients, considering the profile and age of account receivables;
- monitor the progress of granted credit level;
- analyse the recoverability of receivables on a regular basis.

Impairment losses for accounts receivable are calculated considering:

- analysis of aged accounts receivable;
- client risk's profile;
- clients' financial conditions.

As of March 31, 2023, Management is convicted that estimated impairment losses for accounts receivable are appropriately accounted for in the financial statements.

## 25. NOTE ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally prepared in Portuguese in conformity with Portuguese legislation and following generally accepted accounting principles in Portugal. In the event of discrepancies, the Portuguese language version prevails.

THE CERTIFIED ACCOUNTANT | MANAGEMENT

# Tata Consultancy Services Saudi Arabia

## (A Foreign Limited Liability Company)

## FINANCIAL STATEMENTS

**For the year ended December 31, 2022**

**Together with the**

**Independent Auditor's Report**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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# Independent Auditor's Report

**KPMG Professional Services**
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494
Headquarters in Riyadh

**To the Shareholders of Tata Consultancy Services Saudi Arabia Company**

## Opinion

We have audited the financial statements of Tata Consultancy Services Saudi Arabia Company ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. 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 International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

## Auditor's 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 auditor's 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, 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, then we are required to draw attention in our auditor's 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 auditor's 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 those charged with governance 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 of **Tata Consultancy Services Saudi Arabia ("the Company")**.

**KPMG Professional Services**

**Saleh Mohammed S Mostafa**
License No.: 524

Riyadh, 27 March 2023
Corresponding to 5 Ramadan 1444H

## Statement of Financial Position

(Amount in SAR)

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7 (a) | **21,950,699** | 38,651,679 |
| Trade receivables | 7 (b) | **67,206,527** | 36,774,809 |
| Unbilled receivables | | **3,054,248** | 137,617 |
| Other financial assets | 7 (c) | **472,415** | 410,333 |
| Current income tax assets (net) | 13 | **3,232,578** | 3,458,331 |
| Other current assets | 9 (c) | **13,229,673** | 5,792,637 |
| **Total current assets** | | **109,146,140** | 85,225,406 |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 (a) | **1,894,654** | 1,623,471 |
| Right-of-use assets | 8 | **6,966,184** | 10,424,841 |
| Other intangible assets | 9 (b) | **9,111** | 29,984 |
| Deferred tax assets (net) | 13 | **6,263,739** | 6,144,644 |
| **Total non-current assets** | | **15,133,688** | 18,222,940 |
| **TOTAL ASSETS** | | **124,279,828** | 103,448,346 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 7 (d) | **21,296,959** | 7,397,348 |
| Lease liabilities | | **3,256,114** | 3,159,649 |
| Other current financial liabilities | 7 (e) | **2,906,300** | 1,359,628 |
| Unearned and deferred revenue | 10 | **372,773** | 96,021 |
| Employee benefit obligations | 14 | **10,514,467** | 9,498,465 |
| Other current liabilities | 9 (d) | **5,427,962** | 4,069,955 |
| **Total current liabilities** | | **43,774,575** | 25,581,066 |
| **Non-current liabilities** | | | |
| Lease liabilities | | **3,025,906** | 6,282,020 |
| Employee benefit obligations | 14 | **16,131,968** | 15,908,300 |
| **Total non-current liabilities** | | **19,157,874** | 22,190,320 |
| **Total liabilities** | | **62,932,449** | 47,771,386 |
| **Equity** | | | |
| Share capital | 7 (i) | **3,750,000** | 3,750,000 |
| Retained earnings | | **55,722,379** | 50,051,960 |
| Statutory reserve | | **1,875,000** | 1,875,000 |
| **Total equity** | | **61,347,379** | 55,676,960 |
| **TOTAL LIABILITIES AND EQUITY** | | **124,279,828** | 103,448,346 |

**SEE ACCOMPANYING NOTES FROM 1 TO 17 FORMING PART OF FINANCIAL STATEMENTS**

## Statement of Profit or Loss and Other Comprehensive Income

(Amount in SAR)

| | Note | For the year ended December 31, 2022 | For the period ended December 31, 2021 |
|---|---|---|---|
| Revenue | 10 | **234,519,012** | 78,812,772 |
| **Operating expenses** | | | |
| Employee cost | 14 | **(181,215,943)** | (64,276,486) |
| Other operating expenses | 11 | **(43,136,142)** | (12,031,029) |
| Depreciation and amortisation expenses | 8, 9 (a) & 9 (b) | **(3,930,580)** | (2,812,753) |
| **Total operating expenses** | | **(228,282,665)** | (79,120,268) |
| **Operating income / (loss)** | | **6,236,347** | (307,496) |
| **Other (expenses) / income** | | | |
| Other non-operating loss, net | 12 (c) | **(90,303)** | (76,152) |
| Finance costs | 12 (b) | **(204,852)** | (230,520) |
| Interest income | 12 (a) | **27,538** | 247,304 |
| **Other expenses, net** | | **(267,617)** | (59,368) |
| **PROFIT / (LOSS) BEFORE TAXES** | | **5,968,730** | (366,864) |
| Income tax expense | 13 | **(1,176,257)** | (707,009) |
| **PROFIT / (LOSS) FOR THE YEAR** | | **4,792,473** | (1,073,873) |
| **OTHER COMPREHENSIVE INCOME / (LOSS), NET OF TAXES** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Gain / (loss) on remeasurement of defined employee benefit plans | 14 | **1,097,432** | (6,902,823) |
| Deferred tax (loss) / gain on remeasurement of defined employee benefit plans | 13 | **(219,486)** | 1,380,565 |
| **TOTAL OTHER COMPREHENSIVE INCOME / (LOSS), NET OF TAXES** | | **877,946** | (5,522,258) |
| **TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR** | | **5,670,419** | (6,596,131) |

**SEE ACCOMPANYING NOTES FROM 1 TO 17 FORMING PART OF FINANCIAL STATEMENTS**

## Statement of Changes in Shareholders' Equity

(Amount in SAR)

| | Notes | Share capital | Retained earnings | Statutory reserves | Total equity |
|---|---|---|---|---|---|
| **Balance as at April 1, 2021** | | 3,750,000 | 131,654,091 | 1,875,000 | 137,279,091 |
| Loss for the period | | - | (1,073,873) | - | (1,073,873) |
| Other comprehensive loss for the period | | - | (5,522,258) | - | (5,522,258) |
| **Total comprehensive income** | | - | (6,596,131) | - | (6,596,131) |
| Dividend paid during the period | 17 | - | (75,006,000) | - | (75,006,000) |
| **Balance as at December 31, 2021** | | **3,750,000** | **50,051,960** | **1,875,000** | **55,676,960** |
| Profit for the year | | **-** | **4,792,473** | **-** | **4,792,473** |
| Other comprehensive income for the year | | **-** | **877,946** | **-** | **877,946** |
| **Total comprehensive income** | | **-** | **5,670,419** | **-** | **5,670,419** |
| **Balance as at December 31, 2022** | | **3,750,000** | **55,722,379** | **1,875,000** | **61,347,379** |

**SEE ACCOMPANYING NOTES FROM 1 TO 17 FORMING PART OF FINANCIAL STATEMENTS**

## Statements of Cash Flows

(Amount in SAR)

| | Note | For the year ended December 31, 2022 | For the period ended December 31, 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Profit / (loss) for the year** | | **4,792,473** | (1,073,873) |
| **Adjustment to reconcile profit or loss to net cash used in operating activities:** | | | |
| Depreciation and amortisation expenses | 8, 9 (a) & 9 (b) | **3,930,580** | 2,812,753 |
| Income tax expense | 13 | **1,176,257** | 707,009 |
| Finance cost | 12 (b) | **204,852** | 230,520 |
| Interest income | 12 (a) | **(27,538)** | (247,304) |
| Provision / (reversal of) for doubtful debts (net) | 7 (b) | **5,771** | (614,668) |
| **Net change in working capital** | | | |
| Trade receivables | | **(30,437,489)** | (7,896,864) |
| Other financial assets | | **(62,082)** | 28,803 |
| Unbilled receivables | | **(2,916,631)** | 2,376,620 |
| Other current assets | | **(7,437,036)** | 2,205,299 |
| Other non-current assets | | **-** | 557,382 |
| Trade and other payables | | **13,899,611** | 5,696,682 |
| Unearned and deferred revenue | | **276,752** | (24,954) |
| Employee benefit obligations | | **2,337,102** | 1,233,788 |
| Other current liabilities | | **1,358,007** | 2,444,101 |
| Other current financial liabilities | | **1,546,672** | (396,883) |
| **Cash used from operating activities** | | **(11,352,699)** | 8,038,411 |
| Taxes paid | 13 | **(1,289,085)** | (2,578,169) |
| **Net cash (used in) / generated from operating activities** | | **(12,641,784)** | 5,460,242 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payment for purchase of property, plant and equipment (includes CWIP) | | **(722,234)** | (955,821) |
| Proceeds from disposal of intangible assets | | **-** | - |
| Proceeds from interest received on fixed deposits - short term | | **27,538** | 247,304 |
| **Net cash used in investing activities** | | **(694,696)** | (708,517) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Interest paid | | **10,000** | (695) |
| Repayment of lease liabilities | | **(3,374,500)** | - |
| Payment of dividend | | **-** | (75,006,000) |
| **Net cash used in financing activities** | | **(3,364,500)** | (75,006,695) |
| **Net change in cash and cash equivalents** | | **(16,700,980)** | (70,254,970) |
| Cash and cash equivalents, beginning of the year | | **38,651,679** | 108,906,649 |
| **Cash and cash equivalents, end of the year** | 7 (a) | **21,950,699** | 38,651,679 |

**SEE ACCOMPANYING NOTES FROM 1 TO 17 FORMING PART OF FINANCIAL STATEMENTS**

# Notes forming part of the Financial Statements

## 1. CORPORATE INFORMATION

Tata Consultancy Services Saudi Arabia ("The Company") is a Foreign limited liability Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010435987 dated 14 Shawwal 1436H (Corresponding to 30 July 2017).

The registered address of Company is - Akaria Center II, office no 172, 7th floor, Olaya Road, P.O Box 300055, Riyadh - 11372, Kingdom of Saudi Arabia.

The Company provides all services related to information technology and services include business process management, application support and maintenance services, infrastructure and its maintenance support, call center services relating to any industry or trade or application or domain services. The Company's full service portfolio consist of activities related to software development, implementation, support and maintenance of any industry, trade, application, product, device, computer, microscopic including consulting, design and implementation of software, hardware for all these services processors, provide software and hardware consulting and information processing services.

The financial statements were approved by the Board of Directors and authorized for issue on dated 01 Ramadan 1444H (Corresponding to 23 March 2023)

## 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented.

## 3. BASIS OF PREPARATION

These financial statements have been prepared on historical cost basis using the going concern concept except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period and defined benefit plans which are measured in accordance with IAS 19. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The company changed its accounting period in the previous year. Accordingly this financial statements covers the nine month's period as comparatives from 1st April 2021 to 31st December 2021.

The financial statements are presented in Saudi Arabian Riyals, which is the functional and presentation currency of the Company. Foreign currency transactions are translated into functional currency at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using exchange rates prevailing on the date of statement of financial position. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are included in profit or loss. Non monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rate prevailing on the date of statement of financial position.

## 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of these financial statements in conformity with the recognition and measurement principles of International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year/period presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities and has been discussed below. Key source of estimation of uncertainty in respect of revenue recognition, employee benefits and fair value measurement of financial instruments have been discussed in their respective policies.

The Company uses the following critical accounting estimates in preparation of its consolidate financial statements:

### a. Revenue recognition

Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

### b. Useful lives of property, plant and equipment

The Company reviews the carrying amount of property, plant and equipment at the end of each reporting period. This reassessment may affect depreciation expense in future periods. The carrying amount of property, plant and equipment as on December 31, 2022 was SAR 1,894,654 (December 31, 2021 was SAR 1,623,471)

### c. Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### d. Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

### e. Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable than an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation as at the date of the statement of financial position. These are reviewed at the end of each reporting period adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent asset is neither recognised nor disclosed in the financial statements.

### f. Employee benefits

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each statement of financial position date. The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.



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## Notes forming part of the Financial Statements

**g. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### 5. NATURE AND PURPOSE OF RESERVES

**a. Retained earnings**

This reserve represents undistributed accumulated earnings of the Company as on the date of statement of financial position.

**b. Statutory reserves**

10% of the net profit shall be set aside as statutory reserve as per the Company's article of association, until it has built up a reserve equal to 50% of its share capital. Remaining profit shall be distributed amongst the shares proportionately to their share holding.

### 6. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and liabilities arising from a single transaction[1] |

[1]Effective for annual periods beginning on or after January 1, 2023.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 - Income Taxes**

In May 2021, IASB Issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

## 7. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

Tata Consultancy Services Saudi Arabia considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Trade receivables**

Trade receivables without a significant financing component are initially measured at transaction price.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

## Notes forming part of the Financial Statements

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**Derecognition**

***(a) Financial asset***

The Company derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flow in a transaction in which substantially all of the risks and rewards of the ownership of financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases the transferred assets are not derecognised.

***(b) Financial liability***

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises financial liability when its terms are modified and cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of financial liability the difference between the carrying amount extinguished and the consideration paid (including any non cash asset transferred or liabilities assumed) is recognised in profit or loss.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

**(a) Cash and cash equivalents**

(Amount in SAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Balance with bank - current account | **21,950,699** | 13,651,679 |
| Deposits with banks (original maturity less than 3 months) | **-** | 25,000,000 |
| **Total** | **21,950,699** | 38,651,679 |

**(b) Trade Receivables**

(Amount in SAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade receivables* | **67,212,298** | 36,774,809 |
| Less: Allowance for doubtful trade receivables** | **(5,771)** | - |
| **Total** | **67,206,527** | 36,774,809 |

* Trade receivables include balance with related party (refer note number - 15)

**There is no provision recognised as per ECL Model. Amount shown here is recognised basis recoverability of specific party

**Movement in the allowance for doubtful trade receivables is given below:**

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| **Opening balance** | **-** | 614,668 |
| Add: charge / (reversal) to profit and loss | **5,771** | (614,668) |
| **Closing balance** | **5,771** | - |

**(c) Other financial assets**

Other financial asset consist of the following:

(Amount in SAR)

| **Other current financial assets** | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Premises security deposit | **250,720** | 180,720 |
| Employee advances | **216,809** | 191,241 |
| Accrued interest | **-** | 1,128 |
| Imprest | **4,886** | 37,244 |
| **Total** | **472,415** | 410,333 |

**(d) Trade and other payables**

(Amount in SAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade payables* | **11,846,038** | 5,600,351 |
| Accrued expenses | **9,450,921** | 1,796,997 |
| **Total** | **21,296,959** | 7,397,348 |

* Trade payables include balance with related party (refer note number - 15)

## Notes forming part of the Financial Statements

### (e) Other financial liabilities - current

(Amount in SAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Accrued payroll | **2,906,300** | 1,109,813 |
| Capital creditors | **-** | 249,815 |
| **Total** | **2,906,300** | 1,359,628 |

### (f) Financial instruments by category

The carrying value of financial instruments by categories as of December 31, 2022 is as follows:

(Amount in SAR)

| | Amortized cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **21,950,699** | **21,950,699** |
| Trade receivables | **67,206,527** | **67,206,527** |
| Unbilled receivables | **3,054,248** | **3,054,248** |
| Other financial assets | **472,415** | **472,415** |
| | **92,683,889** | **92,683,889** |
| **Financial liabilities** | | |
| Trade and other payables | **21,296,959** | **21,296,959** |
| Lease liabilities | **6,282,020** | **6,282,020** |
| Other financial liabilities | **2,906,300** | **2,906,300** |
| | **30,485,279** | **30,485,279** |

The carrying value of financial instruments by categories as of December 31, 2021 is as follows:

(Amount in SAR)

| | Amortized cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 38,651,679 | 38,651,679 |
| Trade receivables | 36,774,809 | 36,774,809 |
| Unbilled receivables | 137,617 | 137,617 |
| Other financial assets | 410,333 | 410,333 |
| | 75,974,438 | 75,974,438 |
| **Financial liabilities** | | |
| Trade and other payables | 7,397,348 | 7,397,348 |
| Lease liabilities | 9,441,669 | 9,441,669 |
| Other financial liabilities | 1,359,628 | 1,359,628 |
| | 18,198,645 | 18,198,645 |

The fair values of financial assets and financial liabilities as at December 31, 2022 and December 31, 2021 approximate the carrying amounts.

## (g) Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

## (h) Financial risk management

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rate may have potential impact on the financial statement, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than functional currency of the Company. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the respective functional currencies of Company.

The following analysis has been worked out based on the net exposures of the Company.

The following table sets forth information relating to foreign currency exposure as at December 31, 2022:

(equivalent SAR)

| | INR | USD | Other |
|---|---|---|---|
| Net financial assets | **42,264** | **6,762,812** | **13,940** |
| Net financial liabilities | **6,658** | **5,707,947** | **12,030** |

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services Saudi Arabia would result in decrease / increase in the Company's profit before taxes by approximately SAR 109,238 for the year ended December 31, 2022.

## Notes forming part of the Financial Statements

The following table sets forth information relating to foreign currency exposure as at December 31, 2021:

(equivalent SAR)

| | INR | USD | Other |
|---|---|---|---|
| Net financial assets | 384,855 | 8,612,110 | 144,263 |
| Net financial liabilities | (1,554) | 5,375,886 | 3,041 |

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services Saudi Arabia would result in decrease / increase in the Company's profit before taxes by approximately SAR 376,386 for the period ended December 31, 2021.

- **Interest rate risk**

The Company is not exposed to interest rate risk.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, cash and cash equivalents, and other financial assets.

- **Exposure to credit risk**

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was SAR 95,939,070 and SAR 77,169,818 as of December 31, 2022 and December 31, 2021, respectively being the total of the carrying amount of balance with bank, trade receivable, unbilled receivable and other financial assets. Balance with bank is placed with a bank with high credit ratings. As of December 31, 2022, there were no indications that any defaults will occur on trade receivable, unbilled receivables, contract assets or other financial assets.

Details of single customer who contribute to more than 10% of outstanding trade receivables, unbilled receivables and contract assets as at December 31, 2022 and December 31, 2021.

(Amount in SAR)

| | As at December 31, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|
| | Amounts | Percentage | Amounts | Percentage |
| Customer A | **12,986,953** | **18%** | 14,320,283 | 38% |
| Customer B | **-** | **-** | 8,355,291 | 22% |
| Customer C | **-** | **-** | 5,706,878 | 15% |
| Customer D | **30,848,293** | **43%** | - | - |
| Customer E | **8,911,238** | **12%** | - | - |

- **Geographic concentration of credit risk**

The Company has a geographic concentration of trade receivables (net of allowances), unbilled receivables and contract assets is as given below:

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Saudi Arabia | **99%** | 97% |
| Others | **1%** | 3% |

Geographical concentration of trade receivables, unbilled receivables and contract assets is allocated based on the location of the customers.

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. The expected credit loss allowance is based on the ageing of the days the receivables are due and are as follows:

(Amount in SAR)

| **December 31, 2022** | **Weighted average loss rate** | **Gross carrying amount*** | **Loss allowance** | **Credit impaired** |
|---|---|---|---|---|
| **No Due** | **0.00%** | **5,774,935** | **-** | **No** |
| **1-90** | **0.00%** | **17,105,700** | **-** | **No** |
| **91-180** | **0.00%** | **643,919** | **-** | **No** |
| **181-272** | **0.00%** | **53,286** | **-** | **No** |
| **273-364** | **0.00%** | **-** | **-** | **No** |
| **365-455** | **0.00%** | **-** | **-** | **No** |
| **456-546** | **0.00%** | **-** | **-** | **No** |
| **>547** | **100.00%** | **-** | **-** | **Yes** |

(Amount in SAR)

| December 31, 2021 | **Weighted average loss rate** | **Gross carrying amount*** | **Loss allowance** | **Credit impaired** |
|---|---|---|---|---|
| Not Due | 0.00% | 6,492,671 | - | No |
| 1-90 | 0.00% | 7,049,231 | - | No |
| 91-180 | 0.00% | 0 | - | No |
| 181-272 | 0.00% | 23,659 | - | No |
| 273-364 | 0.00% | - | - | No |
| 365-455 | 0.00% | - | - | No |
| 456-546 | 0.00% | - | - | No |
| >547 | 100.00% | - | - | Yes |

*Gross carrying amount excludes inter-company and retention receivable from customers.

There is no credit risk for intercompany receivables as the receivables are due from Holding company and retention receivable from customers are considered through time value of money.

The above table provides the loss allowance calculated as per ECL and Management is expected to make at the minimum this amount as provision of bad and doubtful debts against trade receivables.

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

## Notes forming part of the Financial Statements

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(Amount in SAR)

| December 31, 2022 | Due in 1st year | Due in 2nd to 5th year | Total |
|---|---|---|---|
| **Financial Liabilities** | | | |
| Trade and other payables | **21,296,959** | **-** | **21,296,959** |
| lease liabilities | **3,362,501** | **3,029,144** | **6,391,645** |
| Other financial liabilities | **2,906,300** | **-** | **2,906,300** |
| **Total** | **27,565,760** | **3,029,144** | **30,594,904** |

| December 31, 2021 | Due in 1st year | Due in 2nd to 5th year | Total |
|---|---|---|---|
| **Financial liabilities** | | | |
| Trade and other payables | 7,397,348 | - | 7,397,348 |
| Lease liabilities | 3,368,501 | 6,391,645 | 9,760,145 |
| Other financial liabilities | 1,359,628 | - | 1,359,628 |
| **Total** | 12,125,477 | 6,391,645 | 18,517,121 |

**(i) Equity instruments**

The authorised, issued, subscribed and fully paid up share capital consist of the following:

(Amount in SAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Authorised, issued, subscribed and paid up Share Capital** | | |
| Share Capital at SR 3,750 (1,000 shares) | **3,750,000** | 3,750,000 |
| | **3,750,000** | 3,750,000 |

| Share holding | Percentage | No of Share | Amount per Share | Total |
|---|---|---|---|---|
| Tata Consultancy Services Netherlands B.V | 76% | 760 | 3,750 | 2,850,000 |
| Saudi Desert Rose Holding B.V | 24% | 240 | 3,750 | 900,000 |
| | | | | 3,750,000 |

The Share capital of Saudi is SR 3,750,000 divided into 1000 Shares @ 3,750 carry one vote per share and have right to dividend.

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

## 8. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs Incurred and an estimate of costs to be Incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets Is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The details of the right-of-use asset held by the Company is as follows:

## Notes forming part of the Financial Statements

(Amount in SAR)

| | Additions for the year ended December 31, 2022 | Net carrying amount as at December 31, 2022 |
|---|---|---|
| Leasehold building | **-** | **6,962,800** |
| Office equipment | **-** | **3,384** |
| **Total** | **-** | **6,966,184** |

(Amount in SAR)

| | Additions for the period ended December 31, 2021 | Net carrying amount as at December 31, 2021 |
|---|---|---|
| Leasehold building | 98,822 | 10,415,615 |
| Office equipment | 38 | 9,226 |
| **Total** | 98,860 | 10,424,841 |

Depreciation on right-of-use asset is as follows:

| | Year ended December 31, 2022 |
|---|---|
| Leasehold building | **3,452,814** |
| Leasehold improvements | **-** |
| Furniture and fixtures | **-** |
| Office equipment | **5,842** |
| **Total** | **3,458,656** |

| | Period ended December 31, 2021 |
|---|---|
| Leasehold building | 2,620,329 |
| Leasehold improvements | - |
| Furniture and fixtures | - |
| Office equipment | 4,411 |
| **Total** | 2,624,740 |

Interest on lease liabilities is SAR 214,852 and SAR 229,825 for the year ended on December 31, 2022 and December 31, 2021, respectively.[Refer Note 12(b)]

The Company incurred SAR 5,002,155 and SAR (136,591) for the year ended December 31, 2022 and December 31, 2021, respectively, towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow for leases is SAR 5,469,049 and SAR 170,808 for the year ended December 31, 2022 and December 31, 2021, respectively, including cash outflow for short-term leases and leases of low-value assets.

The Company does not have lease term extension options that are not reflected in the measurement of lease liabilities.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

## 9. NON-FINANCIAL ASSETS AND LIABILITIES

### a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property and equipment so as to expense the cost over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| **Type of asset** | **Method** | **Useful life (in years)** |
|---|---|---|
| Computer equipment | Straight line method | 4 years |
| Plant and machinery | Straight line method | 10 years |
| Furniture and fixtures | Straight line method | 4 to 10 years |
| Office equipment | Straight line method | 4 to 10 years |
| Electrical installations | Straight line method | 4 to 10 years |

Depreciation is not recorded on capital work in progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

## Notes forming part of the Financial Statements

Property, plant and equipment is derecognised from the statement of financial position on its disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and is recognised in profit and loss.

Property, Plant and equipment consist of the following:

(Amount in SAR)

| | Plant and machinery | Leasehold improvements | Computer equipment | Furniture and fixtures | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|---|
| **Cost as at January 1, 2022** | **120,000** | **-** | **4,774,643** | **15,950** | **1,185,465** | **1,110,319** | **7,206,377** |
| Additions | **-** | **52,145** | **733,625** | **210,782** | **598,861** | **17,093** | **1,612,506** |
| Disposals | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Cost as at December 31, 2022** | **120,000** | **52,145** | **5,508,268** | **226,732** | **1,784,326** | **1,127,412** | **8,818,883** |
| **Accumulated depreciation as at January 1, 2022** | **69,041** | **-** | **4,657,282** | **11,973** | **1,131,425** | **603,457** | **6,473,178** |
| Depreciation for the period | **12,000** | **17,382** | **201,752** | **44,836** | **56,957** | **118,124** | **451,051** |
| Disposals | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Accumulated depreciation as at December 31, 2022** | **81,041** | **17,382** | **4,859,034** | **56,809** | **1,188,382** | **721,581** | **6,924,229** |
| **Net carrying amount as at December 31, 2022** | **38,959** | **34,763** | **649,234** | **169,923** | **595,944** | **405,831** | **1,894,654** |
| Capital work-in-progress | | | | | | | **-** |
| **Total** | | | | | | | **1,894,654** |

| | Plant and machinery | Leasehold improvements | Computer equipment | Furniture and fixtures | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|---|
| **Cost as at April 1, 2021** | 120,000 | - | 4,725,948 | 15,950 | 1,156,021 | 1,110,319 | 7,128,238 |
| Additions | - | - | 51,885 | - | 29,444 | - | 81,329 |
| Disposals | | | 3,190 | | - | - | 3,190 |
| **Cost as at December 31, 2021** | 120,000 | - | 4,774,643 | 15,950 | 1,185,465 | 1,110,319 | 7,206,377 |
| **Accumulated depreciation as at April 1, 2021** | 60,000 | - | 4,607,907 | 9,570 | 1,110,858 | 515,747 | 6,304,082 |
| Depreciation for the year | 9,041 | - | 52,565 | 2,403 | 20,567 | 87,710 | 172,286 |
| Disposals | - | - | 3,190 | - | - | - | 3,190 |
| **Accumulated depreciation as at December 31, 2021** | 69,041 | - | 4,657,282 | 11,973 | 1,131,425 | 603,457 | 6,473,178 |
| **Net carrying amount as at December 31, 2021** | 50,959 | - | 117,361 | 3,977 | 54,040 | 506,862 | 733,199 |
| Capital work-in-progress | | | | | | | 890,272 |
| **Total** | | | | | | | 1,623,471 |

**b. Other intangible assets**

Intangible assets purchased including acquired in business combination, are measured at cost as at the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences and customer-related intangibles. Following table summarises the nature of intangibles and their estimated useful lives:

| Type of asset | Useful lives |
|---|---|
| Rights under licensing agreement and software licences | Lower of licence period and 2-5 years |
| Customer-related intangibles | 3 years |

Intangible assets are amortised on a straight line basis over the period of its economic useful life.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

Intangible assets consist of the following:

(Amount in SAR)

| | Software licences | Others | Total |
|---|---|---|---|
| **Cost as at January 1, 2022** | **83,494** | **-** | **83,494** |
| Additions | **-** | **-** | **-** |
| Disposals | **-** | **-** | **-** |
| **Cost as at December 31, 2022** | **83,494** | **-** | **83,494** |
| **Accumulated amortisation as on January 1, 2022** | **53,510** | **-** | **53,510** |
| Amortisation for the Year | **20,873** | **-** | **20,873** |
| **Accumulated amortisation as on December 31, 2022** | **74,383** | **-** | **74,383** |
| **Net carrying amount as at December 31, 2022** | **9,111** | **-** | **9,111** |

(Amount in SAR)

| | Software licences | Others | Total |
|---|---|---|---|
| **Cost as at April 1, 2021** | 83,494 | - | 83,494 |
| Additions | - | - | - |
| Disposals | - | - | - |
| **Cost as at December 31, 2021** | 83,494 | - | 83,494 |
| **Accumulated amortisation as on April 1, 2021** | 37,783 | - | 37,783 |
| Amortisation for the period | 15,727 | - | 15,727 |
| **Accumulated amortisation as on December 31, 2021** | 53,510 | - | 53,510 |
| **Net carrying amount as at December 31, 2021** | 29,984 | - | 29,984 |

## Notes forming part of the Financial Statements

### c. Other current assets

(Amount in SAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Prepaid expenses | **6,700,704** | 4,398,698 |
| Contract assets (refer note number 10) | **3,255,185** | 1,393,939 |
| Advance to suppliers | **2,865,828** | - |
| Prepaid rent | **251,575** | - |
| Contract fulfillment costs | **156,381** | - |
| **Total** | **13,229,673** | 5,792,637 |

### d. Other current liabilities

(Amount in SAR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Advances from customer | **45,425** | - |
| Indirect tax payable and other statutory liabilities | **5,382,537** | 4,069,955 |
| **Total** | **5,427,962** | 4,069,955 |

## 10. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer.

Transaction price attributed in case of contracts with subsidiary is arrived at on the basis of arm's length price. Revenue also excludes taxes collected from customers.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company has signed an agreement with the branch of Tata Consultancy Services Limited (affiliate) in Saudi Arabia to mutually provide IT Support services at 7% markup on the cost of each party effective from January 2022. In accordance with the agreement the Company has started accounting it as revenue as the agreement meets IFRS 15 criteria to recognise revenue as principal.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

## Notes forming part of the Financial Statements

**Revenue disaggregation by nature of services is as follows:**

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Revenue from consultancy services | **234,221,689** | 78,812,772 |
| Revenue from sale of equipment and software licences | **297,323** | - |
| **Total** | **234,519,012** | 78,812,772 |

**Revenue disaggregation by industry vertical is as follows:**

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Energy, resources and utilities | **61,968,656** | 42,373,765 |
| Manufacturing | **10,001,455** | 10,764,543 |
| Banking , financial services and insurance | **63,926,035** | 25,442,215 |
| Retail and consumer business | **3,808,294** | 232,249 |
| Communication, media and technology | **60,423,610** | - |
| Governance | **27,038,146** | - |
| Others | **7,352,816** | - |
| **Total** | **234,519,012** | 78,812,772 |

**Revenue disaggregation by geography is as follows:**

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Middle east | **232,906,935** | 78,448,751 |
| Others | **1,612,077** | 364,021 |
| **Total** | **234,519,012** | 78,812,772 |

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has applied practical expedient of not disclosing the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is SAR 114,847,904 out of which 76.98% is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.



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**Movement in contract asset is given below:**

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Balance at the beginning of the year / period | **1,393,939** | 266,574 |
| Invoices raised that were included in the contract assets balance at the beginning of the year / period | **(1,392,959)** | (266,574) |
| Increase due to revenue recognised during the year, excluding amounts billed during the year / period | **3,255,086** | 1,392,400 |
| Translation exchange difference | **(881)** | 1,539 |
| **Balance at the end of the year / period** | **3,255,185** | 1,393,939 |

**Movement in unearned and deferred revenue is given below:**

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Balance at the beginning of the year / period | **96,021** | 120,975 |
| Revenue recognised that was included in the unearned and deferred revenue balance at the beginning of the year / period | **(58,019)** | (120,975) |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year / period | **338,348** | 96,083 |
| Translation exchange difference | **(3,577)** | (62) |
| **Balance at the end of the year / period** | **372,773** | 96,021 |

## 11. COST RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories:

**Cost of revenue**

These costs primarily include employee compensation of personnel engaged in providing services, travel expenses, fees to external consultants, cost of equipment and software licences, depreciation and amortisation of production related equipment and software, facility expenses, communication expenses and other project related expenses.

**Selling, general and administrative expenses**

Selling costs primarily include employee compensation for sales and marketing personnel, travel expenses, advertising, business promotion expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances, facility expenses for sales and marketing offices and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortisation expenses of non-production equipment and software, facility expenses for administrative offices, communication expenses, fees to external consultants and other general expenses.

## Notes forming part of the Financial Statements

**Expenses by function**

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Cost of revenue | **185,237,703** | 51,333,193 |
| Selling, general and administrative expenses | **43,044,962** | 27,787,075 |
| **Total** | **228,282,665** | 79,120,268 |

Costs and expenses are recognized when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised into employee benefit expenses, depreciation and other operating expenses. Employee benefit expenses include salaries, incentives and allowances, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances (net) and other expenses. Other expenses is an aggregation of costs which are individually not material such as corporate overhead allocation, commission and brokerage, recruitment and training, entertainment, etc.

(Amount in SAR)

| **Expenses by nature** | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Fees to external consultants | **22,973,050** | 6,290,308 |
| Facility expenses* | **10,491,651** | 4,150,515 |
| Communication | **1,014,580** | 363,517 |
| Travel expenses | **10,904,729** | 846,764 |
| Other expenses | **(2,470,912)** | 964,157 |
| Bad debts and advances written off, allowance for doubtful trade receivable and advances (net) | **5,771** | (614,668) |
| Project expense | **210,928** | 30,436 |
| Cost of equipment and software licenses | **6,345** | - |
| **Total** | **43,136,142** | 12,031,029 |

*Facility expenses includes short term lease expenses amounting SAR 5,002,155 for December 31, 2022 (SAR (136,591) for December 31, 2021).

## 12. OTHER (EXPENSES) / INCOME

### a. Finance and other income

Interest income is recognised using the effective interest method.

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Interest income is recognised using the effective interest method | | |
| Interest income - bank deposits | **27,538** | 247,304 |
| **Total** | **27,538** | 247,304 |

**b. Finance costs**

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Interest on lease liabilities | **214,852** | 229,825 |
| Other interest (benefit) / expense | **(10,000)** | 695 |
| **Total** | **204,852** | 230,520 |

**c. Other non-operating loss (net)**

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Net foreign exchange loss | **90,303** | 76,152 |
| **Total** | **90,303** | 76,152 |

## 13. INCOME TAXES

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the period / year.

***Current income taxes***

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period. Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

***Deferred income taxes***

Deferred income taxes are provided for the temporary differences between the tax base of assets and liabilities and their reported amounts in the financial statements.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

The income tax expense consists of the following:

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| **Current tax** | | |
| Current tax expense | **1,514,838** | 132,593 |
| Deferred tax (credit) / expense | **(338,581)** | 574,416 |
| **Total** | **1,176,257** | 707,009 |

## Notes forming part of the Financial Statements

The reconciliation of estimated income tax expense at the Saudi statutory income tax rate to income tax expense reported in statements of profit or loss and other comprehensive income is as follows:

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Income before income taxes | **5,968,730** | (366,864) |
| Income tax rate | **20%** | 20% |
| Expected income tax expense | **1,193,746** | (73,373) |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:** | | |
| Tax pertaining to prior years | **-** | - |
| Tax effect due to permanent difference | **(17,489)** | 780,382 |
| **Total income tax expense** | **1,176,257** | 707,009 |

**Income tax movement**

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Opening tax liability | **(3,458,331)** | (1,012,755) |
| Provision for current tax charged to profit and loss | **1,514,838** | 132,593 |
| Tax paid | **(1,289,085)** | (2,578,169) |
| **Net income tax liability** | **(3,232,578)** | (3,458,331) |

1. The Company has filed its income tax declaration ("return") for and upto the year ended December 31, 2021 with the Zakat, Tax and Customs Authority ("ZATCA").
2. Management requested the final zakat tax certificate for FY 22 after submission of the tax return of FY 21, which had been issued by the ZATCA valid until April 30th, 2023.
3. During September 2020, ZATCA raised an assessment with additional tax of SAR 3,196,579 plus delay fines for the periods ended 31 March 2017 to 31 March 2019. The Company did not agree with the assessment and has filed an appeal with the ZATCA. Post submission of the appeal, The Company opted to avail the benefit of ZATCA's tax amnesty initiative to waive the delay fines. Accordingly, the Company had accepted the assessment and settled the additional tax claim of SAR 1.32 million (net of the tax over-payment of SAR 1.9 million for the year ended 31 March 2017) and the delay fines have been waived. The case registered with the General Secretariat of Tax Committees (GSTC) has been dismissed.
4. No assessment raised for FY 20 and 21 and there are no outstanding/ongoing assessment with the ZATCA.

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2022 are as follows:

(Amount in SAR)

| | Opening balance | Recognised / reversed through profit or loss | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax assets / (liabilities) In relation to:** | | | | |
| Property, plant and equipment and intangibles | **1,358,172** | **(153,826)** | **-** | **1,204,346** |
| Provision for employee benefits | **4,311,832** | **467,419** | **(219,486)** | **4,559,765** |
| Provision for doubtful debts | **-** | **1,154** | **-** | **1,154** |
| Leases | **474,640** | **23,834** | **-** | **498,474** |
| **Net deferred tax assets** | **6,144,644** | **338,581** | **(219,486)** | **6,263,739** |

**Gross deferred tax assets and liabilities are as follows:**

(Amount in SAR)

| | Assets | Liabilities | Net |
|---|---|---|---|
| Deferred tax assets/ (liabilities) in relation to: | | | |
| Property, plant and equipment and intangibles | **1,204,346** | **-** | **1,204,346** |
| Provision for employee benefits | **4,559,765** | **-** | **4,559,765** |
| Provision for doubtful debts | **1,154** | **-** | **1,154** |
| Leases | **498,474** | **-** | **498,474** |
| **Net deferred tax assets** | **6,263,739** | **-** | **6,263,739** |

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2021 are as follows:

(Amount in SAR)

| | Opening balance | Recognised / reversed through profit or loss | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to:** | | | | |
| Property, plant and equipment and intangibles | 1,340,554 | 17,618 | - | 1,358,172 |
| Provision for employee benefits | 3,454,031 | (522,764) | 1,380,565 | 4,311,832 |
| Provision for doubtful debts | 122,933 | (122,933) | - | - |
| Leases | 420,977 | 53,663 | - | 474,640 |
| **Net deferred tax assets** | 5,338,495 | (574,416) | 1,380,565 | 6,144,644 |

(Amount in SAR)

| **Gross deferred tax assets and liabilities are as follows:** | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets in relation to:** | | | |
| Property, plant and equipment and intangibles | 1,358,172 | - | 1,358,172 |
| Provision for employee benefits | 4,311,832 | - | 4,311,832 |
| Leases | 474,640 | - | 474,640 |
| **Net deferred tax assets** | 6,144,644 | - | 6,144,644 |

## Notes forming part of the Financial Statements

**IFRIC 23 Interpretation uncertainty over income tax treatment**

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

**Application of IFRIC 23**

The Company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no instances of any uncertain tax treatment in the past and on that basis it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

### 14. EMPLOYEE BENEFITS

***Defined benefit plan***

The Company operates a defined benefit plan for employees in accordance with Saudi Labor and Workman Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements for actuarial gains and losses are recognised in the statement of financial position with a corresponding credit to retained earnings through other comprehensive income in the period in which they occur.

Remeasurements are not reclassified to statement of profit or loss in subsequent periods.

Past service cost are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date the Company recognises related restructuring costs

***Compensated absences***

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as actuarially determined liability at the present value of the obligation at the year end.

Employee cost consist of the following:

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Salaries & bonus | **157,454,589** | 52,928,599 |
| Contributions to provident and other funds | **12,763,862** | 6,923,973 |
| Staff welfare | **10,997,492** | 4,423,914 |
| **Total** | **181,215,943** | 64,276,486 |

**Employee benefit obligation consist of the following:**

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| **Employee benefit obligations - current** | | |
| Compensated absences | **10,514,467** | 9,498,465 |
| Gratuity liability | **-** | - |
| **Total** | **10,514,467** | 9,498,465 |

(Amount in SAR)

| Employee benefit obligations - Non-current | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Gratuity liability | **16,131,968** | 15,908,300 |
| **Total** | **16,131,968** | 15,908,300 |

**Defined benefit plans**

**Gratuity**

In accordance with Saudi Labour Law, The Company operate a scheme of Gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment at an amount equivalent to:-

For service more than 2 years and less than 5 years - 1/3 of retirement benefits.

For service more than 5 years and less than 10 years - 2/3 of retirement benefits.

For service more than 10 years - Full retirement benefits

There is a vesting period of 2 years for the payment of end of services benefit.

**The assumptions used in accounting for the defined benefit plan are set out below:**

(Amount in SAR)

| | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Discount rate | **5.10%** | 2.30% |
| Salary escalation rate | **3.63%** | 3.45% |
| Attrition rate | **19.95%** | 20.32% |
| **The following table provides a reconciliation from the opening balances to closing balances for defined benefit liability** | | |
| Benefit obligations, beginning of the year | **15,908,300** | 7,993,505 |
| **Included in profit and loss statement** | | |
| - Service cost | **3,509,900** | 2,322,544 |
| - Interest cost | **344,500** | - |
| **Included In other comprehensive income / (loss)** | | |
| (Gain) / loss on remeasurement of the net defined benefit liability | **(1,097,400)** | 6,902,823 |
| Benefits paid | **(2,526,500)** | (1,310,572) |
| **Total** | **16,138,800** | 15,908,300 |

(Amount in SAR)

| Sensitivity Analysis | Year ended December 31, 2022 | Period ended December 31, 2021 |
|---|---|---|
| Effect of "+0.50" change in rate of discounting | **(383,500)** | (427,600) |
| Effect of "-0.50" change in rate of discounting | **402,700** | 451,500 |
| Effect of "+0.50" change in salary escalation | **406,500** | 444,200 |
| Effect of "-0.50" change in salary escalation | **(390,600)** | (424,900) |

## Notes forming part of the Financial Statements

### 15. RELATED PARTY TRANSACTIONS

Tata Consultancy Services Saudi Arabia's principal related parties consist of its holding company Tata Consultancy Services Netherlands B.V and its holding and subsidiaries, and its key managerial personnel. The Company routinely enters into transactions with its related parties in the ordinary course of business.

**Transactions with related parties**

**For the year ended December 31, 2022**

| Particulars | Tata Sons Private Limited, Ultimate Holding Company | Tata Communications (International) Pte Limited, Subsidiary of Ultimate Holding Company | Saudi Desert Rose Holding B.V., Subsidiary of Tata Consultancy Services | Tata Consultancy Services Netherlands B.V., Holding Company | Tata Consultancy Services Limited, Parent of Holding Company (India) | Total |
|---|---|---|---|---|---|---|
| Revenue from sale of services and licenses | **-** | **1,977,945** | **-** | **-** | **121,029,533** | **123,007,478** |
| Purchases of goods and services | **-** | **-** | **-** | **-** | **19,605,456** | **19,605,456** |
| Dividend paid | **-** | **-** | **-** | **-** | **-** | **-** |
| Brand equity contribution | **74,264** | **-** | **-** | **-** | **-** | **74,264** |

**For the period ended December 31, 2021**

| Particulars | Tata Sons Private Limited, Ultimate Holding Company | Tata Communications (International) Pte Limited, Subsidiary of Ultimate Holding Company | Saudi Desert Rose Holding B.V., Subsidiary of Tata Consultancy Services | Tata Consultancy Services Netherlands B.V., Holding Company | Tata Consultancy Services Limited, Parent of Holding Company (India) | Total |
|---|---|---|---|---|---|---|
| Revenue from sale of services and licenses | - | - | - | - | 369,280 | 369,280 |
| Purchases of goods and services | - | - | - | - | (31,468,983) | (31,468,983) |
| Dividend paid | - | - | 18,001,440 | 57,004,560 | - | 75,006,000 |
| Brand equity contribution | - | - | - | - | - | - |

**Balances with related parties**

**As at December 31, 2022**

| Particulars | Tata Sons Private Limited, Ultimate Holding Company | Tata Communications (International) Pte Limited, Subsidiary of Ultimate Holding Company | Saudi Desert Rose Holding B.V., Subsidiary of Tata Consultancy Services | Tata Consultancy Services Netherlands B.V., Holding Company | Tata Consultancy Services Limited, Parent of Holding Company (India) | Total |
|---|---|---|---|---|---|---|
| Trade receivables | - | 241,983 | - | - | 30,828,608 | 31,070,591 |
| Trade payables | 74,264 | - | - | - | 10,692,008 | 10,766,272 |
| Prepaid expenses | - | - | - | - | 134,950 | 134,950 |
| Unbilled receivables | - | 168,336 | - | - | 19,508 | 187,844 |
| **Total** | **74,264** | **410,319** | **-** | **-** | **41,675,074** | **42,159,657** |

**As at December 31, 2021**

| Particulars | Tata Sons Private Limited, Ultimate Holding Company | Tata Communications (International) Pte Limited, Subsidiary of Ultimate Holding Company | Saudi Desert Rose Holding B.V., Subsidiary of Tata Consultancy Services | Tata Consultancy Services Netherlands B.V., Holding Company | Tata Consultancy Services Limited, Parent of Holding Company (India) | Total |
|---|---|---|---|---|---|---|
| Trade receivables | - | - | - | - | 8,946,171 | 8,946,171 |
| Trade payables | - | - | - | - | 6,844,021 | 6,844,021 |
| Prepaid expenses | - | - | - | - | 6,298 | 6,298 |
| Unbilled receivables | - | - | - | - | - | - |
| **Total** | - | - | - | - | 15,796,490 | 15,796,490 |

- No compensation paid to key managerial personnel for the year ended December 31, 2022.

## 16. SUBSEQUENT EVENTS

There have been no circumstances of a material nature that have occurred between the financial year end and the date of approval of these financial statements that require adjustment or disclosure in the financial statements.

## 17. DIVIDENDS

Dividends paid during the year ended December 31, 2022 include an amount of SAR NIL towards final dividend for the period ended December 31, 2021. Dividends paid during the period ended Dec 31, 2021 was SAR 75,006,000 towards final dividend for the year ended March 31, 2021. Dividends declared by the Company are based on the profit available for distribution.

# TCS Business Services GmbH

**Report**
**on the Audit**
**of the Financial Statements**
**and the Management Report**
**as of 31 March 2023**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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# Financial Statements, Management Report and audit opinion

## 1. Audit Engagement

**In the shareholder's meeting on 12 August 2022 of TCS Business Services GmbH, Düsseldorf, – hereinafter also referred to as the "Company" or "TBS" –**

we were elected as auditor for the fiscal year 2022/23. The management of the Company there- upon engaged us to audit the Company's annual Financial Statements – including the accounting records – and the Management Report as of 31 March 2023 and to report on the result of our audit in accordance with professional practice. On 27 July 2022, the management confirmed receipt and acceptance of our Engagement Letter dated 18 July 2022.

In accordance with § 317 German Commercial Code (HGB), we conducted our audit according to German generally accepted standards for the audit of Financial Statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland, "IDW"), as set forth in the IDW Auditing Standards (IDW AuS).

In accordance with § 321 (4a) HGB, we confirm that we observed the applicable independence requirements during our audit of the Financial Statements.

We based the following report on the results of our audit. We observed the audit standard IDW AuS 450 (n.v.) in preparing the audit report.

Our audit work was performed from April until May 2023 in our offices. Necessary audit evidence was sent to us digitally via e-mail or was made available for download on a Cloud-Server. During the audit, there were online meetings via a video conference system. The audit was completed on 5 May 2023.

The General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften dated 1 January 2017, which are attached to this report, are applicable to this engagement and our responsibility, also in relation to third parties. The amount of our liability is determined in accordance with § 323 (2) HGB. No. 1 para. 2 and no. 9 of the General Engagement Terms apply in relation to third parties.

## 2 Basic Findings

### 2.1 Comments on the management assessment of the situation

The management of the Company prepared the Financial Statements and the Management Report on an unqualified going concern assumption.

In accordance with § 321 (1) sentence 2 HGB, an assessment of the position of the Company as expressed in the Financial Statements and in the Management Report prepared by the management shall precede the report. In this assessment, particular emphasis was placed on the going concern assumption and the assessment of the opportunities and risks of the Company's future development as expressed in the Financial Statements and the Management Report, to the extent that the audited documents permitted such an assessment.

Our report is based on the management assessment of the position of the Company as documented in the Management Report. We have evaluated the assessments included therein in terms of their plausibility and consistency with the findings of our audit. In accordance with professional regulations, we do not endeavour to make our own predictions and do not provide information concerning the position of the Company in place of the management.

The Management Report includes the following core statements about the Company's **financial situation and business performance (including the business result):**

- "In 2023, the German economy was significantly impacted by the weak overall economic development caused by the energy crisis triggered by the Ukraine war. A recovery of the economy due to the waning of the COVID 19 pandemic and easing supply bottlenecks was thus slowed down. According to the German Federal Statistical Office, gross domestic product increased by 1.8% in 2023. In the fourth quarter of 2023, however, GDP contracted by 0.4%. This was caused in particular by restraint in private consumer spending and investment due to high inflation.
- Despite difficult economic conditions with the Ukraine war, inflation and disrupted supply chains, the IT industry suffered only minor losses in growth rates in 2023. Based on Bitkom data, the IT market grew by 6.5% in 2023, compared with 9.1% in the previous year. The individual sub-segments recorded the following growth rates in 2023: IT hardware 5.3% (previous year: 11.9%), software 9.2% (previous year: 11.3%), IT services 5.5% (previous year: 5.4%).

- The number of staff employed by the Company decreased from an average of 115 in the financial year 2021/2022 to an average of 102 in the financial year 2022/2023 due to fluctuation. The Company employs all staff in Germany, of which 79 are based in Düsseldorf and 23 in Berlin. All operating costs for these employees, together with all other costs of the Company, are charged in full to TATA Consultancy Services Deutschland GmbH at a mark-up of 7% (cost plus method).
- Sales for the financial year fell by 772 kEUR to 16,755 kEUR compared with the financial year 2021/2022. Due to the cost-plus method, revenues are largely dependent on the costs incurred at TCS Business Services GmbH. Due to the decrease in the number of employees and the associated decrease in personnel costs, lower revenues than expected were generated in the financial year. Because of the fall in personnel costs, the calculation of a fixed overhead rate led to a lower pre-tax profit for the year. This fell from 1,370 kEUR to 424 kEUR. Our key financial performance indicators of sales and pre-tax profit therefore declined in 2022/2023.
- The reduction in net income compared with the previous year, resulting in a net loss for the financial year, is mainly due to increased interest expenses in connection with the discounting of pension provisions.
- Overall, the forecast for fiscal 2022/2023 was not fully achieved. Management considers business performance in 2022/2023 to be satisfactory."

These core statements about the Company's financial situation and business performance are discussed in sufficient detail in the Management Report and are understandable in and of themselves; we therefore refer to the Management Report, appended as Appendix 1.4, for further details.

The Management Report prepared by the Company's management includes the following core statements on the **opportunities and risks of the Company's future development:**

- "TCS' ability to generate growth and maintain economic momentum is linked to its ability to consistently meet customers' ever-changing business needs and help them transform by deploying new digital technologies in their businesses. TCS Enterprise Cloud and Digital Services & Solutions continue to offer significant growth opportunities in the market. Significant investments have been made to further develop these services. In addition, new business areas are being developed, expanded and marketed to both existing and new customers (including German SMEs). Based on current visibility (taking into account COVID-19), TCS assesses the opportunities as medium.
- Here again, reference is made to the risks of TCS. In general, customers' willingness to invest is influenced by the overall economic development in the respective countries or in Europe as a whole, as well as by their confidence in a positive economic development. As the Company generates the majority of its sales in Germany, the development of the German economy is decisive for the Company's growth. Based on current knowledge, the Company considers the risk to be low.
- Based on the cost-plus method, no significant risks are seen here, with the exception of potential interest charges in connection with pension provisions.
- Foreign currency risks arise in particular from the conclusion of transactions in US dollars and other foreign currencies. A weakening of the dollar or other foreign currencies against the euro could therefore lead to foreign currency losses. The risk is considered to be low. The interest rate risks arising from pension commitments are to be offset by covering them with securities.
- At TCS, default and liquidity risks are limited by the selection of customers and close cooperation in payment transactions between sales and administration within the framework of a functioning dunning system. TCS has a solvent and creditworthy customer base. Bad debt losses are the absolute exception. In addition, there is a long-standing cooperation with the majority of customers. In this respect, we consider the financial risk of a liquidity bottleneck, in particular due to possible late payments to us by our sister company TCS, to be low.
- Management does not see any risks that could jeopardize the Company's ability to continue as a going concern."

These core statements about the opportunities and risks of the Company's future development are discussed in sufficient detail in the Management Report and are understandable in and of themselves; we therefore refer to the Management Report, appended as Appendix 1.4, for further details.

Based on our assessment of the financial situation of the Company, which we derived on the basis of the findings of our audit of the Financial Statements and of the Management Report – to the extent the audited documents permitted such an assessment – we have concluded that the assessment by the management on the position of the Company, particularly with respect to its ability to continue as a going concern and the opportunities and risks of future development, appears to be realistic.

### 2.2 Irregularities and violations of statutory provisions

We found no infringements against requirements that were unrelated to accounting.

## 3 Subject, nature and scope of the audit

The Company is a medium-sized Company within the meaning of § 267 (2) HGB. The audit constitutes a statutory audit in accordance with §§ 316 ff. HGB.

The subject of our audit were the Financial Statements as of 31 March 2023, which were compiled in accordance with the requirements of the German commercial law and consist of the balance sheet, income statement and the notes to the Financial Statements –including the accounting records–, as well as the Management Report for the financial year ended 31 March 2023.

The starting point for our audit were the assets, liabilities and capital accounts carried forward from the Financial Statements for the financial year from 1 April 2021 to 31 March 2022. The Financial Statements from the previous year were audited by us and received an unqualified audit opinion.

We audited the Financial Statements to verify assets and liabilities as well as to determine compliance with the regulations of the German Commercial Code (HGB) applicable for the Financial Statements of limited liability companies concerning recognition and measurement as well as classification of the items shown in the Financial Statements and for the required disclosures in the notes to the Financial Statements and profit appropriation. In addition, we audited compliance with the supplementary commercial law regulations pursuant to the relevant provisions of the Limited Liability Companies Act (GmbHG), as well as the supplementary provisions of the Shareholders' Agreement. Our audit included accounting records.

We audited the Management Report to determine whether it is consistent with the Financial Statements as well as with the findings of the audit, whether it complies with the relevant statutory provisions and whether it gives a true and fair view of the Company's position; in doing so, we also audited whether the opportunities and risks of the Company's future development had been accurately depicted.

The maintenance of the accounting records and the preparation of the Financial Statements as well as the other documents provided and statements made for this purpose are the responsibility of the management of TCS. Our responsibility is to express an opinion on the Financial Statements, including the maintenance of the accounting records and Management Report based on the audit we conducted.

In accordance with professional practice, we point out that our audit does not include the identification of violations outside of the accounting, fraud audits or other special audits. This applies in particular to the audit of compliance with the provisions of tax law or regulations governing price controls, laws limiting competition, laws controlling certain aspects of specific business operations *(Bewirtschaftungsrecht)*, foreign exchange, labour and social security laws, as well as to the adequacy of insurance coverage.

Pursuant to § 317 (4a) HGB, the audit need not cover whether the Company will continue to operate as a going concern or whether the effectiveness and efficiency of the management is assured.

The audit of compliance with other legal provisions is only a part of the responsibilities of the audit of the financial reports in that these other provisions usually have repercussions on the Financial Statements or the Management Report.

In conducting our audit, we observed the provisions of § 316 ff. HGB and the relevant professional opinions, statements and auditing standards set out in the German Generally Accepted Standards for Financial Statement Audits promulgated by the "Institut der Wirtschaftsprüfer" (IDW). Those standards require that we plan and perform the audit to provide reasonable assurance that the accounting system, the Financial Statements, and the Management Report contain no significant deficiencies. During the audit, evidence supporting the disclosures in the accounting records, Financial Statements and the Management Report is examined primarily by means of appropriate sampling and analytical audit procedures. The audit included assessing the accounting, measurement and classification and consolidation principles used and significant estimates made by the managing directors, as well as evaluating the overall presentation of the Financial Statements and Management Report.

We believe that our audit provides a reasonable basis for our opinion.

Audit planning and execution was based on a risk- and process-oriented audit approach. Our riskand process-oriented audit procedures were conducted based on an audit strategy. That strategy is developed from an assessment of the economic and legal environment in which the Company operates, its objectives, strategies and business risks, which we assessed on the basis of critical success factors. We supplement the subsequent audit of the accounting-related internal control system and its effectiveness with process analyses that we perform on a regular basis, particularly in the case of organisational and/or procedural changes, with the aim of determining their influence on relevant items in the annual Financial Statements and thus being able to assess the business risks and our audit risk. We considered the findings of the audit of the processes and the accounting-related internal control system when selecting the analytical audit procedures (plausibility assessments) and the individual case reviews with respect to the evidence supporting the disclosures in the Financial Statements.

Key factors were the general assessment of the business environment (industry-specific factors in particular) and information from the management about key corporate objectives and strategies as well as business risks (client-specific factors).

The audit planning was also influenced by our preliminary appraisal of the position of the Company and the fundamental assessment of the accounting-related internal control system and risk management.

Based on an overall assessment of these factors, we developed an audit programme and defined the focal points, nature and scope of the audit procedures, their sequence and the resources to be used. In so doing, we observed the principles of materiality and risk-orientation. We conducted our audit primarily with the aid of suitable selection processes (full survey, deliberate selection, test samples) and analytical audit procedures.

Based on our risk assessment, the following areas represent the focal points of our audit:

- valuation of financial assets,
- completeness and valuation of other provisions and pension provisions,
- completeness of balance sheet notes, notes and statements made in the Management Report.

The Company has established internal controls in various areas. We obtained an overview of the accounting internal control system and considered the findings of our audit procedures with respect to the internal control system in the further planning of our audit. Due to the transparent nature of the processes, we opted not to audit the functioning of the internal controls. Audit certainty was ensured primarily through individual case reviews.

These comprised plausibility checks and the audit of business transactions and inventories. In accordance with the principle of materiality and the risk of error, our audit procedures were mainly conducted based on samples. The following audit procedures were carried out individually:

*Valuation of financial assets*

To prepare our impairment test of the financial assets, we obtained securities account statements from the custodian bank and assured ourselves that the Company was indeed the holder of the securities. Additionally, we compared the capitalized book values of these securities to year-end rates for the financial year as well as to up-to-date stock market prices at the date of our audit. This audit yielded no indications of necessary depreciations.

*Completeness and valuation of other provisions and pension provisions*

The composition and development of other provisions and pension provisions in comparison to the previous year was audited on its completeness based on our acquired understanding of the business activities and through conversations with the management.

We obtained pension surveys from the actuary Lurse Pension & Benefits Consulting GmbH, Hanover, to audit the pension obligations. In addition, we obtained securities account statements from the custodian bank to audit the cover assets and received assurance that the cover assets were barred from distribution to any other creditors and were solely used to fulfil payments resulting from pension obligations. Furthermore, fair value of these securities was compared to year-end rates for the financial year.

*Completeness of balance sheet notes, notes and statements made in the Management Report*

The completeness of notes to the balance sheet, notes and statement of the Management Report was verified through interviewing the management and employees of the Company as well as examined against the background of our other audit procedures. We placed particular emphasis on verifying the correct attribution of balance sheet items and on the measurement and collateral security of the contingent liabilities.

*Additional auditing procedures*

Liabilities were audited on completeness and correct cost recognition through a cut-off test.

Receivables towards affiliated companies have been agreed with the companies concerned.

To match the balances and liabilities with banks we gathered bank statements as of 31 March 2023 and loan agreements. Additionally, we checked bank balance confirmations as of 31 March 2023 during our audit procedures to ensure the completeness of the notes to the balance sheet with regards to collaterals and contingent liabilities.

To audit the assets and liabilities, we reviewed excerpts from the commercial register, delivery and service contracts as well as other business records. We have requested confirmations from the Company's lawyers on pending legal disputes. We also requested a confirmation by the Company's tax consultant relating to possible tax risks.

The management and the contact persons named by them provided all explanations and evidence. In accordance with professional practice, the management confirmed in writing in a Company Letter of Representation dated 5 May 2023 that the accounting records and the Financial Statements as of 31 March 2023 included all assets, liabilities (obligations, risks, etc.), accruals, expenses and income as reflected on the balance sheet, all required disclosures were made, and all existing contingent liabilities were made known to us. According to management's statements, as of 31 March 2023, in accordance with our audit findings, there were no other obligations or contingent liabilities requiring disclosure other than those reported in the balance sheet or in the notes to the Financial Statements.

In this report, management has further stated that the Management Report also contains, with regards to expected developments, all aspects essential for the assessment of the situation of the Company as well as the disclosures required pursuant to § 289 HGB. The management also reported that no material transactions had taken place after the end of the financial year, and no such transactions were identified in the course of our audit.

## 4 Findings and explanations regarding the accounting

### 4.1 Conformity of the Financial Statements with legal requirements

#### 4.1.1 Accounting records and other documents audited

The Company's business transactions are recorded completely, consecutively, and on a timelybasis. The chart of accounts is clear and well-arranged. The vouchers are orderly and conclusive.

In our opinion, the accounting and additionally audited records comply with statutory provisions, the generally accepted accounting principles and the supplementary provisions of the articles of association throughout the financial year. In our opinion, the information included in the other documents examined by us led to a proper presentation in the Company's accounting records, the Financial Statements and the Management Report.

The internal control system established by the Company for accounting purposes is consistent with the business purpose and the scope of business is adequately regulated with regards to the organisation and control of processes.

For the accounting software used by the Company, "DATEV Kanzlei-Rechnungswesen", issued by DATEV eG, Nuremberg, there exists a software certificate pursuant to IDW AuS 880 issued by the auditing company Ernst & Young GmbH, Munich, dating from 28th February 2023. According to this certificate, the software complies with the generally accepted accounting principles and allows for accounting procedures in accordance with these principles. In the course of our audit, we did not detect any issues that negate this finding. The additionally used accounting software constitutes a simple IT-system. We therefore abstained from a detailed system audit.

#### 4.1.2 Financial Statements

Based on our audit, we state that the Financial Statements appended as Appendices 1.1 to 1.3

- were properly deduced from the inventory, the accounting and other audited records,
- complied with the principles of recognition, presentation and measurement, including the generally accepted standards on accounting, as well as with the supplementary provisions of the Shareholder's Agreement. We state that the principle of consistency stated in § 252 para. 1 No. 6 HGB was adhered to.
- the notes to the Financial Statements comply with the legal requirements in Germany and include all necessary presentations, classifications, explanations, and justifications with regard to the evidence, preparation of the balance sheet, and the appraisal of the individual items of the balance sheet and the profit and loss statement as well as the other necessary information. Exemptions for medium-sized companies were applied appropriately.

Pursuant to § 286 para. 4 HGB, the Company has abstained from declaring the remuneration of the board members. We confirm that the Company complies with the legal requirements necessary to claim this exemption.

#### 4.1.3 Management Report

The Management Report for the financial year 2022/2023 includes all required components pursuant to § 289 HGB. Concerning the Management Report appended as Appendix 1.4 we have determined the following:

- Concordant with our findings, the business performance and the position of the Company are accurately portrayed; the Management Report is consistent with the Financial Statements and the findings of our audit.

- The Management Report complies with the statutory requirements.
- The Management Report gives a true and fair view of the Company's position.
- The Management Report accurately portrays the material risks and opportunities of future developments.

Please refer also to Appendix 1.4 for information about the Company's position from the management.

### 4.2 Overall picture conveyed by the Financial Statements

#### 4.2.1 Economic background

The Company's core business is the provision of services in all areas of information technology, corporate management, digital data processing, consultancy either for one's own account or for account of another or in cooperation with third parties, including the support of research and development as well as distribution, development and maintenance of computer equipment, products, software and hardware as well as distribution of software licences of all sorts nationally and internationally. Currently, the Company is solely providing services to Tata Consultancy Services Deutschland GmbH (TCS). These services are billed using the cost-plus-method.

#### 4.2.2 Findings regarding the overall picture conveyed by the Financial Statements

In our opinion, based on the findings of our audit, the Financial Statements as of 31 March 2023, consisting of the balance sheet, income statement and the notes to the Financial Statements, provide an overall true and fair view of the Company's net assets, financial position and results of operations in accordance with the generally accepted accounting principles.

#### 4.2.3 Measurement bases and grooming transactions

The Company retained the accounting and measurement methods used for the items of the balance sheet and the income statement of the previous year. In order to maintain continuity with the previous year, the accounting and measurement options were not exercised again.

For the presentation of the measurement bases and other transactions not included in the balance sheet, please refer to the notes to the Financial Statements provided by the management as appended in Appendix 1.3.

During our audit, we also found no evidence of one-sided application of margins of discretion for the purpose of a targeted manipulation of the results for the financial year or of grooming transactions taken which would have resulted in accounting differing from the economic situation.

### 4.3 Analysis of the Company's economic position

Because of the transparency of the annual Financial Statements and the additional explanations and breakdowns in the Management Report, we have abstained from explanations and breakdowns on items of the Financial Statements and an analysis of the assets, financial and profit situation in accordance with the order.

## 5 Reproduction of audit opinion and signature of audit report

Upon completion of our audit, we issued the following unqualified audit opinion for the balance sheet, statement of income and notes to the Financial Statements (appended as Appendices 1.1 to 1.3) as well as for the Management Report (appended as Appendix 1.4) for the financial year from 1 April 2022 to 31 March 2023 of Financial Statements of TCS Business Services GmbH, Düsseldorf, as of 31 March 2023:

# Independent Auditor's Report

**To TCS Business Services GmbH, Düsseldorf:**

## Audit opinion

We have audited the annual Financial Statements of TCS Business Services GmbH, Düsseldorf, which comprise the balance sheet as of 31 March 2023, the statement of income and the notes to the Financial Statements. In addition, we have audited the Management Report of TCS Business Services GmbH, Düsseldorf, for the financial year from 1 April 2022 to 31 March 2023.

In our opinion, based on the knowledge obtained in the audit,

- the accompanying Financial Statements comply, in all material aspects, with the requirements of German commercial law as applicable to corporations and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Company as of 31 March 2023 and of its financial performance for the financial year from 1 April 2022 to 31 March 2023, and
- the accompanying Management Report as a whole provides an appropriate view of the Company's position. In all material aspects, this Management Report is consistent with the Financial Statements, complies with German legal requirements and appropriately presents the opportunities and risks of future developments.

Pursuant to § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the Financial Statements and of the Management Report.

## Basis for the audit opinion

We conducted our audit of the Financial Statements and of the Management Report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the „Auditor's Responsibilities for the Audit of the Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements and on the Management Report.

## Responsibilities of the management for the Financial Statements and the Management Report

The management is responsible for the preparation of the Financial Statements that comply, in all material aspects, with the requirements of German commercial law as applicable to corporations and that the Financial Statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Company. In addition, the management are responsible for such internal controls as they have determined necessary to enable the preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

In preparing the Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matter related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the management is responsible for the preparation of the Management Report that, as a whole, provides an appropriate view of the Company's position and is, in all material aspects, consistent with the Financial Statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future developments. In addition, the management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Management Report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Management Report.

## Auditor's Responsibilities for the Audit of the Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and whether the Management Report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the Financial Statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future developments, as well as to issue an auditor's report that includes our audit opinion on the Financial Statements and the Management Report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 and this Management Report. We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the Financial Statements and of the Management Report, 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 audit 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 of the Financial Statements and of the arrangements and measures (systems) relevant to the audit of the Management Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of estimates made by the management and related disclosures.
- Conclude on the appropriateness of the management 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 the auditor's report to the related disclosures in the Financial Statements and in the Management Report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able 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 present the underlying transactions and events in a manner that the Financial Statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with the requirements of the German commercial law.
- Evaluate the consistency of the Management Report with the Financial Statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the management in the Management Report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the management as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance, 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 the audit.

"The audit opinion was issued by the signatories of this audit report on 5 May 2023. IDW AuS 400 (n. v.) "Principles for audit opinions of Financial Statements" was observed in issuing the audit opinion.

We issue the above audit report on the Financial Statements and the Management Report as of 31 March 2023 of TCS Business Services GmbH, Düsseldorf, in compliance with the statutory regulations as well as IDW AuS 450 (n. V.) „Generally accepted standards for the issuance of long form audit reports for the audits of Financial Statements".

The audit report was signed as follows in accordance with § 321 (5) HGB and § 32 German Public Accountants Act:

Düsseldorf, 5 May 2023

**NIEHAUSPARTNER Treuhand GmbH & Co. KG**
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

**Enck**
German Public Auditor
*(Wirtschaftsprüfer)*

**Evers**
German Public Auditor
*(Wirtschaftsprüfer)*

## Appendix 1 Financial Statements, Management Report and audit opinion

### Appendix 1.1

## Balance Sheet

| | (EUR) As at March 31, 2023 | (kEUR) As at March 31, 2022 |
|---|---|---|
| **ASSETS** | | |
| **A. Fixed assets** | | |
| **I. Tangible fixed assets** | | |
| 1. Other equipment, operating and office equipment | **32,307.79** | 53 |
| 2. Down-payments | **0.00** | 6 |
| | **32,307.79** | 59 |
| **II. Long-term financial assets** | | |
| Securities kept as fixed assets | **6,000,000.00** | 6,000 |
| | **6,032,307.79** | 6,059 |
| **B. Current assets** | | |
| **I. Receivables and other assets** | | |
| 1. Receivables from affiliated companies | **10,354,700.88** | 5,932 |
| 2. Other assets | **28,078.79** | 42 |
| | **10,829,907.43** | 5,974 |
| **II. Cash and bank balances** | **44,127.76** | 814 |
| | **10,829,907.43** | 6,788 |
| **C. Prepaid expenses** | **109,990.65** | 109 |
| **D. Asset excess resulting from the offsetting of assets with provisions** | **0.00** | 63 |
| | **16,972,205.87** | 13,020 |
| **EQUITY AND LIABLITIES** | | |
| **A. Equity** | | |
| I. Subscribed capital | **25,000.00** | 25 |
| II. Accumulated profit brought forward | **1,112,927.76** | 783 |
| III. Net income | **(519,600.78)** | 330 |
| | **618,326.98** | 1,138 |
| **B. Provisions** | | |
| 1. Provisions for pensions and similar obligations | **9,473,054.55** | 7,524 |
| 2. Tax provision | **1,826,908.16** | 486 |
| 3. Other provisions | **3,880,633.70** | 3,520 |
| | **15,180,596.41** | 11,530 |
| **C. Liabilities** | | |
| 1. Trade payables | **17,625.97** | 13 |
| - of which residual maturity of up to one year: 17,625,97 EUR (Previous year: 13 kEUR) | | |
| 2. Liabilities to affiliated companies | **0,00** | 149 |
| 3. Other liabilities | **1,155,656.51** | 191 |
| - of which taxes: 1,087,582.94 EUR (Previous year: 164 kEUR) | | |
| - of which relating to social security: 12,694.12 EUR (Previous year: 0 kEUR) | | |
| - of which residual maturity of up to one year: 1,155,656.51 EUR (Previous year: 191 kEUR) | | |
| | **1,173,282.48** | 352 |
| | **16,972,205.87** | 13,020 |

## Income Statement

| | | (EUR) | (kEUR) |
|---|---|---|---|
| | | **Year ended March 31, 2023** | **Year ended March 31, 2022** |
| 1. | Sales | **16,754,942.18** | 17,527 |
| 2. | Other operating income | **23,128.58** | - |
| | - of which generated from currency conversion: 23,128.58 EUR (Previous year: 0 kEUR) | | |
| 3. | Cost of materials: | | |
| | a) Cost of purchased services | **0.00** | 337 |
| 4. | Personnel expenses: | | |
| | a) Wages and salaries | **10,522,037.65** | 10,964 |
| | b) Social security, post-employment and other employee benefit costs | **3,299,529.56** | 3,481 |
| | - of which post-employment: 2,435,484.53 EUR (Previous year: 2,584 kEUR) | | |
| | | **13,821,567.21** | 14,445 |
| 5. | Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets | **25,507.04** | 25 |
| 6. | Other operating expenses | **1,782,343.97** | 1,590 |
| | - of which expenses from currency conversion: 38,178.91 EUR (Previous year: 25 kEUR) | | |
| 7. | Other interest and similar income | **26,750.49** | 248 |
| | - of which interest income from discounting provisions: 0.00 EUR (Previous year: 144 kEUR) | | |
| 8. | Other interest and similar expenses | **751,303.81** | 9 |
| | - of which interest expenses from accumulation of pension provisions 296,351.00 EUR (Previous year: 0 kEUR) | | |
| 9. | Taxes on income | **943,700.00** | 1,040 |
| | - of which expenses from increases to and dissolution of deferred taxes: 289,300.00 EUR (Previous year: 289 kEUR) | | |
| 10. | Result after tax | **(519,600.78)** | 330 |
| 11. | Net income | **(519,600.78)** | 330 |



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**Appendix 1.3**

## Notes forming part of the Financial Statements

### I. GENERAL INFORMATION ON THE COMPANY

The registered office TCS Business Services GmbH is in Düsseldorf. It is registered in the Commercial Register of the Local Court (Amtsgericht) in Düsseldorf under HRB 84792.

### II. GENERAL INFORMATION ON THE CONTENT AND PRESENTATION OF THE FINANCIAL STATEMENTS

The Company is a medium-sized Company within the meaning of § 267 (2) HGB.

The Financial Statements of TCS Business Services GmbH were compiled while maintaining the classification and valuation principles of the previous year in accordance with the legal requirements for medium-sized companies by the German Commercial Code (HGB). Additionally, the provisions of the Limited Liability Act (GmbHG) were adhered to. The income statement was prepared according to the nature of expense method.

### III. ACCOUNTING POLICIES

The Financial Statements contain all assets, liabilities, deferred items, expenses and income in compliance with legal requirements. Items on the assets side were not offset with items from the liabilities side, expenses were not offset with income unless this was explicitly required pursuant to § 246 German Commercial Code.

The opening entries of the opening balance sheet were properly transferred from the previous years' statement. The valuation was based on the assumption of the Company's ability as a going concern. Assets and liabilities were valued individually.

Assets and liabilities were measured prudently, i.e. all foreseeable risks and losses which have occurred by the balance sheet date were taken into consideration, even if these only become known between the balance sheet date and the date of the preparation of the Financial Statements. Income was only recognized if it was realised ahead of the reporting date. Expenses and income of the financial year were recognized regardless of the date of payment.

Property, plant and equipment are measured at cost less scheduled straight-line depreciation and unscheduled impairment losses if permanent impairment is expected. Scheduled straightline depreciation is measured based on the estimated operating lifespan. Tangible assets have an estimated lifespan of four years.

Financial assets were measured at cost or at a lower market value in case of expected permanent impairment.

Receivables and other assets are measured at acquisition costs. Recognizable individual risks as well as the risks of receivables default are recognized through value adjustments. Cash and cash equivalents are measured at face value.

Expenditures/income before the balance sheet date, insofar as they constitute costs/revenue for a period following this date, are presented as deferred items.

Provisions made for uncertain liabilities regarding pension obligations were estimated based on prudent commercial assessment with their probable settlement value which also accounts for expected wage developments. Provisions were made based on the projected unit credit method (PUC). Calculations were based on the guideline tables 2018 G of Dr. Heubeck. Provisions were discounted based on the average market interest rate annual for the last ten years of 1.8 per cent (Previous year: 1.8 per cent). According to historical experience, pension adjustments of 2.00 per cent, wage adjustments of 3.5 per cent as well as a rise of the upper limit for social security expenses of 2.5 per cent were considered.

Profit effects resulting from changes in the applied actuarial interest rate were shown within the personnel costs.

Assets that solely serve for fulfilment of pension obligations and cannot be seized by any other creditors were measured at fair value (cover assets). Income and expenditures from these assets were netted with the expenses resulting from provisions compounding. Additionally, these assets were charged against their underlying obligations. As this yields an obligation surplus at the balance sheet date, the result is shown with the provisions for pensions.

Provisions for taxation and other provisions which are uncertain regarding their value and/or their date of occurrence were measured on the basis of prudent commercial assessment at the expected settlement amount for these uncertain liabilities.

Current liabilities are reported with their repayment or settlement amount.

## Notes forming part of the Financial Statements

Assets and liabilities in foreign currencies with maturity dates of less than a year were measured based on the mean spot exchange rate of the balance sheet date. All other assets and liabilities were measured either at the exchange rate on the date of invoicing or the higher mean spot exchange rate of the balance sheet date.

Deferred taxes were recognized for amounts resulting from temporary differences between the amounts shown in the commercial balance sheet and the tax balance sheet if these differences are expected to scale down in the following fiscal years. An overall resulting tax burden is shown as deferred tax liabilities in the balance sheet. In case of an overall resulting tax relief, the company does not apply the optional capitalization pursuant to § 274 (1) sentence 2 German Commercial Code.

Pursuant to § 273 (1) sentence 3 German Commercial Code, deferred taxes are shown without offsetting.

### IV. EXPLANATORY NOTES ON THE BALANCE SHEET

The developments of the individual items of the fixed assets are shown in the statement of movements in fixed assets (gross).

Receivables from affiliated companies result exclusively from receivables for deliveries and services.Within the other assets, an amount of 26 kEUR (Previous year: 26 kEUR) has a maturity date of more than a year.

The amounts barred from distribution pursuant to § 268 (8) German Commercial Code amount to 281 kEUR and are composed of 20 kEUR for covering of long-term work accounts and of 261 kEUR for covering pension obligations. The amounts barred from distribution therefore solely result from the capitalization of covering amounts at fair value.

From the discounting of provisions for pensions at the average market interest rate of the last ten years in comparison to the discounting at the average market interest rate of the last seven years results a difference of 1,382 kEUR. This difference is barred from distribution pursuant to § 253 (6) sentence 2 German Commercial Code.

The overall amount barred from distribution amounts therefore to 1,663 kEUR.

For netting liabilities from pension obligations with amounts for cover assets, the following amounts were determined:

Settlement amount of liabilities: 18,030 kEUR

Acquisition costs of the netted assets: 8,295 kEUR

Netted assets at fair value: 8,557 kEUR

Netted income: 511 kEUR

The amount at fair value results from the end of day stock market price for the securities of the cover assets on the balance sheet date and was measured on the basis of securities account statements.

Other provisions (3,881 kEUR) essentially comprise provisions for bonus payments (2,074 kEUR), anniversary bonuses (953 kEUR), vacation payments (258 kEUR) and for overdue receivables (166 kEUR).

As in the previous year, all liabilities will be due within one year.

Liabilities to affiliated companies comprise solely of trade payables.

Deferred tax balances for the financial year have developed as follows:

| | At the beginning of the financial year | Change | At the end of the financial year |
|---|---|---|---|
| Deferred tax assets | **3,189,100.00** | **571,200.00** | 3,760,300.00 |
| Deferred tax liabilities | **2,575,400.00** | **(222,000.00)** | 2,353,400.00 |

In accordance with § 274 (1), the resulting tax reduction is not recognized as tax asset in the balance sheet.



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**Appendix 1.3**

## Notes forming part of the Financial Statements

### V. EXPLANATORY NOTES ON THE INCOME STATEMENT

Other operating income in the amount of 23 kEUR (Previous year: 0 kEUR) comprises solely of income from foreign currency translation.

Other operating expenses contain expenses from foreign currency translation in the amount of 38 kEUR (Previous year: 25 kEUR).

The amount of other interest and similar expenses contains expenses resulting from provisions compounding for pension obligations in the amount of 296 kEUR. In the previous year, income resulting from provisions compounding for pension obligations in the amount of 291 kEUR was shown in other interest and similar income.

The transition from net losses to net profit is calculated as follows:

| | | |
|---|---|---|
| | Net loss | **520 kEUR** |
| + | Accumulated profit brought forward | **1,113 kEUR** |
| = | Net profit | **593 kEUR** |

### VI. OTHER DISCLOSURES

**Other financial obligations**

As of 31 March 2023, the other financial obligations amount to 773 kEUR.

**Members of the Company's executive bodies**

During the financial year, the Company's business activities were managed by the following individuals:

Sapthagiri Chapalapalli

Pradeep Gaitonde

Mr. Sapthagiri Chapalapalli is responsible for Sales and Mr. Pradeep Gaitonde is responsible for Accounting and Finance. Mr. Sapthagiri Chapalapalli is employed by Tata Consultancy Services Deutschland and Mr. Pradeep Gaitonde is employed by Tata Consultancy Services Limited, India.

The Company made use of the protection clause pursuant to § 286 (4) German Commercial Code.

**Average number of employees during the financial year**

The total average number of employees amounts to 102 (Previous year: 115). The Company has only salaried employees.

**Parent company**

Tata Consultancy Services Limited, Mumbai, India, prepares the consolidated financial statement for the smallest group of companies and Tata Sons Limited, Mumbai, India, prepares the consolidated financial statements for the largest group of companies, into which Tata Consultancy Services Deutschland GmbH is respectively included.

The consolidated financial statements can be obtained from Bombay House, Mumbai, India.

The consolidated financial statements of Tata Consultancy Services Limited, Mumbai, India, are published under the register number 11-84781 and the consolidated financial statements of Tata Sons Limited, Mumbai, India, are published under the register number 478.

Düsseldorf, 5 May 2023

S. Chapalapalli
(Managing Director)

P. Gaitonde
(Managing Director)

## STATEMENT OF MOVEMENTS IN FIXED ASSETS (GROSS) AS OF 31 MARCH 2023

| | Costs | Additions | Disposals | Reclassific ations | Costs | Accumulated amortization, depreciation and writedowns | Disposals | Amortization, depreciation and writedowns during the financial year | Accumulated amortization, depreciation and writedowns | Book value | Book value |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 01.04.2022 | | | | 31.03.2023 | 01.04.2022 | | | 31.03.2023 | 31.03.2023 | 31.03.2022 |
| | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR |
| **I. Tangible fixed assets** | | | | | | | | | | | |
| 1. Other equipment, operating and office equipment | 98,878.92 | 4,650.00 | - | - | 103,528.92 | 45,714.09 | - | 25,507.04 | 71,221.13 | 32,307.79 | 53,164.83 |
| 2. Down-payments | 6,179.64 | - | 6,179.64 | - | - | - | - | - | - | - | 6,179.64 |
| **Tangible fixed assets** | **105,058.56** | **4,650.00** | **6,179.64** | **0.00** | **103,528.92** | **45,714.09** | **-** | **25,507.04** | **71,221.13** | **32,307.79** | **59,344.47** |
| **II. Long-term financial assets** | | | | | | | | | | | |
| Securities kept as fixed assets | 6,000,000.00 | - | 0.00 | - | 6,000,000.00 | 0.00 | - | - | - | 6,000,000.00 | 6,000,000.00 |
| **Financial assets** | **6,000,000.00** | **-** | **0.00** | **-** | **6,000,000.00** | **0.00** | **-** | **-** | **-** | **6,000,000.00** | **6,000,000.00** |
| | **6,105,058.56** | **4,650.00** | **6,179.64** | **-** | **6,103,528.92** | **45,714.09** | **-** | **25,507.04** | **71,221.13** | **6,032,307.79** | **6,059,344.47** |

**Appendix 1.4**

## Management report for the business

### I. COMPANY PROFILE

#### 1. Business Model

The Company operates in the information technology market. It provides services in the areas of management consulting and software development. It currently provides services exclusively for Tata Consultancy Services Deutschland GmbH (TCS), which is charged using the cost-plus method.

#### 2. Human Resources

The number of staff employed by the Company decreased from an average of 115 in the financial year 2021/2022 to an average of 102 in the financial year 2022/2023 due to fluctuation. The Company employs all staff in Germany, of which 79 are based in Düsseldorf and 23 in Berlin. All operating costs for these employees, together with all other costs of the Company, are charged in full to TATA Consultancy Services Deutschland GmbH at a mark-up of 7% (cost plus method).

### II. ECONOMIC REPORT

#### 1. General economic conditions and industry environment

In 2023, the German economy was significantly impacted by the weak overall economic development caused by the energy crisis triggered by the Ukraine war. A recovery of the economy due to the waning of the COVID 19 pandemic and easing supply bottlenecks was thus slowed down. According to the German Federal Statistical Office, gross domestic product increased by 1.8% in 2023. In the fourth quarter of 2023, however, GDP contracted by 0.4%. This was caused in particular by restraint in private consumer spending and investment due to high inflation.

Despite difficult economic conditions with the Ukraine war, inflation and disrupted supply chains, the IT industry suffered only minor losses in growth rates in 2023. Based on Bitkom data, the IT market grew by 6.5% in 2023, compared with 9.1% in the previous year. The individual sub-segments recorded the following growth rates in 2023: IT hardware 5.3% (previous year: 11.9%), software 9.2% (previous year: 11.3%), IT services 5.5% (previous year: 5.4%).

#### 2. Business Performance

Sales for the financial year fell by 772 kEUR to 16,755 kEUR compared with the financial year 2021/2022. Due to the cost-plus method, revenues are largely dependent on the costs incurred at TCS Business Services GmbH. Due to the decrease in the number of employees and the associated decrease in personnel costs, lower revenues than expected were generated in the financial year. Because of the fall in personnel costs, the calculation of a fixed overhead rate led to a lower pre-tax profit for the year. This fell from 1,370 kEUR to 424 kEUR. Our key financial performance indicators of sales and pre-tax profit therefore declined in 2022/2023.

The reduction in net income compared with the previous year, resulting in a net loss for the financial year, is mainly due to increased interest expenses in connection with the discounting of pension provisions.

Overall, the forecast for fiscal 2022/2023 was not fully achieved. Management considers business performance in 2022/2023 to be satisfactory.

#### 3. Assets, liabilities, financial situation and financial performance

Financial performance

Sales decreased from 17,527 kEUR to 16,755 kEUR. Due to the cost-plus method used, it is not possible to analyze sales by product and/or region. Rather, the decrease is mainly attributable to lower personnel expenses and material expenses. In addition, the net loss for the year is mainly influenced by increased interest expenses for additions to pension provisions, as the cost-plus method only relates to earnings before interest and taxes (EBIT).

(kEUR)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Earnings after taxes | **(520)** | 330 |

## Management report for the business

The development of the main types of expenses in relation to total output is shown below:

| | 01.04.2022 – 31.03.2023 | 01.04.2021 – 31.03.2022 |
|---|---|---|
| | % | **%** |
| Cost of purchased services | 0 | **2** |
| Personnel expenses | 82 | **82** |
| Other operating expenses | 11 | **9** |

The cost of purchased services mainly relates to services provided by affiliated companies.

Financial position

Compared to March 31, 2022, cash and cash equivalents decreased from 814 kEUR to 447 kEUR, which is mainly attributable to the cash flow from operating activities. This decreased significantly from 10,355 kEUR to 5,932 kEUR due to increased receivables from affiliated companies. The development of cash and cash equivalents is largely dependent on the Group's internal liquidity management. The Company was able to meet its payment obligations at all times in the year under review.

All liabilities and accruals (with the exception of pension accruals) have a short-term maturity. They account for 40.7% of the balance sheet total.

The Company reports positive net working capital of 3,879 kEUR (previous year: 2,404 kEUR). Net working capital comprises inventories, cash and cash equivalents, current receivables and other assets less current provisions and liabilities.

Assets and liabilities

Assets increased from 17,016 kEUR to 13,020 kEUR compared to March 31, 2022, mainly due to the increase in receivables from affiliated companies.

The range of trade receivables (receivables * 360 / sales) has increased from 123 days in the previous year to 222 days in the current fiscal year. Management does not see any impairment risks, as the trade receivables are exclusively due from a solvent sister company.

Compared to March 31, 2022, equity decreased by 520 kEUR to 618 kEUR. The equity ratio amounts to 3.6% (previous year: 8.7%). The deterioration in the equity ratio results from the net loss for the year.

Provisions (15,225 kEUR) mainly comprise provisions for pensions (9,473 kEUR), bonus payments (2,119 kEUR), anniversary payments (953 kEUR), vacation (258 kEUR), outstanding invoices (166 kEUR) and tax provisions (1,827 kEUR).

The increase of 965 kEUR in other liabilities compared with the previous year is mainly due to VAT liabilities. In the previous year, these were settled before the end of the reporting period and thus before they were due.

## III. FORECAST, OPPORTUNITIES AND RISKS

### 1. Forecast

Expected general economic conditions and industry environment

Although the global economy recovered from the effects of the Corona pandemic in 2022, it was held back by high energy prices and increasingly tight monetary policy due to inflationary pressure. In its spring forecast for 2023, the Kiel Institute for the World Economy (IfW) expects the global economy to grow by only 2.5% measured on a purchasing power parity basis, despite a noticeable revival in China. For 2024, the IfW forecasts growth of 3.2%. The IfW also expects inflation to fall in the coming months due to a renewed drop in commodity prices. However, inflation is expected to remain high and is not expected to approach the target levels until the end of 2024.

Appendix 1.4

## Management report for the business

For the euro area, the IfW expects the economy to be driven in particular by stronger private consumption. However, due to the significant tightening of monetary policy, GDP is only expected to grow by 1.1% in 2023. Growth of 1.6% is forecast for 2024.

In its spring forecast, the IfW sees a slight improvement in the German economy. The institute now expects GDP to increase by 0.5% in 2023 and by 1.4% in 2024. This is 0.2% (2023) and 0.1% (2024) more than expected in the winter forecast. The economic consequences of the Ukraine war are named as the main reason for the still restrained growth. High inflation is reducing the disposable income of private households and leading to a decline in private consumer spending. Inflation is estimated at 5.4% for 2023 and 2.0% for 2024.

Despite the current crises, supply chain disruptions and inflation mentioned above, business expectations in the digital industry are predominantly optimistic. According to surveys by Bikom, these were at their highest level in March since the start of the Russian war of aggression on Ukraine. According to calculations by Bitkom and the ifo Institute, the digital index, which reflects business expectations for the coming three months, was 25.1 points in March, 8 points higher than in February and the same as a year ago. The forecasts for the current year are positive for a large proportion of IT and telecommunications companies. More than a third of the companies are planning to increase investment compared with the previous year, while half want to maintain the level of investment. Employment expectations also remain positive.

Outlook for the company

All operating risks are borne by TCS, as the company uses the cost-plus method of accounting based on EBIT. With regard to the number of employees, a further slight decrease in the number of employees is expected. The development of the Company is thus largely dependent on the development of costs as well as on the development of TCS.

Therefore, the forecast of TCS is discussed in the following:

In order to achieve growth above the industry average in fiscal year 2023/24 and in subsequent years, management plans to position its services and solutions with new customers and to develop new business areas with existing customers, in line with the above approach. In Germany, investments were made in the TCS Enterprise Cloud and in digital services. Both areas offer the company meaningful opportunities to develop new services and solutions. The Company plans to continue to target the SME segment in Germany, which has proven successful and will be further expanded.

Based on the current forecasts for the company, we expect our key figures for sales and earnings before taxes to continue at the current level with a corresponding impact on operating profit in 2023/2024.

### 2. Risk report

Industry-specific risks

Here again, reference is made to the risks of TCS. In general, customers' willingness to invest is influenced by the overall economic development in the respective countries or in Europe as a whole, as well as by their confidence in a positive economic development. As the Company generates the majority of its sales in Germany, the development of the German economy is decisive for the Company's growth. Based on current knowledge, the Company considers the risk to be low.

Income-related risks

Based on the cost-plus method, no significant risks are seen here, with the exception of potential interest charges in connection with pension provisions.

Financial risks

Foreign currency risks arise in particular from the conclusion of transactions in US dollars and other foreign currencies. A weakening of the dollar or other foreign currencies against the euro could therefore lead to foreign currency losses. The risk is considered to be low. The interest rate risks arising from pension commitments are to be offset by covering them with securities.

## Management report for the business

Reference is again made here to the financial risks of TCS: At TCS, default and liquidity risks are limited by the selection of customers and close cooperation in payment transactions between sales and administration within the framework of a functioning dunning system. TCS has a solvent and creditworthy customer base. Bad debt losses are the absolute exception. In addition, there is a long-standing cooperation with the majority of customers. In this respect, we consider the financial risk of a liquidity bottleneck, in particular due to possible late payments to us by our sister company TCS, to be low.

Management does not see any risks that could jeopardize the Company's ability to continue as a going concern.

Impact of the war in Ukraine

The company does not have any business exposure to either Ukraine or Russia markets.

**3. Opportunities**

TCS forecasts are again used for the opportunities report:

TCS' ability to generate growth and maintain economic momentum is linked to its ability to consistently meet customers' ever-changing business needs and help them transform by deploying new digital technologies in their businesses. TCS Enterprise Cloud and Digital Services & Solutions continue to offer significant growth opportunities in the market. In addition, new business areas are to be developed, expanded and marketed to both existing and new customers (including German SMEs). Based on current knowledge, TCS assesses the opportunities as medium.

Frankfurt am Main, 5 May 2023

| S. Chapalapalli | Pradeep Gaitonde |
|---|---|
| (Managing Director) | (Managing Director) |

# General Engagement Terms

**[German Public Auditors and Public Audit Firms] as of January 1, 2017**

## 1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

## 2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

## 3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

## 4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

## 5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of theGerman Public Auditor outside of the engagement are always non-binding.

## 6 Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for

the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

## 7 Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (Textform) [Translators Note: The German term "Textform" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

## 8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: Handelsgesetzbuch], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: Wirtschaftsprüferordnung], § 203 StGB [German Criminal Code: Strafgesetzbuch]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

## 9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: Produkthaftungsgesetz], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event theclaim against the German Public Auditor is limited to € 5 million. Thelimitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

## 10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report. If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) lf the German Public Auditor revokes the auditor's report, it may no longer be used. lf the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

## 11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

## 12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (Textform) accordingly.

## 13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

## 14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (Verbraucherschlichtungsstelle) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

## 15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

# TCS Technology Solutions AG, Bonn

## REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGMENT REPORT

**For the financial year ended December 31, 2022**

The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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# INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors**
**TCS Technology Solutions AG**

**Report on the Financial Statements**

We have reviewed the accompanying Condensed Financial Statements of TCS Technology Solutions AG (The Company), which comprise condensed balance sheet as on 31st December 2022, the condensed statement of profit & loss and condensed statement of cash flows flow for the year ended on 31st December 2022, and the statement of accounting policies and related notes to the condensed financial statements.

## Management's Responsibility for separate Financial Statements

The Company's management is responsible for the preparation and fair presentation of these condensed financial statements in accordance with the India Accounting Standards (referred to as "IND AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (India Accounting Standards) Rules as amended from time to time; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express a conclusion on the accompanying condensed financial statements. Based on our review, we express moderate assurance as to whether the said Financial Statements of The Company if free from any material misstatement. A review is limited primarily to the enquiries with concerned employees of the company and analytical procedures applied to financial data thus provided less assurance than audit. We have not performed an audit and accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not give a true and fair view of (or present fairly, in all material respects) the financial position of the company as at 31st December, 2022, and of its financial performance and the cash flows for the year ended on 31st December, 2022, in accordance with the Accounting Standards referred to in the Companies Act, 2013 and other accounting principles generally accepted in India .

## Other Matters

Previous figures for the year ended for December 2021 have been taken as per Financial Statements considered by the management for the consolidation of Audited Ind AS consolidated Financial Statements of parent Company; TATA Consultancy Services Ltd.; for the year ended December 2021.
Restriction on Distribution and Use

These financial statements have been prepared for the limited purpose of consolidated financial statements, to comply with the Section 129(3) of the Companies Act, 2013, of Tata Consultancy Services Limited for the year ended 31st December 2022 in accordance with India Accounting Standards (IND AS). Our report is intended solely for the information and the use of Board of Directors of the company and Tata Consultancy Services Limited for the preparation of consolidated financial statements as aforesaid and for the use at their annual general meetings for the information of their members. It is not intended to be and should not be used by anyone other than specified parties.

**For K B J & ASSOCIATES**
**(Chartered Accountants)**
**(ICAI Firm Registration No. 114934W)**

**Kaushik B. Joshi**
**Proprietor**
**(ICAI Membership No.48889)**

**Place: Mumbai**
**Date: 6 June 2023**

## Balance sheet

Amount in EUR

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | | **3,058,169** | 7,331,158 |
| (b) Capital work-in-progress | | **983,822** | - |
| (c) Right-of-use Assets | | **4,974,971** | 6,668,824 |
| (d) Intangible assets | | **1,253,061** | 1,807,606 |
| (e) Financial assets | | | |
| (i) Other financial assets | | **47,660** | - |
| (f) Deferred tax assets | | **14,751,633** | 15,341,992 |
| (g) Other assets | | **18,793,069** | - |
| **Total non-current assets** | | **43,862,385** | 31,149,580 |
| **Current assets** | | | |
| (a) Financial assets | | | |
| (i) Trade receivables | | **33,593,841** | 25,604,132 |
| (ii) Cash and cash equivalents | | **106,274,894** | 71,078,032 |
| (iii) Loans receivables | | **188,103** | 179,288 |
| (iv) Other financial assets | | **146,630** | - |
| (v) Inventory | | **92,246** | 92,246 |
| (b) Other assets | | **23,008,051** | 7,746,225 |
| **Total current assets** | | **163,303,765** | 104,699,923 |
| **TOTAL ASSETS** | | **207,166,150** | 135,849,502 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Share capital | | **3,250,000** | 3,250,000 |
| (b) Other equity | | **71,971,644** | 8,724,521 |
| **Equity attributable to shareholders of the company** | | **75,221,644** | 11,974,521 |
| **Total Equity** | | **75,221,644** | 11,974,521 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease Liability | | **3,617,526** | 5,458,475 |
| (ii) Employee benefit obligations | | **5,863,718** | 16,041,345 |
| **Total non-current liabilities** | | **9,481,244** | 21,499,820 |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease Liability | | **1,833,788** | 1,358,664 |
| (ii) Trade payables | | **34,399,649** | 12,306,162 |
| (iii) Other financial liabilities | | **7,816,573** | 8,354,586 |
| (b) Unearned and deferred revenue | | **60,409,750** | 71,897,165 |
| (c) Income tax liabilities (net) | | **8,376,810** | 1,021,430 |
| (d) Employee benefit obligations | | **1,693,951** | 2,413,372 |
| (e) Other liabilities | | **7,932,741** | 5,023,783 |
| **Total current liabilities** | | **122,463,262** | 102,375,162 |
| **TOTAL EQUITY AND LIABILITIES** | | **207,166,150** | 135,849,502 |

As per our report of even date attached

**For KBJ & Associates**
*Chartered Accountants*
Firm registration no.114934W

**Kaushik B. Joshi**
Proprietor
Membership number: 48889
Mumbai, June 6, 2023

For and on behalf of the Board of Directors
of **TCS Technology Solutions AG**

**Prithwis Chandra Ray**
Director
Amsterdam, Netherlands

**Niraj Sanghvi**
Director
Frankfurt, Germany

## Statement of Profit and Loss

Amount in EUR

| | Note | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|---|
| I. Revenue | | **208,053,262** | 199,163,151 |
| II. Other income | | **199,674** | 310,540 |
| **III. TOTAL INCOME** | | **208,252,936** | 199,473,691 |
| IV. **Expenses** | | | |
| (a) Employee benefit expenses | | **119,387,378** | 130,853,869 |
| (b) Cost of equipment and software licences | | **2,940,133** | - |
| (c) Depreciation and amortisation expenses | | **7,360,913** | 7,571,638 |
| (d) Other expenses | | **33,206,343** | 48,139,179 |
| (e) Finance costs | | **202,308** | 819,219 |
| **TOTAL EXPENSES** | | **163,097,075** | 187,383,906 |
| **V. PROFIT BEFORE TAX** | | **45,155,861** | 12,089,785 |
| VI. **Tax expenses** | | | |
| (a) Current tax | | **7,355,380** | 1,021,430 |
| (b) Deferred tax | | **(465,184)** | (433,986) |
| **TOTAL TAX EXPENSES** | | **6,890,196** | 587,443 |
| **VII. PROFIT FOR THE YEAR** | | **38,265,666** | 11,502,342 |
| VIII. Other comprehensive income | | **2,145,009** | (21,144,140) |
| **IX. TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR** | | **40,410,675** | (9,641,798) |
| Earnings per equity share:- Basic and diluted (EUR) | | **59** | 18 |
| Weighted average number of equity shares | | **650,000** | 650,000 |

As per our report of even date attached

**For KBJ & Associates**
*Chartered Accountants*
Firm registration no.114934W

**Kaushik B. Joshi**
Proprietor
Membership number: 48889
Mumbai, June 6, 2023

For and on behalf of the Board of Directors
of **TCS Technology Solutions AG**

**Prithwis Chandra Ray**
Director
Amsterdam, Netherlands

**Niraj Sanghvi**
Director
Frankfurt, Germany



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## Statement of Changes in Equity

### A. EQUITY SHARE CAPITAL

Amount in EUR

| Balance as at January 1, 2021 | Change in Equity share capital during the year | Balance as at December 31, 2021 |
|---|---|---|
| 3,250,000 | - | 3,250,000 |

Amount in EUR

| Balance as at January 1, 2022 | Change in Equity share capital during the year | Balance as at December 31, 2022 |
|---|---|---|
| **3,250,000** | **-** | **3,250,000** |

### B. OTHER EQUITY

Amount in EUR

| | Reserves and surplus | |
|---|---|---|
| | Retained earnings | Total equity |
| **Balance as at January 1, 2021** | 18,366,319 | 18,366,319 |
| Profit for the year | (9,641,798) | (9,641,798) |
| **Balance as at December 31, 2021** | 8,724,521 | 8,724,521 |
| **Balance as at January 1, 2022** | **8,724,521** | **8,724,521** |
| Profit for the Period | **40,410,675** | **40,410,675** |
| Gain on transfer of CTA | **22,836,448** | **22,836,448** |
| **Balance as at December 31, 2022** | **71,971,644** | **71,971,644** |

As per our report of even date attached

**For KBJ & Associates**
*Chartered Accountants*
Firm registration no.114934W

**Kaushik B. Joshi**
Proprietor
Membership number: 48889
Mumbai, June 6, 2023

For and on behalf of the Board of Directors
of **TCS Technology Solutions AG**

**Prithwis Chandra Ray**
Director
Amsterdam, Netherlands

**Niraj Sanghvi**
Director
Frankfurt, Germany

## Statement of Cash flows

Amount in EUR

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **I. CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit/(loss) before tax | **4,51,55,861** | 1,20,89,785 |
| Depreciation | **73,60,913** | 75,71,638 |
| Interest Received | **(2,68,820)** | - |
| Other Income | **(2,630)** | (3,21,199) |
| Loss on Sale of Asset | **32,711** | 258 |
| Finance Cost | **2,02,308** | 8,19,219 |
| **Operating profit/(loss) before working capital changes** | **5,24,80,343** | 2,01,59,701 |
| Net Change in: | | |
| Trade receivables | **(79,89,710)** | (2,55,06,133) |
| Other assets | **(3,40,54,895)** | 1,24,16,775 |
| Loans | **(8,815)** | (1,79,288) |
| Other Financial Assets | **(1,94,290)** | - |
| Trade payables | **2,20,93,487** | (27,20,838) |
| Other financial liabilities | **(5,38,013)** | 83,54,586 |
| Unearned and deferred revenue | **(1,14,87,415)** | (3,17,88,835) |
| Employee benefit obligations | **1,40,84,410** | (8,70,95,910) |
| Other liabilities and provisions | **29,08,957** | (2,71,80,217) |
| **Cash generated from operations** | **3,72,94,060** | (13,35,40,157) |
| Taxes paid (net of refund) | **10,55,543** | (20,72,005) |
| **Net cash generated from operating activities** | **3,83,49,603** | (13,56,12,163) |
| **II. CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of Property, Plant and Equipment | **(20,83,094)** | (12,92,946) |
| Disposal of Property, Plant and Equipment | **9,58,036** | - |
| Interest Received | **2,68,820** | - |
| Purchase of Intangibles | **(7,31,000)** | - |
| Other Income | **2,630** | 3,21,199 |
| **Net cash used in investing activities** | **(15,84,608)** | (9,71,747) |
| **III. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Repayment of principal Lease | **(13,65,825)** | - |
| Repayment of Interest Lease | **(79,122)** | (7,161) |
| Bank Interest | **(1,21,651)** | (6,04,558) |
| Other Interest | **(1,535)** | (2,00,339) |
| **Net cash used in Financing activities** | **(15,68,133)** | (8,12,058) |
| **Net change in cash and cash equivalents** | **3,51,96,862** | (13,73,95,968) |
| **cash and cash equivalent at the beginning of the period** | **7,10,78,032** | 20,84,74,000 |
| **cash and cash equivalent at the end of the period** | **10,62,74,894** | 7,10,78,032 |

As per our report of even date attached

**For KBJ & Associates**
*Chartered Accountants*
Firm registration no.114934W

**Kaushik B. Joshi**
Proprietor
Membership number: 48889
Mumbai, June 6, 2023

For and on behalf of the Board of Directors
of **TCS Technology Solutions AG**

**Prithwis Chandra Ray**
Director
Amsterdam, Netherlands

**Niraj Sanghvi**
Director
Frankfurt, Germany

## Notes forming part of the Financial Statement

## 1. CORPORATE INFORMATION

TCS Technology Solutions AG is an IT service provider that provides project management, application management and infrastructure support services.

The Company is incorporated in Germany with registered office at Bundeskanzlerplatz 4, 53113 Bonn, Germany. Tata Consultancy Services Netherlands B.V, the holding company acquired 100% of the company's equity share capital on 1st January 2021.

## 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time. This special purpose financial statements have been prepared for Tata Consultancy Services Limited (Ultimate Holding Company) under the requirement of Section 129(3) of the Companies Act, 2013('the Act').

## 3. BASIS OF PREPARATION

These special purpose financial statements have been presented in EURO which is the functional currency of the Company. These special purpose financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in division II of Schedule III to the Company's Act, 2013. Based on the nature of services rendered to customer and time elapsed between deployment of resources and realisation in cash and cash equivalents of the consideration for such a services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under Indirect method.

## 4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements is in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

**a) Revenue recognition**

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

## Notes forming part of the Financial Statement

- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**b) Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**c) Impairment of investments in subsidiaries**

The Company reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**d) Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**e) Provisions of Income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period

**f) Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**g) Employee benefits**

The accounting of employee benefit plan is in the nature of defined contribution and have been explained under employee benefits note.

**h) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## 5. RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

**Ind AS 103 – Reference to Conceptual Framework**

The amendments specifiy that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements.

**Ind As 106- Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

## Notes forming part of the Financial Statement

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

**Investment in subsidiaries**

Investment in subsidiaries are measured at cost less impairment loss, if any.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

# TCS URUGUAY S.A.

## FINANCIAL STATEMENTS

**For the year ended**
**December 31st, 2022**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

# INDEPENDENT AUDITORS' REPORT

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF**
**TCS URUGUAY S.A.**

## Opinion

We have audited the financial statements of TCS Uruguay S.A. (the "Company"), which comprise the statement of financial position as of December 31st, 2022, the statements of profit or loss and other comprehensive income, changes in equity and 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 present fairly, in all material respects, the financial position of TCS Uruguay S.A. as of December 31st, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uruguay, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether TCS Uruguay S.A.'s financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 auditor's 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 auditor's 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 communicated with those charged with governance 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 identified during our audit.

Montevideo, Uruguay

Mach 16th, 2023

## Statement of Financial Position

(Uruguayan Pesos)

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 8 (a) | **116.203.245** | 123.902.435 |
| Trade receivables | | | |
| Billed | 8 (c) | **608.906.213** | 462.705.582 |
| Unbilled | | **103.429.281** | 54.260.580 |
| Other financial assets | 8 (d) | **44.806.499** | 39.801.236 |
| Income tax assets (net) | | **-** | 8.015.838 |
| Other assets | 10 (c) | **94.525.316** | 36.581.204 |
| **Total current assets** | | **967.870.554** | 725.266.875 |
| **Non-current assets** | | | |
| Trade receivables | | | |
| Unbilled | | **310.321** | - |
| Investments | 8 (b) | **354.289.584** | 520.944 |
| Other financial assets | 8 (d) | **55.526.705** | 20.603.270 |
| Income tax assets (net) | | **44.090.853** | - |
| Deferred tax assets (net) | 14 | **280.568** | 5.542.958 |
| Property, plant and equipment | 10 (a) | **110.713.558** | 115.393.157 |
| Right-of-use assets | 9 | **11.327.243** | 37.078.727 |
| Intangible assets | 10 (b) | **32.035** | 69.477 |
| Other assets | 10 (c) | **245.327** | - |
| **Total non-current assets** | | **576.816.194** | 179.208.533 |
| **TOTAL ASSETS** | | **1.544.686.748** | 904.475.408 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade payables | 8 (e) | **32.463.127** | 28.575.411 |
| Borrowings | | **80.142.000** | - |
| Lease liabilities | | **17.331.155** | 38.549.888 |
| Other financial liabilities | 8 (f) | **32.996.559** | 18.700.198 |
| Unearned and deferred revenue | 11 | **55.257.080** | 37.835.143 |
| Employee benefit obligations | 15 | **228.015.564** | 169.642.552 |
| Provisions | | **-** | 11.267.060 |
| Other liabilities | 10 (d) | **86.799.367** | 67.293.299 |
| **Total current liabilities** | | **533.004.852** | 371.863.551 |
| **Non-current liabilities** | | | |
| Lease liabilities | | **-** | 15.119.893 |
| **Total non-current liabilities** | | **-** | 15.119.893 |
| **TOTAL LIABILITIES** | | **533.004.852** | 386.983.444 |
| **Equity** | | | |
| Share Capital | 8 (j) | **540.000** | 540.000 |
| Legal Reserves | | **108.000** | 108.000 |
| Other equity | | **(2.069.390)** | (2.069.390) |
| Retained Earnings | | **1.013.103.286** | 518.913.354 |
| **TOTAL EQUITY** | | **1.011.681.896** | 517.491.964 |
| **TOTAL LIABILITIES AND EQUITY** | | **1.544.686.748** | 904.475.408 |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.**

## Statement of Profit or Loss and Other Comprehensive Income

(Uruguayan Pesos)

| | Notes | For the year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|---|
| **Revenues** | | | |
| Consultancy services | 11 | **3.269.277.594** | 2.026.171.414 |
| **TOTAL REVENUES** | | **3.269.277.594** | 2.026.171.414 |
| **Operating expenses** | | | |
| Employee benefits expenses | 15 | **2.427.595.063** | 1.313.201.709 |
| Depreciation and amortisation expense | 9 and10 & 11 | **94.823.333** | 64.615.338 |
| Other operating expenses | 12 | **163.124.789** | 125.435.349 |
| **TOTAL OPERATING EXPENSES** | | **2.685.543.185** | 1.503.252.396 |
| **Operating profit** | | **583.734.409** | 522.919.018 |
| **Other income / (expense)** | | | |
| Finance and other income | 13(a) | **4.368.982** | 1.416.544 |
| Finance costs | 13(b) | **(7.286.484)** | (2.165.604) |
| Other gains / (losses) net | 13(c) | **(70.365.380)** | 3.038.661 |
| **OTHER INCOME / (EXPENSE), NET** | | **(73.282.882)** | 2.289.601 |
| **Profit before Taxes** | | **510.451.527** | 525.208.619 |
| Income tax expense | 14 | **16.261.595** | 35.693.924 |
| **Profit for the year** | | **494.189.932** | 489.514.695 |
| **OTHER COMPREHENSIVE INCOME (OCI):** | | | |
| Other comprehensive income | | **-** | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **494.189.932** | 489.514.695 |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.**

## Statement of Changes in Equity
## for the year ended December 31, 2022

(Uruguayan Pesos)

| | Equity share capital | Legal reserves | Other equity | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Balance as of April 1, 2021** | 540.000 | 108.000 | (2.069.390) | 579.451.159 | 578.029.769 |
| Profit for the year | - | - | - | 489.514.695 | 489.514.695 |
| **Total comprehensive income / (losses)** | - | - | - | 489.514.695 | 489.514.695 |
| Dividend (Note 5) | - | - | - | (550.052.500) | (550.052.500) |
| **Balance as of December 31, 2021** | 540.000 | 108.000 | (2.069.390) | 518.913.354 | 517.491.964 |
| **Balance as of January 1, 2022** | **540.000** | **108.000** | **(2.069.390)** | **518.913.354** | **517.491.964** |
| Profit for the year | **-** | **-** | **-** | **494.189.932** | **494.189.932** |
| Total comprehensive income / (losses) | **-** | **-** | **-** | **494.189.932** | **494.189.932** |
| Dividend (Note 5) | **-** | **-** | **-** | **-** | **-** |
| **Balance as of December 31, 2022** | **540.000** | **108.000** | **(2.069.390)** | **1.013.103.286** | **1.011.681.896** |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.**

## Statement of Cash Flows

(Uruguayan Pesos)

| | Note | For the year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit for the year | | **494.189.932** | 489.514.695 |
| **Adjustments to reconcile Profit or loss to net cash provided by operating activities:** | | | |
| Depreciation and amortisation expense | 9 and10 & 11 | **94.823.333** | 64.615.338 |
| (Gain) / Loss on disposal of property, plant and equipment | 13(c) | **(2.413)** | 12.971 |
| Income tax expense | 14 | **16.261.595** | 35.693.924 |
| Unrealised foreign exchange (gain) / loss | | **36.449.159** | 5.172.641 |
| **Operating profit before capital changes** | | **641.721.606** | 595.009.568 |
| **Net change in:** | | | |
| Trade receivables | | | |
| Billed | | **(146.200.631)** | 42.982.636 |
| Unbilled | | **(49.479.022)** | (6.858.393) |
| Other financial assets | | **(5.034.001)** | (12.060.705) |
| Other assets | | **(58.189.439)** | (11.658.879) |
| Trade and other payables | | **3.887.716** | (1.141.844) |
| Other financial liabilities | | **14.296.361** | (20.947.493) |
| Unearned and deferred revenues | | **17.421.937** | 21.254.257 |
| Provisions | | **(11.267.060)** | 10.505.218 |
| Employee benefit obligations | | **58.373.012** | 34.702.720 |
| Other liabilities | | **19.506.068** | 27.198.276 |
| **Cash generated from operations** | | **485.036.546** | 678.985.362 |
| Taxes paid (net of refunds) | | **(47.074.220)** | (41.540.165) |
| **Net cash provided by operating activities** | | **437.962.326** | 637.445.197 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property and equipment | 10(a) | **(62.897.537)** | (31.340.571) |
| Purchase of investments (*) | | **(353.768.640)** | (444.671) |
| Proceeds from disposal of property, plant and equipment | 10(a) | **28.609** | 52.068 |
| Loan given to Fellow Subsidiary | | **(67.869.000)** | (42.942.750) |
| Repayment of Loan Installment | | **(92.830.000)** | - |
| Loan recovered from fellow subsidiary and parent company | | **27.060.597** | - |
| Loan received from Parent Company | | **186.216.800** | - |
| **Net cash used in investing activities** | | **(364.059.171)** | (74.675.924) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividends paid | 5 | **-** | (550.052.500) |
| Lease liabilities | | **(39.420.547)** | (27.533.567) |
| **Net cash used in financing activities** | | **(39.420.547)** | (577.586.067) |
| Net change in cash and cash equivalents | | **34.482.609** | (14.816.794) |
| Exchange difference on translation of foreign currency cash and cash equivalents | | **(42.181.798)** | (5.715.122) |
| Cash and cash equivalents, beginning of the year | | **123.902.435** | 144.434.351 |
| **Cash and cash equivalents at the end of the year** | 8(a) | **116.203.246** | 123.902.435 |
| **Supplementary cash flow information:** | | | |
| Interest paid | | **7.187.670** | 2.165.604 |
| Interest received | | **1.771.645** | 863.442 |
| Dividend received | | **13** | 17 |

(*) Purchase of investments UYU 353.768.640 in MGDC during the period ended December 31, 2022 and UYU 444.671 in TCS Guatemala S.A. during the period ended December 31, 2021.

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.**

# Notes to the financial statements December 31, 2022

## 1. GENERAL INFORMATION

TCS Uruguay S.A. (the Company) is a private company whose headquarter is located on Monte Caseros 2600, in Montevideo, Uruguay.

The Company is part of a wider economic group, represented by TCS Iberoamerica S.A., therefore, the results of its operations could be affected to operate without this support.

The Company's main activities are the development of software, provision of IT services and process outsourcing services aimed at both local and foreign markets.

The financial statements have been approved by the Entity´s Board of Directors for their issuance on Mach 16th, 2023 and will be submitted to the Shareholders meeting for approval.

## 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") adopted by the International Accounting Standards Board (IASB), translated into Spanish, and interpretations prepared by the Interpretations Committee of the International Financial Reporting Standards or the previous Interpretations Committee, in accordance with the Appropriate Accounting Standards in Uruguay pursuant to Decrees 291/014, 292/014 and 124/011.

## 3. BASIS OF PREPARATION

These financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional currency of the Company is the Uruguayan peso. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

## 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the recognition and measurement principles of International Financial Reporting Standards (IFRS) requires management to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

### a. Revenue Recognition

Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**b. Useful lives of property, plant and equipment and intangibles**

The Company reviews the useful life of property, plant and equipment and intangibles at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**c. Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**d. Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**e. Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**f. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## 5. NATURE AND PURPOSE OF RESERVES

**Legal reserve**

The Legal reserve has reached the maximum amount established by Article 93 of Law 16.060.

**Retained earnings**

On November 12, 2021 it was determined to distribute dividends in advanced for a total of $ 330.727.500 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On July 15, 2021 it was determined to distribute dividends in advanced for a total of $ 219.325.000 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

## Notes to the financial statements December 31, 2022

### 6. REGISTRATION OF FINANCIAL STATEMENTS

According to Decree 156/16 dated May 30, 2016, commercial companies will not be able to distribute dividends as long as they do not comply with the obligation to register, within the established terms, the financial statements to the Auditoría Interna de la Nación (AIN), institution that regulates the commercial companies.

To date, the Company has complied with this obligation for the year ended on December 31, 2021. For the year ended on December 31, 2022 the company has time to comply until June 30, 2023.

### 7. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1] |
| Amendments to IFRS 16 | Lease Liability in a sale and Leaseback[2] |
| Amendments to IAS 1 | Non-current Liabilities with Covenants[2] |

[1]Effective for annual periods beginning on or after January 1, 2023.

[2]Effective for annual periods beginning on or after January 1, 2024.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

**IFRS 16- Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 1 – Non-current Liabilities with Covenants**

In October 2022, IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Company does not expect the amendments to have any significant impact on its classification of non-current liabilities in its statement of financial position.

The company has applied IFRIC 23 effective for annual periods beginning on or after January 1, 2019 as below:

**IFRIC 23 Interpretation Uncertainty over Income Tax Treatment**

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

**Application of IFRIC 23**

The company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no continuous instances of any uncertain tax treatment in the past and on that basis, it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

## 8. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company´s obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

## Notes to the financial statements December 31, 2022

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**a. Cash and cash equivalents**

Cash and cash equivalents consist of the following:

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Cash in hand | **30.603** | 24.379 |
| Current account balances with banks | **116.172.642** | 123.878.056 |
| **Total** | **116.203.245** | 123.902.435 |

**b. Investments**

Investments consist of the following:

(Uruguayan Pesos)

| **Investments carried at cost** | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Fully paid equity shares | | |
| i. TCS Argentina S.A. | **3.128** | 3.128 |
| ii. TCS Inversions Chile Ltda. | **29** | 29 |
| iii. MGDC S.C. | **353.841.756** | 73.116 |
| iv. TCS Guatemala S.A. | **444.671** | 444.671 |
| **Total Investments - Non current** | **354.289.584** | 520.944 |

## c. Trade receivables-Billed

Trade receivables- Billed consist of the following:

(Uruguayan Pesos)

| Trade receivables – Billed - Current | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade receivables - Billed | **639.697.639** | 476.704.945 |
| Less: Provision for volume discount | **(30.791.426)** | (13.999.363) |
| **Total** | **608.906.213** | 462.705.582 |

Trade receivables- Billed include balances with related parties amounting to UYU 622.418.996 and UYU 465.361.951 for the period ended on December 31,2022 and December 31, 2021 respectively. (Refer note 17)

## d. Other financial assets

Other financial assets consist of the following:

(Uruguayan Pesos)

| Other financial assets – Current | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Employee advances (*) | **14.807.859** | 12.739.319 |
| Loan to related parties | **22.945.616** | 26.817.000 |
| Deposits for premises | **4.823.815** | - |
| Accrued Interest | **2.189.138** | 200.222 |
| Others | **40.071** | 44.695 |
| **Total** | **44.806.499** | 39.801.236 |

(*) Include recoverable advances to foreign employees deputed in Uruguay.

(Uruguayan Pesos)

| Other financial assets – Non-current | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Deposits for premises | **-** | 3.842.645 |
| Loan to related parties | **55.526.705** | 16.760.625 |
| **Total** | **55.526.705** | 20.603.270 |

## e. Trade Payables

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade payables | **17.621.525** | 18.502.462 |
| Accrued expenses | **14.841.602** | 10.072.949 |
| **Total** | **32.463.127** | 28.575.411 |

## Notes to the financial statements December 31, 2022

### f. Other financial liabilities

Other financial liabilities consist of the following:

(Uruguayan Pesos)

| Other financial liabilities – Current | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Accrued payroll | **24.223.981** | 17.601.428 |
| Capital Creditors | **7.342.763** | 4.270 |
| Security Deposits | **1.331.000** | 1.094.500 |
| **Total** | **32.996.559** | 18.700.198 |

### g. Financial instruments by category

The carrying value of financial instruments by categories as at December 31, 2022 is as follows:

(Uruguayan Pesos)

| | Amortized cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **116.203.245** | **116.203.245** |
| Trade receivables | | |
| Billed | **608.906.213** | **608.906.213** |
| Unbilled | **103.739.602** | **103.739.602** |
| Other financial assets | **100.333.204** | **100.333.204** |
| **Total** | **929.182.264** | **929.182.264** |
| **Financial liabilities** | | |
| Trade payables | **32.463.127** | **32.463.127** |
| Borrowings | **80.142.000** | **80.142.000** |
| Lease liability | **17.331.155** | **17.331.155** |
| Other financial liabilities | **32.996.559** | **32.996.559** |
| **Total** | **162.932.841** | **162.932.841** |

The carrying value of financial instruments by categories as at December 31, 2021 is as follows:

(Uruguayan Pesos)

| | Amortized cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 123.902.435 | 123.902.435 |
| Trade receivables | | |
| Billed | 462.705.582 | 462.705.582 |
| Unbilled | 54.260.580 | 54.260.580 |
| Other financial assets | 60.404.506 | 60.404.506 |
| **Total** | 701.273.103 | 701.273.103 |
| **Financial liabilities** | | |
| Trade payables | 28.575.411 | 28.575.411 |
| Lease Liabilities | 53.669.781 | 53.669.781 |
| Other financial liabilities | 18.700.198 | 18.700.198 |
| **Total** | 100.945.390 | 100.945.390 |

Carrying amounts of cash and cash equivalents, trade receivables and trade payables as at December 31, 2022 and December 31, 2021 approximate the fair value. Difference between carrying amounts and fair values of other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented. Fair value measurement of lease liabilities is not required.

**h. Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**i. Financial risk management**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments.

***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company´s exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10 percentage against the respective functional currency of the Company.

The following analysis has been worked out based on the net exposures for Company as at the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to unhedged foreign currency exposure as at December 31, 2022 and 2021:

(Uruguayan Pesos)

| **December 2022** | **USD** | **GBP** | **EUR** | **AUD** | **CAD** | **BRL** | **DKK** | **CHF** | **MXN** |
|---|---|---|---|---|---|---|---|---|---|
| Net financial assets | **833.297.634** | **5.281.963** | **93.233.906** | **315.623** | **22.168.255** | **590.485** | **141** | **18.930.477** | **8.491.890** |
| Net financial liabilitites | **101.293.569** | **151.757** | **(366)** | **(3.841)** | **343.566** | **(0)** | **0** | **-** | **-** |

(Uruguayan Pesos)

| December 2021 | USD | GBP | EUR | AUD | CAD | BRL | DKK |
|---|---|---|---|---|---|---|---|
| Net financial assets | 643.627.933 | 10.662.199 | 7.417.791 | 340.799 | 8.528.840 | 2.929.488 | (4.718) |
| Net financial liabilitites | 29.419.371 | 263.881 | 297.604 | (4.563) | 9.821 | - | - |

10 percentage appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before taxes by approximately UYU 88.052.569 for the period ended December 31, 2022 and UYU 64.351.622 for the period ended December 31, 2021 respectively.

- **Interest rate risk**

The Company is not exposed to interest rate risk.

## Notes to the financial statements December 31, 2022

***Credit risk***

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, and other financial assets. Cash and cash equivalents include an amount of held with a bank UYU 116.172.642 having high quality credit rating which are individually in excess of 10 percentage or more of the Company's total cash and cash equivalents as at 31st December, 2022 (UYU 123.878.056 as at 31st December, 2021). None of the other financial instruments of the Company result in material concentration of credit risk.

- **Exposure to credit risk**

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was UYU 1.017.831.653 and UYU 731.769.773 as at December 31, 2022 and December 31, 2021 respectively, being the total of the carrying amount of balances with banks, trade receivables, contract assets and other financial assets.

Company's exposure to customers is diversified, and single customer which contributes individually to more than 10 percentage of outstanding trade receivable and contract assets as at December 31, 2022 and December 31, 2021, respectively are as follows:

| | As at December 31, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|
| | Total trade receivables and contract assets | Percentage | Total trade receivables and contract assets | Percentage |
| Customer A | **629.411.173** | **79** | 527.447.170 | 92 |

**Geographic concentration of credit risk**

Geographic concentration of trade receivables (gross and net of allowances) and contract assets is as follows:

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| | **Net %** | Net % |
| Americas | **83** | 91 |
| Europe | **15** | 4 |
| Others | **2** | 5 |
| | **100** | 100 |

Geographical concentration of trade receivables and contract assets is allocated based on the location of the customers.

***Liquidity risk***

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(Uruguayan Pesos)

| December 31, 2022 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | **32.463.127** | **-** | **-** | **-** | **32.463.127** |
| Lease liability (*) | **17.647.245** | **-** | **-** | **-** | **17.647.245** |
| Other financial liabilities | **32.996.559** | **-** | **-** | **-** | **32.996.559** |
| **Total** | **83.106.931** | **-** | **-** | **-** | **83.106.931** |

(Uruguayan Pesos)

| December 31, 2021 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | 28.575.411 | - | - | - | 28.575.411 |
| Lease liabilities (*) | 40.034.305 | 15.395.625 | - | - | 55.429.930 |
| Other financial liabilities | 18.700.199 | - | - | - | 18.700.199 |
| **Total** | 87.309.915 | 15.395.625 | - | - | 102.705.540 |

(*) Amounts are presented at nominal value and not book value.

**j. Equity instruments**

The authorised, issued, subscribed and fully paid up share capital consists of the following:

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Authorised** | | |
| Outstanding balance of equity shares of uruguayan pesos 1 each (540.000 shares) | **540.000** | 540.000 |
| **Total** | **540.000** | 540.000 |
| **Issued, Subscribed and Fully paid up** | | |
| Outstanding balance of equity shares of uruguayan pesos 1 each (540.000 shares) | **540.000** | 540.000 |
| **Total** | **540.000** | 540.000 |

**Details of shares held by shareholders in the Company Equity Shares.**

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **TCS Iberoa merica S.A. (Holding Company)** | **540.000** | 540.000 |
| **% Holding in class** | **100%** | 100% |

Fully paid equity shares, which have a par value of 540.000 Uruguayan pesos (UYU 1 each) carry one vote per share and have a right to dividend. In the event of liquidation of the Company, the holders of shares are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding

## Notes to the financial statements December 31, 2022

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

## 9. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The details of the right-of-use asset held by the Company is as follows:

(Uruguayan Pesos)

| | Additions for year ended December 31, 2022 | Net carrying amount as on December 31, 2022 |
|---|---|---|
| Buildings | **1.483.466** | **11.327.243** |
| **Total** | **1.483.466** | **11.327.243** |

(Uruguayan Pesos)

| | Addition for the year ended December 31, 2021 | Net carrying amount as on December 31, 2021 |
|---|---|---|
| Buildings | - | 37.078.727 |
| **Total** | - | 37.078.727 |

Depreciation on right-of-use asset is as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Buildings | **27.234.951** | 19.430.833 |
| **Total** | **27.234.951** | 19.430.833 |

Interest on lease liabilities are UYU 1.573.838 and UYU 2.165.604 for the period ended on December 31, 2022 and December 31, 2021 respectively.

The Company incurred UYU Nil and UYU Nil for the period ended December 31, 2022 and December 31, 2021 towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow are UYU 41.730.509 and UYU 30.035.778 for the period ended December 31, 2022 and December 31, 2021 respectively for long term and short term leases.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

## 10. NON-FINANCIAL ASSETS AND LIABILITIES

### a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of asset | Useful lives |
|---|---|
| Leasehold improvements | Lease term |
| Computer equipment | 4 years |
| Furniture, fixtures, office equipment and other assets | 4-10 years |

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

## Notes to the financial statements December 31, 2022

Property, plant and equipment consist of the following:

(Uruguayan Pesos)

| | Leasehold improvements | Computer equipments | Furniture & fixtures | Office equipments | Electrical Installations | Automobiles | Total |
|---|---|---|---|---|---|---|---|
| **Gross block as of December 31, 2021** | **224.516.685** | **139.665.948** | **38.874.324** | **16.126.225** | **1.781.054** | **-** | **420.964.236** |
| Purchases | **-** | **47.013.011** | **1.839.169** | **4.117.947** | **-** | **-** | **52.970.127** |
| Disposals | **-** | **(42.446)** | **-** | **-** | **-** | **-** | **(42.446)** |
| **Gross block as of December 31, 2022** | **224.516.685** | **186.636.513** | **40.713.493** | **20.244.172** | **1.781.054** | **-** | **473.891.917** |
| **Accumulated depreciation as of December 31, 2021** | **179.082.252** | **77.538.382** | **34.294.048** | **13.516.997** | **1.420.294** | **-** | **305.851.973** |
| Disposals | **-** | **(16.250)** | **-** | **-** | **-** | **-** | **(16.250)** |
| Depreciation for the year | **34.150.891** | **29.384.375** | **2.250.814** | **1.584.480** | **180.380** | **-** | **67.550.940** |
| **Accumulated depreciation as of December 31, 2022** | **213.233.143** | **106.906.507** | **36.544.862** | **15.101.477** | **1.600.673** | **-** | **373.386.663** |
| **Net carrying amount as of December 31, 2022** | **11.283.542** | **79.730.006** | **4.168.631** | **5.142.695** | **180.381** | **-** | **100.505.254** |
| Capital work-in-progress | **-** | **5.842.772** | **-** | **4.365.532** | **-** | **-** | **10.208.304** |
| **Total** | | | | | | | **110.713.558** |

(Uruguayan Pesos)

| | Leasehold improvements | Computer equipments | Furniture & fixtures | Office equipments | Electrical Installations | Automobiles | Total |
|---|---|---|---|---|---|---|---|
| **Gross block as of March 31, 2021** | 224.516.685 | 110.694.480 | 38.856.046 | 14.131.251 | 1.781.054 | - | 389.979.516 |
| Purchases | - | 29.082.548 | 23.107 | 1.994.974 | - | - | 31.100.629 |
| Disposals | - | (111.080) | (4.829) | - | - | - | (115.909) |
| **Gross block as of December 31, 2021** | 224.516.685 | 139.665.948 | 38.874.324 | 16.126.225 | 1.781.054 | - | 420.964.236 |
| **Accumulated depreciation as of March 31, 2021** | 153.202.600 | 61.858.862 | 32.192.638 | 12.244.284 | 1.284.391 | - | 260.782.775 |
| Disposals | - | (49.397) | (1.473) | - | - | - | (50.870) |
| Depreciation for the year | 25.879.652 | 15.728.917 | 2.102.883 | 1.272.713 | 135.903 | - | 45.120.068 |
| **Accumulated depreciation as of December 31, 2021** | 179.082.252 | 77.538.383 | 34.294.048 | 13.516.997 | 1.420.294 | - | 305.851.973 |
| **Net carrying amount as of December 31, 2021** | 45.434.433 | 62.127.565 | 4.580.276 | 2.609.228 | 360.760 | - | 115.112.263 |
| Capital work-in-progress | - | 276.916 | 22 | 3.956 | - | - | 280.894 |
| **Total** | | | | | | | 115.393.157 |

**b. Other intangible assets**

Intangible assets purchased including acquired in business combination, are measured at cost as at the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences.

Following table summarises the nature of intangibles and their estimated useful lives:

| Type of asset | Useful lives |
|---|---|
| Rights under licensing agreement and software licences | Lower of licence period and 2-5 years |

Intangible assets are amortised on a straight line basis over the period of its economic useful life.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

Intangible assets consist of the following:

**Intangible assets**

(Uruguayan Pesos)

| | Software Licences |
|---|---|
| **Gross block as of December 31, 2021** | **342.102** |
| Purchases | **-** |
| Disposals | **-** |
| **Gross block as of December 31, 2022** | **342.102** |
| **Accumulated depreciation as of December 31, 2021** | **272.625** |
| Disposals | **-** |
| Depreciation for the year | **37.442** |
| **Accumulated depreciation as of December 31, 2022** | **310.067** |
| **Net carrying amount as of December 31, 2022** | **32.035** |

(Uruguayan Pesos)

| | Software Licences |
|---|---|
| **Gross block as of March 31, 2021** | 1.645.249 |
| Purchases | - |
| Disposals | (1.303.146) |
| **Gross block as of December 31, 2021** | 342.102 |
| **Accumulated depreciation as of March 31, 2021** | 1.511.334 |
| Disposals | (1.303.146) |
| amortisation for the year | 64.437 |
| **Accumulated depreciation as of December 31, 2021** | 272.625 |
| **Net carrying amount as of December 31, 2021** | 69.477 |

## Notes to the financial statements December 31, 2022

The estimated amortisation for the years subsequent to December 31, 2022 is as follows:

**Intangible assets**

(Uruguayan Pesos)

| | |
|---|---|
| 2023 | **6.339** |
| 2024 | **15.324** |
| 2025 | **10.372** |
| **Total** | **32.035** |

**c. Other assets**

Other assets consist of the following:

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Prepaid expenses | **100.046** | 208.465 |
| Advance to suppliers | **878.668** | 2.782.159 |
| Tax credit | **5.113.750** | 3.088.133 |
| Contract assets | **88.404.062** | 30.496.670 |
| Others | **28.790** | 5.777 |
| **Total** | **94.525.316** | 36.581.204 |

**Other non current assets**

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Contract assets | **245.327** | - |
| **Total** | **245.327** | - |

Refer note 11 for changes in contract assets.

**d. Other liabilities**

Other liabilities consist of the following:

**Other liabilities – Current**

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Advance received from customers | **-** | - |
| Indirect tax payable and other statutory liabilities | **86.799.367** | 67.293.299 |
| Other current liabilities - Others | **-** | - |
| **Total** | **86.799.367** | 67.293.299 |

## 11. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

## Notes to the financial statements December 31, 2022

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals, and geography.

Revenue disaggregation by nature of services is as follows:

(Uruguayan Pesos)

| | For the year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| Consultancy services | **3.269.277.594** | 2.026.171.414 |
| **Total** | **3.269.277.594** | 2.026.171.414 |

Revenue disaggregation by industry vertical is as follows:

**Industry Vertical**

(Uruguayan Pesos)

| | For the year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| Banking, financial and insurance | **367.062.425** | 232.515.612 |
| Manufacturing | **386.541.722** | 242.054.064 |
| Retail and consumer products | **190.877.145** | 81.845.558 |
| Communication, media and technology | **1.688.190.858** | 1.068.905.781 |
| Life Sciences & Healthcare | **422.001.648** | 285.081.231 |
| Others | **214.603.796** | 115.769.168 |
| **Total** | **3.269.277.594** | 2.026.171.414 |

Revenue disaggregation by geography is as follows:

**Geography**

(Uruguayan Pesos)

| | For the nine months period ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|
| Americas | **2.901.748.047** | 1.888.850.077 |
| Others | **367.529.548** | 137.321.337 |
| **Total** | **3.269.277.595** | 2.026.171.414 |

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is 2.334.449.594 Uruguayan Pesos out of which 50.82 percentage is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Balance at the beginning of the year | **30.496.670** | 22.652.944 |
| Increase due to revenue recognized during the year, excluding amounts billed during the year | **86.493.557** | 25.703.013 |
| Invoice raised that was included in the contract asset balance at the beginning of th period | **(25.791.767)** | (17.884.813) |
| Translation exchange difference | **(2.549.071)** | 25.526 |
| **Total** | **88.649.389** | 30.496.670 |

Changes in unearned and deferred revenue (contract liabilities) are as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Balance at the beginning of the year | **37.835.143** | 16.580.886 |
| Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year. | **(34.329.391)** | (16.187.830) |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year. | **54.647.248** | 36.714.393 |
| Translation exchange difference | **(2.895.920)** | 727.694 |
| **Total** | **55.257.080** | 37.835.143 |

## Notes to the financial statements December 31, 2022

### 12. OPERATING EXPENSES RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories:

The costs of the Company are broadly categorized into employee benefits expenses, depreciation and amortization and other operating expenses. Employee benefits expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses, travel expenses, communication expenses, and other expenses.

(Uruguayan Pesos)

| **Other operating expenses** | **Year ended December 31, 2022** | **Nine months period ended December 31, 2021** |
|---|---|---|
| Communication | **13.466.166** | 10.280.922 |
| Facility Running Expenses | **48.880.849** | 32.928.855 |
| Fees to External consultants | **6.723.722** | 4.172.911 |
| Other Expenses | **43.689.572** | 54.105.320 |
| Travel Expenses | **50.364.480** | 23.947.341 |
| | **163.124.789** | 125.435.349 |

(Uruguayan Pesos)

| **Expenses by function** | **Year ended December 31, 2022** | **Nine months period ended December 31, 2021** |
|---|---|---|
| Cost of revenue | **2.219.043.984** | 1.209.660.184 |
| Selling, general and administrative expenses | **466.499.201** | 293.592.212 |
| | **2.685.543.185** | 1.503.252.396 |

### 13. OTHER INCOME

#### a. Finance and other income

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using effective interest method.

(Uruguayan Pesos)

| | **Year ended December 31, 2022** | **Nine months period ended December 31, 2021** |
|---|---|---|
| Interest revenue - Bank deposits | **671.002** | 865.803 |
| Interest revenue - Other Deposits | **608.406** | 352.921 |
| Interest revenue- loan to related parties ( Refer Note 17) | **3.089.559** | 197.801 |
| Dividends received - Subsidiaries (Refer note 17) | **15** | 19 |
| **Total** | **4.368.982** | 1.416.544 |

### b. Finance costs

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Finance costs - Interest on loans other than banks | **5.712.646** | - |
| Interest on lease liabilities | **1.573.838** | 2.165.604 |
| **Total** | **7.286.484** | 2.165.604 |

### c. Other gains / (losses) net

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Gain/(loss) on disposal of property, plant and equipment | **2.413** | (12.971) |
| Net foreign exchange gains/(losses) | **(70.369.331)** | 2.960.288 |
| Others | **1.538** | 91.344 |
| **Total** | **(70.365.380)** | 3.038.661 |

## 14. INCOME TAXES

### Income Tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that is related to a business combination, or items recognized directly in equity or in other comprehensive income.

### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

### Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

## Notes to the financial statements December 31, 2022

The income tax expense consists of the following:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| **Current income tax expense** | | |
| Domestic | **1.343.730** | 36.415.125 |
| Overseas | **9.655.475** | 2.071.692 |
| | **10.999.205** | 38.486.817 |
| **Deferred income tax expense / (benefit)** | | |
| Domestic | **5.262.390** | (2.792.893) |
| | **5.262.390** | (2.792.893) |
| **Total income tax expense** | **16.261.595** | 35.693.924 |

The reconciliation of income tax expense and book net income is as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| **Income before income taxes** | **510.451.527** | 525.208.619 |
| Federal income tax rate | **25%** | 25% |
| Expected income tax expense | **127.612.882** | 131.302.155 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:** | | |
| Income exempt from tax | **(621.698.433)** | (358.947.049) |
| Tax pertaining to prior years: | | |
| Current Tax | **(4.493.019)** | (62.111) |
| Fixed Assets of SEZ/STP | **(7.843.619)** | (4.016.433) |
| Disallowable expenses: | | |
| Income exempt related disallowed expenses | **533.238.935** | 267.573.563 |
| Other Permanent differences: | | |
| Other adjustments | **(10.555.151)** | (156.201) |
| **Total income tax expense** | **16.261.595** | 35.693.924 |

Significant components of net deferred tax assets and liabilities for the period ended December 31, 2022 are as follows:

(Uruguayan Pesos)

| | Nine months period ended December 31, 2021 | Recognized / reversed through profit or loss | Year ended December 31, 2022 |
|---|---|---|---|
| **Originated by:** | | | |
| Property, plant and equipment | **1.513.528** | **(1.794.120)** | **(280.592)** |
| Lease liabilities | **1.244.793** | **(918.252)** | **326.541** |
| Provisions | **2.784.637** | **(2.550.018)** | **234.619** |
| | **5.542.958** | **(5.262.390)** | **280.568** |

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2021 are as follows:

(Uruguayan Pesos)

| | Year ended March 31, 2021 | Recognized / reversed through profit or loss | Nine months period ended December 31, 2021 |
|---|---|---|---|
| **Originated by:** | | | |
| Property, plant and equipment | 1.814.297 | (300.769) | 1.513.528 |
| Lease liabilities | 676.047 | 568.746 | 1.244.793 |
| Provisions | 259.722 | 2.524.915 | 2.784.637 |
| | 2.750.066 | 2.792.892 | 5.542.958 |

### Investment tax credit

On June 25, 2014 the Ministry of Economy and Finance determined to give a tax benefit to TCS Uruguay S.A. under regulatory Decree 455/07 of Law 16.906 of Promotion and protection of investments. This benefit grants an exemption of 20.277.929 IU from IRAE (Corporate income tax) for 40.71 percentage of the eligible investment to be used in a 6-year term and an exemption from IP (Net worth tax) on movable fixed assets for the whole of their useful lives and on civil works for a term of 8 years.

### Direct Tax Contingencies

There are no contingency in relation to Direct tax matters.

## 15. EMPLOYEE BENEFITS

### Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the date of statement of financial position.

## Notes to the financial statements December 31, 2022

Employee cost consist of the following:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Salaries, incentives and allowances | **2.153.660.589** | 1.167.411.209 |
| Contributions to Provident and Other Funds | **233.681.952** | 126.748.120 |
| Staff Welfare | **40.252.522** | 19.042.380 |
| | **2.427.595.063** | 1.313.201.709 |

Employee benefit obligations consist of the following:

**Employee benefit obligations – Current**

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Benefits to employees | **226.865.078** | 168.539.389 |
| Other employee benefit obligations | **1.150.486** | 1.103.163 |
| **Total** | **228.015.564** | 169.642.552 |

## 16. COMMITMENTS AND CONTINGENCIES

**Capital commitments**

The Company has contractually committed (net of advances) UYU 3.852.731 and UYU 11.239.448 as at December 31, 2022 and December 31, 2021 respectively, for purchase of property, plant and equipment.

**Contingencies**

- **Direct tax matters**

Refer note 14.

- **Indirect tax matters**

There are no contingency in relation to Indirect tax matters.

- **Other claims**

Claims aggregating UYU Nil and UYU 1.321.029 as at December 31, 2022 and December 31, 2021 respectively, against the Company have not been acknowledged as debts.

## 17. RELATED PARTY TRANSACTIONS AND BALANCES

Company's principal related parties consist of its ultimate holding company Tata Consultancy Services Limited and its subsidiaries, affiliates and key managerial personnel. The company's related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

Transactions with related parties are as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| ***Revenue from operations*** | | |
| **Tata Consultancy Services Limited** | **2.706.761.768** | 1.721.799.705 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata America International Corporation | **16** | - |
| Tata Consultancy Services Canada Inc. | **155.690.211** | 118.150.634 |
| Tata Consultancy Services Deutschland GmbH | **88.925.976** | 37.674.339 |
| Tata Consultancy Services Do Brasil Ltda | **13.506.852** | 14.141.629 |
| Tata Consultancy Services France SA | **47.164.295** | 3.421.093 |
| Tata Consultancy Services Switzerland Ltd. | **116.312.520** | 52.666.634 |
| Tata Consultancy Services Netherlands BV | **1.797.137** | 1.031.519 |
| Tata Consultancy Services Argentina S.A. | **3.199.163** | - |
| Tata Consultancy Services Belgium | **33.520.483** | - |
| Tata Consultancy Services De Espana S.A. | **8.331.592** | - |
| Tata Consultancy Services De Mexico S.A., De C.V. | **10.675.501** | - |
| **Total** | **479.123.746** | 227.085.848 |
| ***Interest income*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata Consultancy Services Guatemala S.A | **2.828.214** | 151.497 |
| TCS Iberoamerica SA | **261.346** | 46.304 |
| **Total** | **3.089.560** | 197.801 |
| ***Loan Given*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata Consultancy Services Guatemala S.A | **67.869.000** | - |
| **Total** | **67.869.000** | - |
| ***Loan Recoverd*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata Consultancy Services Guatemala S.A | **1.667.397** | - |
| **Total** | **1.667.397** | - |
| ***Other income*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| TCS Inversiones Chile Limitada | **15** | 19 |
| **Total** | **15** | 19 |
| ***Equity Investment made*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| MGDC S.C. | **353.768.640** | - |
| **Total** | **353.768.640** | - |



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## Notes to the financial statements December 31, 2022

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| ***Purchases of goods and services (including reimbursements)*** | | |
| **Tata Consultancy Services Limited** | **141.133.470** | 103.469.177 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| MGDC S.C. | **110.253** | 203.539 |
| Tata America International Corporation | **(117.087)** | (3.031) |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **3.885.096** | 2.314.397 |
| TCS Inversiones Chile Limitada | **15.147.275** | 12.459.278 |
| TCS Solution Center S.A. | **(54.406)** | (39.349) |
| Tata Consultancy Services Do Brasil Ltda | **(3.825.316)** | (35.722) |
| Tata Consultancy Services Canada Inc. | **(73.897)** | (147.561) |
| **Total** | **15.071.918** | 14.751.550 |
| ***Brand equity contribution*** | | |
| **Tata Sons Private Limited, its subsidiaries and associates** | | |
| Tata Sons Private Limited | **186.298** | 193.215 |
| **Total** | **186.298** | 193.215 |
| ***Dividend paid*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| TCS Iberoamerica SA | **-** | 550.052.500 |
| **Total** | **-** | 550.052.500 |
| ***Loan Repaid*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| TCS Iberoamerica SA | **92.830.000** | - |
| **Total** | **92.830.000** | - |
| ***Loan Taken*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| TCS Iberoamerica SA | **180.906.000** | - |
| **Total** | **180.906.000** | - |
| ***Interest Paid*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| TCS Iberoamerica SA | **5.712.646** | - |
| **Total** | **5.712.646** | - |

Balances receivable from related parties are as follows:

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| ***Trade receivables and unbilled receivables and contract assets*** | | |
| **Tata Consultancy Services Limited** | **654.875.523** | 481.145.633 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata America International Corporation | **70.755** | 8.648.765 |
| Tata Consultancy Services Canada Inc. | **38.604.394** | 14.079.629 |
| Tata Consultancy Services Deutschland GmbH | **29.800.252** | 6.372.998 |
| Tata Consultancy Services Do Brasil Ltda | **2.829.843** | 3.222.144 |
| Tata Consultancy Services France SA | **25.775.890** | 3.601.269 |
| Tata Consultancy Services Switzerland Ltd. | **27.211.064** | 11.348.982 |
| Tata Consultancy Services Netherlands BV | **-** | 1.033.808 |
| Tata Consultancy Services Belgium | **7.993.950** | - |
| Tata Consultancy Services De Espana S.A. | **11.549.862** | - |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **9.290.243** | - |
| Tata Consultancy Services Argentina S.A. | **3.194.588** | - |
| TCS Colombia S.A. | **(12)** | - |
| **Total** | **156.320.829** | 48.307.596 |
| ***Loans, other financial assets and other assets*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **-** | 167.727 |
| TCS Guatemala S.A. | **80.701.530** | 16.958.937 |
| TCS Iberoameri ca S.A. | **-** | 26.863.304 |
| **Total** | **80.701.530** | 43.989.968 |

## Notes to the financial statements December 31, 2022

Balances payable to related parties are as follows:

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| ***Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities*** | | |
| **Tata Sons Private Limited, its subsidiaries and associates** | | |
| Tata Sons Private Limited | **186.298** | 193.215 |
| **Total** | **186.298** | 193.215 |
| **Tata Consultancy Services Limited** | **74.484.275** | 34.746.203 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| TCS Inversiones Chile Limitada | **3.329.296** | 4.406.631 |
| Tata Consultancy Services Canada Inc. | **4.520.218** | 2.115.616 |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **525.309** | 438.389 |
| MGDC S.C. | **(1.698)** | 82.475 |
| Tata Consul tancy Services Deutschland GmbH | **3.676.991** | 6.738.994 |
| Tata Consul tancy Services France SA | **5.598.770** | 175.742 |
| Tata Consultancy Services De Espana S.A. | **3.056.513** | - |
| Tata Consultancy Services Do Brasil Ltda | **1.132.718** | - |
| Tata Consultancy Services Switzerland Ltd. | **88.373** | - |
| Tata America International Corporation | **4** | - |
| TCS Iberoamerica SA | **80.240.815** | - |
| **Total** | **102.167.308** | 13.957.848 |

Compensation to key management personnel

(Uruguayan Pesos)

| | For the year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Short-term benefits | **12.293.760** | 8.952.515 |
| **Total** | **12.293.760** | 8.952.515 |

### 18. SUBSEQUENT EVENTS

There were no subsequent events that meet disclosure



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# TCS SOLUTION CENTER S.A.

## FINANCIAL STATEMENTS

**For the year ended**

**December 31st, 2022**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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# INDEPENDENT AUDITOR’S REPORT

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF TCS SOLUTION CENTER S.A.**

## Opinion

We have audited the financial statements of TCS Solution Center S.A. (the “Company”), which comprise the statement of financial position as of December 31st, 2022, the statements of profit or loss and other comprehensive income, changes in equity and 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 present fairly, in all material respects, the financial position of TCS Solution Center S.A. as of December 31st, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uruguay, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

## Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether TCS Solution Center S.A.’s financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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 ISAs 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 auditor's 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 auditor's 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 communicated with those charged with governance 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 identified during our audit.

Montevideo, Uruguay
March 16th, 2023

## Statement of Financial Position

(Uruguayan Pesos)

| | Note | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 8 (a) | **585.122.375** | 933.225.209 |
| Trade receivables | | | |
| Billed | 8 (c) | **831.667.137** | 930.469.197 |
| Unbilled | | **143.660.170** | 197.635.647 |
| Other financial assets | 8 (d) | **24.629.305** | 18.774.699 |
| Other assets | 10 (c) | **31.260.575** | 100.242.455 |
| **Total current assets** | | **1.616.339.562** | 2.180.347.207 |
| **Non-current assets** | | | |
| Investments | 8 (b) | **914** | 914 |
| Other financial assets | 8 (d) | **24.042.600** | 2.231.896 |
| Deferred tax assets (net) | 14 | **49.542.028** | 98.162.056 |
| Property, plant and equipment | 10 (a) | **242.930.871** | 436.344.164 |
| Right-of-use assets | 9 | **157.124.256** | 270.245.242 |
| Intangible assets | 10 (b) | **1.003.494** | 1.747.816 |
| Trade receivables | | | |
| Unbilled | | **115.477** | - |
| Other assets | 10 (c) | **6.517.097** | 10.297.061 |
| **Total non-current assets** | | **481.276.737** | 819.029.149 |
| **TOTAL ASSETS** | | **2.097.616.299** | 2.999.376.356 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade payables | 8 (e) | **81.727.813** | 96.245.884 |
| Lease liabilties | | **39.696.493** | 76.556.302 |
| Other financial liabilities | 8 (f) | **102.609.134** | 146.204.098 |
| Unearned and deferred revenue | | **27.658.836** | 125.537.055 |
| Employee benefit obligations | 15 | **136.645.624** | 144.095.029 |
| Income tax liabilities (net) | | **22.302.044** | 13.830.168 |
| Provisions | | **7.480.317** | 9.272.363 |
| Other liabilities | 10 (d) | **124.120.800** | 153.592.567 |
| **Total current liabilities** | | **542.241.061** | 765.333.466 |
| **Non-current liabilities** | | | |
| Lease liabilities | | **117.541.185** | 204.681.191 |
| **Total non-current liabilities** | | **117.541.185** | 204.681.191 |
| **TOTAL LIABILITIES** | | **659.782.246** | 970.014.657 |
| **Equity** | | | |
| Share Capital | 8 (j) | **359.244.073** | 359.244.073 |
| Legal Reserves | | **71.848.815** | 71.848.815 |
| Other equity | | **(335.609.260)** | 50.385.211 |
| Retained Earnings | | **1.342.350.425** | 1.547.883.600 |
| **TOTAL EQUITY** | | **1.437.834.053** | 2.029.361.699 |
| **TOTAL LIABILITIES AND EQUITY** | | **2.097.616.299** | 2.999.376.356 |

**SEE NOTES TO ACCOMPANYING FINANCIAL STATEMENTS**

## Statement of Profit or Loss and Other Comprehensive Income

(Uruguayan Pesos)

| | Note | For the year ended December 31, 2022 | For the nine months period ended December 31, 2021 |
|---|---|---|---|
| **Revenues** | | | |
| Revenue from operations | 11 | **4.703.418.358** | 3.722.619.595 |
| **TOTAL REVENUES** | | **4.703.418.358** | 3.722.619.595 |
| **Operating expenses** | | | |
| Employee benefits expenses | 15 | **3.129.069.048** | 2.265.966.728 |
| Depreciation and amortisation expense | 9&10&11 | **269.366.621** | 238.499.174 |
| Other operating expenses | 12 | **571.703.218** | 533.492.214 |
| **TOTAL OPERATING EXPENSES** | | **3.970.138.887** | 3.037.958.116 |
| **Operating income** | | **733.279.471** | 684.661.479 |
| **Other income / (expense)** | | | |
| Finance and other income | 13 (a) | **24.569.569** | 29.656.266 |
| Other gains / (losses), net | 13 (c) | **(29.906.124)** | 16.773.759 |
| Finance costs | 13 (b) | **(19.015.114)** | (16.835.619) |
| **OTHER INCOME (NET)** | | **(24.351.669)** | 29.594.406 |
| **Profit before taxes** | | **708.927.802** | 714.255.885 |
| Income tax | 14 | **194.240.877** | 146.541.949 |
| **Profit for the year** | | **514.686.925** | 567.713.936 |
| **OTHER COMPREHENSIVE INCOME (OCI)** | | | |
| **Items that will be reclassified subsequently to profit or loss:** | | | |
| **Translation adjustment** | | **(385.994.471)** | (131.451.000) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **128.692.454** | 436.262.936 |

**SEE NOTES TO ACCOMPANYING FINANCIAL STATEMENTS**

## Statement of Changes in Equity

(Uruguayan Pesos)

| | Equity Share capital | Legal reserves | Other equity | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Balance as at March 31, 2021** | 359.244.073 | 71.848.815 | 181.836.211 | 1.452.878.414 | 2.065.807.513 |
| Other comprehensive income | - | - | (131.451.000) | - | (131.451.000) |
| Profit for the year | - | - | - | 567.713.936 | 567.713.936 |
| **Total comprehensive income / (losses)** | - | - | (131.451.000) | 567.713.936 | 436.262.936 |
| | - | | | | |
| Dividend (Note 5) | - | - | - | (472.708.750) | (472.708.750) |
| **Balance as of December 31, 2021** | 359.244.073 | 71.848.815 | 50.385.211 | 1.547.883.600 | 2.029.361.699 |
| Other comprehensive income | **-** | **-** | **(385.994.471)** | **-** | **(385.994.471)** |
| Profit for the year | **-** | **-** | **-** | **514.686.925** | **514.686.925** |
| **Total comprehensive income / (losses)** | **-** | **-** | **(385.994.471)** | **514.686.925** | **128.692.454** |
| Dividend (Note 5) | **-** | **-** | **-** | **(720.220.100)** | **(720.220.100)** |
| **Balance as of December 31, 2022** | **359.244.073** | **71.848.815** | **(335.609.260)** | **1.342.350.425** | **1.437.834.053** |

SEE NOTES TO ACCOMPANYING FINANCIAL STATEMENTS

## Statement of Cash Flows

(Uruguayan Pesos)

| | Note | Year ended December 31, 2022 | For the nine months period endedDecember 31, 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit for the year | | **514.686.925** | 567.713.936 |
| **Adjustments to reconcile net income to net cash provided by operating activities:** | | | |
| Depreciation and amortisation expense | 9&10&11 | **269.366.621** | 238.499.174 |
| Income tax expense | 14 | **194.240.877** | 146.541.949 |
| Unrealised foreign exchange (gain) / loss | | **43.785.839** | (2.010.208) |
| Loss on disposal of property, plant and equipment | 13(c) | **52.206** | 66.870 |
| Net gain / loss on Lease modification | | **(1.351.325)** | - |
| Allowances for doubtful advances | | | |
| Bad debts and advances written off, allowance for doubtful trade receivables | | **(172.421)** | 35.918.522 |
| Lease concession | | **(539.334)** | (2.502.126) |
| **Net change in** | | | |
| Trade receivables | | | |
| Billed | | **(95.754.012)** | (534.199.593) |
| Unbilled | | **19.283.456** | 7.665.851 |
| Other financial assets | | **2.046.465** | (9.960.275) |
| Other assets | | **55.818.355** | (38.194.503) |
| Trade and other payables | | **3.011.524** | (5.541.956) |
| Other financial liabilities | | **(11.379.452)** | 80.597.569 |
| Unearned and deferred revenues | | **(80.749.453)** | 82.113.050 |
| Employee benefit obligations | | **10.579.374** | 5.263.065 |
| Other liabilities | | **4.151.207** | 94.661.935 |
| Provisions | | **(1.480.236)** | 3.315.816 |
| **Cash generated from operations** | | **925.596.617** | 669.949.076 |
| Taxes paid (net of refunds) | | **(151.527.765)** | (194.165.637) |
| **Net cash provided by operating activities** | | **774.068.852** | 475.783.439 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property and equipment | 10(a) | **(85.075.393)** | (92.942.936) |
| Proceeds from sale of property and equipment | 10(a) | **314.506** | 84.332 |
| Loan given to Fellow Subsidiary | | **(42.322.000)** | - |
| Loan recovered | | **7.989.200** | - |
| **Net cash used in investing activities** | | **(119.093.687)** | (92.858.604) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of lease liabilities | | **(83.669.451)** | (73.173.609) |
| Dividends paid | 5 | **(720.220.100)** | (472.708.750) |
| **Net cash used in financing activities** | | **(803.889.551)** | (545.882.359) |
| Net change in cash | | **(148.914.386)** | (162.957.524) |
| Exchange difference on translation of foreign currency cash and cash equivalents | | **(199.188.448)** | (54.168.804) |
| Cash and cash equivalents, beginning of the year | | **933.225.209** | 1.150.351.537 |
| **Cash and cash equivalents at the end of the year** | 8(a) | **585.122.375** | 933.225.209 |
| **Supplementary cash flow information:** | | | |
| Interest paid | | **19.015.114** | 16.835.619 |
| Interest received | | **22.308.132** | 1.694.795 |
| Dividend received | | **-** | 26.235.846 |

## Notes forming part of the Financial Statements

### 1. GENERAL INFORMATION

TCS Solution Center S.A. (the "Company") is a private company and user of the tax free zone according to Law 15.921, located in República Oriental del Uruguay (R.O.U.). Its offices and headquarters are situated in Zonamerica, on Ruta 8 Km. 17.500, Montevideo.

The Company has a branch office offshore, TCS Solution Center (Colombia Branch) in Bogotá D.C., incorporated on August 15, 2006 in accordance with Colombian law.

These financial statements have been consolidated with such branch.

The Company's main activities are the development of software, and provision of IT services within the Tax free zone and offshore.

The financial statements have been approved by the Entity´s Board of Directors for their issuance on March 16th , 2023 and will be submitted to the Shareholders meeting for approval.

### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") adopted by the International Accounting Standards Board (IASB), translated into Spanish, and interpretations prepared by the Interpretations Committee of the International Financial Reporting Standards or the previous Interpretations Committee, in accordance with the Appropriate Accounting Standards in Uruguay pursuant to Decrees 291/014, 292/014 and 124/011.

### 3. BASIS OF PREPARATION

These financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the company are segregated. The company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional currency of the Company is the Uruguayan peso. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

### 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the recognition and measurement principles of International Financial Reporting Standards (IFRS) requires management to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

**a. Revenue Recognition**

Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**b. Useful lives of property, plant and equipment and intangibles**

The Company reviews the useful life of property, plant and equipment and intangibles at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**c. Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**d. Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**e. Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**f. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## 5. NATURE AND PURPOSE OF RESERVES

**Legal reserve**

The legal reserve is a reserve fund created in compliance with article 93 of Law 16.060 for commercial companies, which establishes that no less than 5 Percentage of the net profit for the year should be used to increase the mentioned reserve, until it reaches 20 Percentage of the paid-in capital.

## Notes forming part of the Financial Statements

**Retained earnings**

On November 30, 2022 it was determined to distribute dividends in advanced for a total of $ 187.112.000 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On May 12, 2022 it was determined to distribute dividends in advanced for a total of $ 321.498.100 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On March 23, 2022 it was determined to distribute dividends in advanced for a total of $ 211.610.000 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On November 12, 2021 it was determined to distribute dividends in advanced for a total of $ 220.485.000 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On July 15, 2021 it was determined to distribute dividends in advanced for a total of $ 252.223.750 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

**Other equity**

The balance of the account corresponds to the difference of exchange rate in the Colombia branch with functional currency Colombian Pesos, within an equity account as set forth in IAS 21.

### 6. REGISTRATION OF FINANCIAL STATEMENTS

According to Decree 156/16 dated May 30, 2016, commercial companies will not be able to distribute dividends as long as they do not comply with the obligation to register, within the established terms, the financial statements to the Auditoría Interna de la Nación (AIN), institution that regulates the commercial companies.

To date, the Company has complied with this obligation for the year ended on December 31, 2021. For the year ended on December 31, 2022 the Company has time to comply until June 30, 2023.

### 7. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1] |
| Amendments to IFRS 16 | Lease Liability in a sale and Leaseback[2] |
| Amendments to IAS 1 | Non-current Liabilities with Covenants[2] |

[1]Effective for annual periods beginning on or after January 1, 2023.

[2]Effective for annual periods beginning on or after January 1, 2024.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

**IFRS 16- Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 1 – Non-current Liabilities with Covenants**

In October 2022, IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Company does not expect the amendments to have any significant impact on its classification of non-current liabilities in its statement of financial position.

**IFRIC 23 Interpretation Uncertainty over Income Tax Treatment**

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

**Application of IFRIC 23**

The company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no continuous instances of any uncertain tax treatment in the past and on that basis, it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

## 8. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company´s obligations are discharged, cancelled or have expired.

## Notes forming part of the Financial Statements

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**a. Cash and cash equivalents**

Cash and cash equivalents consist of the following:

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Cash in hand | **67.927** | 73.055 |
| Current account balances with banks | **585.054.448** | 933.152.154 |
| **Total** | **585.122.375** | 933.225.209 |

**b. Investments**

Investments consist of the following:

**Investments – Non current**

(Uruguayan Pesos)

| **Investments carried at cost** | **As at December 31, 2022** | **As at December 31, 2021** |
|---|---|---|
| Fully paid equity shares | | |
| i. Tata Consultancy Services De México S.A. De C.V | **906** | 906 |
| ii. Tata Consultancy Services Do Brasil Ltda | **8** | 8 |
| **Total Investments - Non current** | **914** | 914 |

**c. Trade receivables - Billed**

Trade receivables - Billed consist of the following:

(Uruguayan Pesos)

| **Trade receivables – Billed - Current** | **As at December 31, 2022** | **As at December 31, 2021** |
|---|---|---|
| Trade receivables - Billed | **875.223.717** | 1.005.136.016 |
| Less: Allowance for doubtful trade receivables - Billed | **(35.466.345)** | (70.284.111) |
| Less: Provision for volume discount | **(8.090.235)** | (4.382.708) |
| **Total** | **831.667.137** | 930.469.197 |

Trade receivables – Billed include balances with related parties amounting to UYU 419.347.803 and UYU 327.605.077 for the period ended on December 31, 2022 and December 31, 2021 respectively. (Refer Note 17)

**d. Other financial assets**

Other financial assets consist of the following:

(Uruguayan Pesos)

| **Other financial assets – Current** | **As at December 31, 2022** | **As at December 31, 2021** |
|---|---|---|
| Employee advances (*) | **12.068.274** | 18.647.006 |
| Loan to fellow subsidiary | **8.014.200** | - |
| Deposits for premises | **2.816.406** | - |
| Accrued Interest | **1.725.958** | 122.093 |
| Others | **4.467** | 5.600 |
| **Total** | **24.629.305** | 18.774.699 |

(*) Include recoverable advances to foreign employees deputed in Uruguay and Colombia.

(Uruguayan Pesos)

| **Other financial assets – Non-current** | **As at December 31, 2022** | **As at December 31, 2021** |
|---|---|---|
| Deposits for premises | **-** | 2.231.896 |
| Loan to fellow subsidiary | **24.042.600** | - |
| **Total** | **24.042.600** | 2.231.896 |

## Notes forming part of the Financial Statements

### e. Trade Payables

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade payables | **55.953.116** | 68.665.168 |
| Accrued expenses | **25.774.697** | 27.580.716 |
| **Total** | **81.727.813** | 96.245.884 |

### f. Other financial liabilities

Other financial liabilities consist of the following:

(Uruguayan Pesos)

| **Other financial liabilities – Current** | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Accrued payroll | **100.285.968** | 109.952.038 |
| Capital Creditors | **1.641.166** | 35.652.560 |
| Security deposits | **682.000** | 599.500 |
| **Total** | **102.609.134** | 146.204.098 |

### g. Financial instruments by category

The carrying value of financial instruments by categories as at December 31, 2022 is as follows:

(Uruguayan Pesos)

| | Amortized cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **585.122.375** | **585.122.375** |
| Trade receivables | | |
| Billed | **831.667.137** | **831.667.137** |
| Unbilled | **143.775.647** | **143.775.647** |
| Other financial assets | **48.671.905** | **48.671.905** |
| **Total** | **1.609.237.064** | **1.609.237.064** |
| **Financial liabilities** | | |
| Trade payables | **81.727.813** | **81.727.813** |
| Lease liability | **157.237.678** | **157.237.678** |
| Other financial liabilities | **102.609.134** | **102.609.134** |
| **Total** | **341.574.625** | **341.574.625** |

The carrying value of financial instruments by categories as at December 31, 2021 is as follows:

(Uruguayan Pesos)

| | Amortized cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 933.225.209 | 933.225.209 |
| Trade receivables | | |
| Billed | 930.469.197 | 930.469.197 |
| Unbilled | 197.635.647 | 197.635.647 |
| Other financial assets | 21.006.595 | 21.006.595 |
| **Total** | 2.082.336.648 | 2.082.336.648 |
| **Financial liabilities** | | |
| Trade payables | 96.245.884 | 96.245.884 |
| Lease Liabilities | 281.237.493 | 281.237.493 |
| Other financial liabilities | 146.204.098 | 146.204.098 |
| **Total** | 413.735.437 | 413.735.437 |

Carrying amounts of cash and cash equivalents, trade receivables and trade payables as at December 31, 2022 and December 31, 2021 approximate the fair value. Difference between carrying amounts and fair values of other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented. Fair value measurement of lease liabilities is not required.

**h. Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**i. Financial risk management**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments.

***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company´s exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.



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## Notes forming part of the Financial Statements

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10 percentage against the respective functional currency of the Company.

The following analysis has been worked out based on the net exposures for Company as at the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to unhedged foreign currency exposure as at December 31, 2022 and December 31,2021:

(Uruguayan Pesos)

| **December 31, 2022** | **USD** | **GBP** | **CAD** | **COP** | **MXN** | **ARS** |
|---|---|---|---|---|---|---|
| Net financial assets | **596.968.556** | **(377.422)** | **1.092.022** | **944.985.391** | **4.403.560** | **556.180** |
| Net financial liabilitites | **54.135.757** | **-** | **(32)** | **1 74.199.691** | **186.518** | **-** |
| **December 31, 2022** | **AUD** | **EUR** | **DKK** | **BRL** | **UDF** | **CLP** |
| Net financial assets | **606.840** | **39.162.557** | **7.218.380** | **458.388** | **158.204** | **666.566** |
| Net financial liabilitites | **-** | **(127)** | **(3.033)** | **-** | **-** | **-** |

(Uruguayan Pesos)

| December 31, 2021 | **USD** | **GBP** | **CAD** | **COP** | **MXN** | **ARS** |
|---|---|---|---|---|---|---|
| Net financial assets | 848.669.980 | (466.154) | - | 1.196.468.131 | 4.966.545 | 1.052.221 |
| Net financial liabilitites | 100.541.968 | (0) | 109.887 | 296.874.144 | 212.001 | - |
| December 31, 2021 | **AUD** | **EUR** | **DKK** | **BRL** | **UDF** | **CLP** |
| Net financial assets | - | 10.335.604 | 8.192.416 | - | 312.164 | 467.807 |
| Net financial liabilitites | - | (5.890) | (3.574) | - | - | - |

10 percentage appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before taxes by approximately UYU 136.738.045 for the period ended December 31, 2022 and UYU 167.227.018 for the year ended December 31, 2021 respectively.

- **Interest rate risk**

The Company is not exposed to interest rate risk.

***Credit risk***

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents and other financial assets. Cash and cash equivalents include an amount of 101.561.610 Uruguayan Pesos held with a bank in Uruguay and 388.423.186 Uruguayan Pesos held with banks in Colombia having high quality credit rating which are individually in excess of 10 percentage or more of the Company's total cash and cash equivalents as at December 31, 2022 (an amount of 383.937.150 Uruguayan Pesos held with a bank in Uruguay and 507.047.816 Uruguayan Pesos held with banks in Colombia as at December 31, 2021). None of the other financial instruments of the Company result in material concentration of credit risk.

- **Exposure to credit risk**

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was UYU 1.620.730.054 and UYU 2.147.441.689 as at December 31, 2022 and December 31, 2021, respectively, being the total of the carrying amount of balances with banks, trade receivables, contract assets and other financial assets.

Company's exposure to customers is diversified, and single customer which contributes individually to more than 10 percentage of outstanding trade receivable and contract assets as at December 31, 2022 and December 31, 2021, respectively are as follows:

(Uruguayan Pesos)

| | As at December 31, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|
| | Total trade receivables and contract assets | Percentage | Total trade receivables and contract assets | Percentage |
| Customer B | **434.700.422** | **44%** | 352.176.509 | 30% |
| Customer A | **206.312.275** | **21%** | 274.949.778 | 23% |
| Customer C | **80.630.276** | **8%** | 176.423.445 | 15% |

**Geographic concentration of credit risk**

Geographic concentration of trade receivables (net of allowances) and contract assets is as follows:

| | As at December31, 2022 | As at December 31, 2021 |
|---|---|---|
| | **Net %** | Net % |
| America | **91%** | 96% |
| Europe | **5%** | 2% |
| Others | **4%** | 2% |

Geographical concentration of trade receivables and contract assets is allocated based on the location of the customers.

The allowance for lifetime expected credit loss on trade receivables for the period ended December 31, 2022 and December 31, 2021 was UYU 35.466.345 and UYU 70.284.111, respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

(Uruguayan Pesos)

| | Year ended December 31,2022 | Nine months period end December 31, 2021 |
|---|---|---|
| **Balance at the beginning of the Year** | **70.284.111** | 37.147.109 |
| Changes during the year | **-** | 35.918.522 |
| Bad Debts written off | **(19.179.005)** | - |
| Provision written back | **(181.449)** | - |
| Translation Exchnage difference | **(15.457.312)** | (2.781.520) |
| **Balance at the End of the Year** | **35.466.345** | 70.284.111 |

***Liquidity risk***

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

## Notes forming part of the Financial Statements

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(Uruguayan Pesos)

| December 31, 2022 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | **81.727.813** | **-** | **-** | **-** | **81.727.813** |
| Lease liability (*) | **52.386.749** | **37.574.312** | **88.604.925** | **17.064.466** | **195.630.452** |
| Other financial liabilities | **102.609.134** | **-** | **-** | **-** | **102.609.134** |
| **Total** | **236.723.696** | **37.574.312** | **88.604.925** | **17.064.466** | **379.967.399** |

(Uruguayan Pesos)

| December 31, 2021 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | 96.245.884 | - | - | - | 96.245.884 |
| Lease liabilities (*) | 94.017.853 | 67.486.621 | 121.022.472 | 54.930.878 | 337.457.824 |
| Other financial liabilities | 146.204.098 | - | - | - | 146.204.098 |
| **Total** | 336.467.835 | 67.486.621 | 121.022.472 | 54.930.878 | 579.907.806 |

(*) Amounts are presented at nominal value and not book value.

### i. Equity instruments

The authorised, issued, subscribed and fully paid up share capital consists of the following:

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Authorised** | | |
| Equity shares of uruguayan pesos 1 each ( 359.244.073shares) | **359.244.073** | 359.244.073 |
| **Total** | **359.244.073** | 359.244.073 |
| **Issued, Subscribed and Fully paid up** | | |
| Outstanding balance of Equity shares of uruguayan pesos 1 each (359.244.073 shares) | **359.244.073** | 359.244.073 |
| **Total** | **359.244.073** | 359.244.073 |

**Details of shares held by shareholders in the Company Equity Shares**

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| TCS Iberoa merica S.A. (Holding Company) | **359.244.073** | 359.244.073 |
| **% Holding in class** | **100%** | 100% |

Fully paid equity shares, which have a par value of 359.244.073 Uruguayan pesos (UYU 1 each) carry one vote per share and have a right to dividend. In the event of liquidation of the Company, the holders of shares are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

## 9. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The details of the right-of-use asset held by the Company is as follows:

(Uruguayan Pesos)

| | Additions for the year ended December 31, 2022 | Net carrying amount as at December 31, 2022 |
|---|---|---|
| ROU Leasehold Building | **139.821.046** | **122.234.219** |
| ROU Leasehold office equipment | **769.202** | **381.001** |
| ROU Leasehold improvements | **-** | **34.509.036** |
| **Total** | **140.590.248** | **157.124.256** |

## Notes forming part of the Financial Statements

(Uruguayan Pesos)

| | Additions for nine months period ended December 31, 2021 | Net carrying amount as at December 31, 2021 |
|---|---|---|
| ROU Leasehold Building | 31.644.096 | 216.331.167 |
| ROU Leasehold improvements | - | 53.914.075 |
| **Total** | 31.644.096 | 270.245.242 |

Depreciation on right-of-use asset is as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| ROU Leasehold Building | **69.173.475** | 69.916.347 |
| ROU Computer equipment | **-** | 14.947.828 |
| ROU Leasehold office equipment | **322.726** | - |
| ROU Leasehold improvements | **7.243.507** | 8.675.540 |
| **Total** | **76.739.708** | 93.539.715 |

Interest on lease liabilities is UYU 19.015.114 for the period ended on December 31, 2022 (UYU 16.062.997 for the year ended on December 31, 2021).

The Company incurred UYU 12.418.234 for the period ended December 31, 2022 (UYU 12.296.963 for the year ended December 31, 2021) towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow is UYU 115.075.940 for the period ended December 31, 2022 for long term and short term leases (UYU 101.533.569 for the year ended December 31, 2021).

The Company has applied the practical expedient available under IFRS 16 with respect to COVID -19 rent concessions and accordingly credited the lease concessions of UYU 539.334 received during the period to the profit or loss for the period.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

### 10. NON-FINANCIAL ASSETS AND LIABILITIES

#### a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of asset | Useful lives |
|---|---|
| Leasehold improvements | Lease term |
| Computer equipment | 4 years |
| Furniture, fixtures, office equipment and other assets | 4-10 years |

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

Property, plant and equipment consist of the following:

(Uruguayan Pesos)

| | Leasehold improvements | Computer equipments | Furniture & fixtures | Office equipments | Electrical Installations | Total |
|---|---|---|---|---|---|---|
| **Gross block as of December 31, 2021** | **121.863.713** | **1.462.888.221** | **15.486.829** | **22.438.536** | **23.694.845** | **1.646.372.144** |
| Purchases | **-** | **83.656.879** | **-** | **1.424.467** | **-** | **85.081.346** |
| Disposals | **(1.024.856)** | **(725.053)** | **(1.409.850)** | **(216.399)** | **-** | **(3.376.158)** |
| Effect of foreign currency translations | **(20.541.855)** | **(358.035.508)** | **(1.950.803)** | **(3.961.244)** | **(5.473.718)** | **(389.963.128)** |
| **Gross block as of December 31, 2022** | **100.297.002** | **1.187.784.539** | **12.126.176** | **19.685.360** | **18.221.127** | **1.338.114.204** |
| **Accumulated depreciation as of December 31, 2021** | **118.902.623** | **1.046.353.535** | **13.337.712** | **15.380.031** | **16.060.032** | **1.210.033.933** |
| Disposals | **(1.024.856)** | **(358.342)** | **(1.409.850)** | **(216.399)** | **-** | **(3.009.447)** |
| Depreciation for the year | **2.858.963** | **183.615.594** | **738.176** | **2.571.962** | **2.097.896** | **191.882.591** |
| Effect of foreign currency translations | **(20.439.740)** | **(274.458.625)** | **(1.895.794)** | **(2.771.273)** | **(4.158.312)** | **(303.723.744)** |
| **Accumulated depreciation as of December 31, 2022** | **100.296.990** | **955.152.162** | **10.770.244** | **14.964.321** | **13.999.616** | **1.095.183.333** |
| **Net carrying amount as of December 31, 2022** | **12** | **232.632.377** | **1.355.932** | **4.721.039** | **4.221.511** | **242.930.871** |
| Capital work-in-progress * | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | | | | | | **242.930.871** |

## Notes forming part of the Financial Statements

(Uruguayan Pesos)

| | Leasehold improvements | Computer equipments | Furniture & fixtures | Office equipments | Electrical Installations | Total |
|---|---|---|---|---|---|---|
| **Gross block as of March 31, 2021** | 128.761.552 | 1.491.812.554 | 15.848.595 | 22.736.482 | 24.362.665 | 1.683.521.848 |
| Purchases | - | 91.603.397 | 358.047 | 964.245 | 1.156.753 | 94.082.442 |
| Disposals | - | (8.278.753) | - | - | - | (8.278.753) |
| Effect of foreign currency translations | (6.897.839) | (112.248.977) | (719.813) | (1.262.191) | (1.824.573) | (122.953.393) |
| **Gross block as of December 31, 2021** | 121.863.713 | 1.462.888.221 | 15.486.829 | 22.438.536 | 23.694.845 | 1.646.372.144 |
| **Accumulated depreciation as of March 31, 2021** | 113.704.336 | 974.884.752 | 13.443.086 | 13.989.878 | 15.442.603 | 1.131.464.655 |
| Disposals | - | (8.127.551) | - | - | - | (8.127.551) |
| Depreciation for the year | 11.727.994 | 157.252.522 | 578.889 | 2.161.546 | 1.841.145 | 173.562.096 |
| Effect of foreign currency translations | (6.529.707) | (77.656.188) | (684.263) | (771.393) | (1.223.716) | (86.865.267) |
| **Accumulated depreciation as of December 31, 2021** | 118.902.623 | 1.046.353.535 | 13.337.712 | 15.380.031 | 16.060.032 | 1.210.033.933 |
| **Net carrying amount as of December 31, 2021** | 2.961.090 | 416.534.686 | 2.149.117 | 7.058.505 | 7.634.813 | 436.338.211 |
| Capital work-in-progress * | - | - | - | - | 5.953 | 5.953 |
| **Total** | | | | | | 436.344.164 |

**b. Other intangible assets**

Intangible assets purchased including acquired in business combination, are measured at cost as at the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences.

Following table summarises the nature of intangibles and their estimated useful lives:

| Type of asset | Useful lives |
|---|---|
| Rights under licensing agreement and software licences | Lower of licence period and 2-5 years |

Intangible assets are amortised on a straight line basis over the period of its economic useful life.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

Intangible assets consist of the following:

## Notes forming part of the Financial Statements

**Intangible assets**

(Uruguayan Pesos)

| | Software Licences |
|---|---|
| **Gross block as of December 31, 2021** | **2.977.286** |
| Purchases | **-** |
| Disposals | **-** |
| Effect of foreign currency translations | **-** |
| **Gross block as of December 31, 2022** | **2.977.286** |
| **Accumulated depreciation as of December 31, 2021** | **1.229.470** |
| Disposals | **-** |
| Amortisation for the year | **744.322** |
| Effect of foreign currency translations | **-** |
| **Accumulated depreciation as of December 31, 2022** | **1.973.792** |
| **Net carrying amount as of December 31, 2022** | **1.003.494** |

(Uruguayan Pesos)

| | Software Licences |
|---|---|
| **Gross block as of March 31, 2021** | 19.545.508 |
| Purchases | - |
| Disposals | (16.017.275) |
| Effect of foreign currency translations | (550.947) |
| **Gross block as of December 31, 2021** | 2.977.286 |
| **Accumulated depreciation as of March 31, 2021** | 17.236.902 |
| Disposals | (16.017.275) |
| Amortisation for the year | 560.790 |
| Effect of foreign currency translations | (550.947) |
| **Accumulated depreciation as of December 31, 2021** | 1.229.470 |
| **Net carrying amount as of December 31, 2021** | 1.747.816 |

The estimated amortisation for the years subsequent to December 31, 2022 is as follows:

**Intangible assets**

(Uruguayan Pesos)

| | |
|---|---|
| 2023 | **744.322** |
| 2024 | **259.172** |
| **Total** | **1.003.494** |

## Notes forming part of the Financial Statements

### c. Other assets

Other assets consist of the following:

**Other assets – Current**

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Prepaid expenses | **6.165.209** | 9.097.394 |
| Advance to suppliers | **99.350** | 28.425 |
| Other current assets | **22.254** | (75.760) |
| Contract assets | **11.457.051** | 65.042.613 |
| Contract fulfillment costs (*) | **13.516.711** | 26.149.783 |
| **Total** | **31.260.575** | 100.242.455 |

**Other assets – Non Current**

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Prepaid expenses | **1.372.845** | 2.476.099 |
| Contract assets | **35.939** | 62.428 |
| Contract fulfillment costs (*) | **5.108.313** | 7.758.534 |
| **Total** | **6.517.097** | 10.297.061 |

(*) Contract fulfillment costs of UYU 25.341.694 and UYU 30.725.741 for the period ended December 31, 2022 and December 31, 2021, respectively, have been amortised in the profit or loss.

Refer note 11 for changes in contract assets.

### d. Other liabilities

Other liabilities consist of the following:

**Other liabilities – Current**

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Advance received from customers | **231.442** | - |
| Indirect tax payable and other statutory liabilities | **123.866.499** | 153.473.816 |
| Others | **22.859** | 118.751 |
| **Total** | **124.120.800** | 153.592.567 |

## 11. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

The Company´s contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

## Notes forming part of the Financial Statements

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals, and geography.

Revenue disaggregation by nature of services is as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Consultancy services | **4.668.677.855** | 3.680.953.362 |
| Sale of equipment and software licences | **34.740.503** | 41.666.233 |
| **Total** | **4.703.418.358** | 3.722.619.595 |

Revenue disaggregation by industry vertical is as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Banking, Financial and Insurance | **2.833.596.161** | 2.324.874.608 |
| Manufacturing | **31.531.956** | 38.185.431 |
| Retail and Consumer Products | **592.892.240** | 454.057.344 |
| Communication, Media and Technology | **395.150.416** | 370.987.775 |
| Others | **850.247.585** | 534.514.437 |
| **Total** | **4.703.418.358** | 3.722.619.595 |

Revenue disaggregation by geography is as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Americas | **4.328.820.387** | 3.497.560.081 |
| Others | **374.597.971** | 225.059.514 |
| **Total** | **4.703.418.358** | 3.722.619.595 |

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is 1.613.724.184 Uruguayan Pesos out of which 63,63 percentage is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Balance at the beginning of the year | **65.105.041** | 13.841.246 |
| Increase due to revenue recognized during the year, excluding amounts billed during the year | **10.929.736** | 62.652.940 |
| Invoice raised that was included in the contract asset balance at the beginning of the period | **(50.056.482)** | (10.882.800) |
| Translation exchange difference | **(14.485.305)** | (506.345) |
| **Balance at the end of the year** | **11.492.990** | 65.105.041 |

Changes in unearned and deferred revenue (contract liabilities) are as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Balance at the beginning of the year | **125.537.055** | 49.625.344 |
| Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year | **(23.468.552)** | (28.518.901) |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year | **(48.459.708)** | 106.592.463 |
| Translation exchange difference | **(25.949.959)** | (2.161.851) |
| **Balance at the end of the year** | **27.658.836** | 125.537.055 |

## 12. OPERATING EXPENSES RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories:

The costs of the Company are broadly categorized into employee benefits expenses, depreciation and amortisation and other Operating Expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses, travel costs, cost of equipment and software licenses, communication expenses and other expenses.

## Notes forming part of the Financial Statements

(Uruguayan Pesos)

| Other operating expenses | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Fees to External consultants | **119.778.104** | 119.436.648 |
| Facility Running Expenses | **63.538.708** | 47.608.751 |
| Travel Expenses | **45.390.700** | 24.095.769 |
| Communication | **26.092.433** | 22.350.663 |
| Cost of equipment and software licenses | **28.600.126** | 35.082.445 |
| Other Expenses | **288.303.147** | 284.917.938 |
| | **571.703.218** | 533.492.214 |

(Uruguayan Pesos)

| Expenses by function | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Cost of revenue | **3.065.854.928** | 2.294.044.198 |
| Selling, general and administrative expenses | **904.283.959** | 743.913.918 |
| | **3.970.138.887** | 3.037.958.116 |

## 13. OTHER INCOME

### a. Finance and other income

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using effective interest method.

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Dividends received - Subsidiaries (Refer note 17) | **-** | 27.616.680 |
| Interest revenue-Bank deposits | **22.308.132** | 1.816.646 |
| Interest revenue-Other Deposits | **853.362** | 222.940 |
| Interest revenue - Subsidiary | **1.408.075** | - |
| **Total** | **24.569.569** | 29.656.266 |

**b. Finance costs**

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Other interest expenses | **-** | 772.622 |
| Lease interest | **19.015.114** | 16.062.997 |
| **Total** | **19.015.114** | 16.835.619 |

**c. Other gains / (losses) net**

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Gain/(loss) on disposal of property, plant and equipment | **(52.206)** | (66.870) |
| Net foreign exchange gains/(losses) | **(40.498.508)** | 10.534.985 |
| Others | **10.644.590** | 6.305.644 |
| **Total** | **(29.906.124)** | 16.773.759 |

## 14. INCOME TAXES

**Income Tax**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

TCS Solution Center S.A. is exempted of income tax for being user of the Tax free zone in accordance with law 15.921.

TCS Colombia branch is tax by a current Income tax at a 35 percentage.

**Current tax**

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

**Deferred tax**

The Company accounts for the deferred income taxes using the balance sheet approach. Deferred income taxes are provided for the temporary differences between the tax base of assets and liabilities and their reported amounts in the financial statements.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

## Notes forming part of the Financial Statements

The income tax expense consists of the following:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| **Current income tax expense** | | |
| Domestic | **10.345.479** | 1.626.744 |
| Overseas | **155.109.903** | 169.543.762 |
| | **165.455.382** | 171.170.506 |
| **Deferred income tax expense / (benefit)** | | |
| Overseas | **28.785.495** | (24.628.557) |
| | **28.785.495** | (24.628.557) |
| **Total income tax expense** | **194.240.877** | 146.541.949 |

The reconciliation of income tax expense and book net income is as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| **Income before income taxes** | **708.927.802** | 714.255.885 |
| Income tax rate Uruguay | **0%** | 0% |
| Expected income tax expense | **-** | - |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:** | | |
| Branch income tax | **155.109.903** | 169.543.762 |
| Deferred Tax | **28.785.495** | (24.628.557) |
| Other Permanent differences: | | |
| WHT on dividends and payments | **10.345.479** | 1.626.744 |
| **Total income tax expense** | **194.240.877** | 146.541.949 |

Significant components of net deferred tax assets and liabilities for the period ended December 31, 2022 are as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2021 | Recognised / reversed through profit or loss | Unrealized translation adjustment | Year ended December 31, 2022 |
|---|---|---|---|---|
| Originated by: | | | | |
| Property, plant and equipment | **53.670.052** | **2.164.774** | **(13.493.910)** | **42.340.916** |
| Lease liabilities | **2.063.731** | **(1.781.047)** | **(242.986)** | **39.698** |
| Other | **42.428.273** | **(29.169.222)** | **(6.097.637)** | **7.161.414** |
| | **98.162.056** | **(28.785.495)** | **(19.834.533)** | **49.542.028** |

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2021 are as follows:

(Uruguayan Pesos)

| | Year ended March 31, 2021 | Recognised / reversed through profit or loss | Unrealized translation adjustment | Nine months period ended December 31, 2021 |
|---|---|---|---|---|
| Originated by: | | | | |
| Property, plant and equipment | 56.227.483 | 1.768.223 | (4.325.654) | 53.670.052 |
| Lease liabilities | 3.158.969 | (893.282) | (201.956) | 2.063.731 |
| Other | 21.265.733 | 23.753.616 | (2.591.076) | 42.428.273 |
| | 80.652.185 | 24.628.557 | (7.118.686) | 98.162.056 |

**Direct Tax Contingencies**

The Company has contingent liability of UYU NIL and UYU 96.375.257 as at December 31, 2022 and December 31, 2021, respectively, in respect of tax demands which are being contested by the Company based on the management evaluation and advice of tax consultants. The Company has evaluated and concluded that this tax demand by authorities will not succeed on ultimate resolution.

## 15. EMPLOYEE BENEFITS

**Defined contribution plans**

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

The Company provides retirement benefits such as pension (other than Company managed fund) and foreign defined contribution plans to its employees which are treated as defined contribution plans.

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Compensated absences**

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the date of statement of financial position.

Employee cost consist of the following:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Salaries, incentives and allowances | **2.758.442.339** | 1.993.679.633 |
| Contributions to Provident and Other Funds | **299.535.094** | 243.358.428 |
| Staff Welfare | **71.091.615** | 28.928.667 |
| | **3.129.069.048** | 2.265.966.728 |

## Notes forming part of the Financial Statements

Employee benefit obligations consist of the following:

**Employee benefit obligations – Current**

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Benefits to employees | **135.070.893** | 141.020.475 |
| Other employee benefit obligations | **1.574.731** | 3.074.554 |
| **Total** | **136.645.624** | 144.095.029 |

## 16. COMMITMENTS AND CONTINGENCIES

**Capital commitments**

The Company has contractually committed (net of advances) UYU 3.495.643 and UYU 10.638.613 as at December 31, 2022 and December 31, 2021, respectively, for purchase of property, plant and equipment.

**Contingencies**

- **Direct tax matters**

Refer to note No.14.

- **Indirect tax matters**

There are no contingency in relation to Indirect tax matters.

- **Other claims**

Claims aggregating UYU 5.344 and UYU 16.536.896 as at December 31, 2022 and December 31, 2021, respectively, against the Company have not been acknowledged as debts.

## 17. RELATED PARTY TRANSACTIONS AND BALANCES

Company's principal related parties consist of its ultimate holding company Tata Consultancy Services Limited and its subsidiaries, affiliates and key managerial personnel. The company's related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

Transactions with related parties are as follows:

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| ***Revenue from operations*** | | |
| **Tata Consultancy Services Limited** | **1.781.616.237** | 1.099.891.747 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata America International Corporation | **(42)** | - |
| Tata Consultancy Services Asia Pacific Pte Ltd. | **11.701.868** | 5.715.713 |
| Tata Consultancy Services Belgium | **52.040.538** | 45.871.041 |
| Tata Consultancy Services Chile S.A. | **3.907.887** | 4.110.290 |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **35.063.009** | 25.106.794 |
| Tata Consultancy Services Deutschland GmbH | **-** | (165.182) |
| Tata Consultancy Services France SA | **89.808.200** | 79.757.975 |

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Tata Consultancy Services Netherlands BV | **762.515** | 679.824 |
| Tata Consultancy Services Switzerland Ltd. | **49.818.890** | 34.272.826 |
| Tata Solution Center S.A. | **2.560.682** | 6.498.155 |
| Tata Consultancy Services Canada Inc. | **3.426.978** | 4.377.806 |
| Tata Consultancy Services do Brasil Ltda | **3.556.667** | - |
| Tata Consultancy Services Sucursal del Peru | **(488.218)** | 782.042 |
| **Total** | **2.033.775.211** | 1.306.899.031 |
| ***Interest income*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| MGDC S.C. | **1.408.075** | - |
| **Total** | **1.408.075** | - |
| ***Dividend Income*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **-** | 27.616.680 |
| **Total** | **-** | 27.616.680 |
| ***Loan given*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| MGDC S.C. | **42.322.000** | - |
| **Total** | **42.322.000** | - |
| ***Loan Recovered*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| MGDC S.C. | **7.989.200** | - |
| **Total** | **7.989.200** | - |
| ***Purchases of goods and services (including reimbursements)*** | | |
| **Tata Sons Private Limited, its subsidiaries and associates** | | |
| Titan Company Limited | **-** | - |
| **Tata Consultancy Services Limited** | **269.273.326** | 237.814.872 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| MGDC S.C. | **465.671** | 16.365 |
| Tata America International Corporation | **-** | - |
| Tata Consultancy Services Chile S.A. | **8.969.467** | 8.291.325 |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **32.879.373** | 30.667.978 |
| Tata Consultancy Services Do Brasil Ltda | **2.558.111** | 2.311.995 |
| TCS Inversiones Chile Limitada | **24.109.053** | 22.314.254 |
| TCS Uruguay S. A. | **48.734** | 39.366 |
| Tata Solution Center S.A. | **(197.767)** | - |

## Notes forming part of the Financial Statements

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Tata Consultancy Services Sucursal del Peru | **2.617.973** | 1.154.731 |
| **Total** | **340.723.941** | 302.610.886 |
| ***Brand equity contribution*** | | |
| **Tata Sons Private Limited, its subsidiaries and associates** | | |
| Tata Sons Private Limited | **9.673.444** | 6.046.809 |
| **Total** | **9.673.444** | 6.046.809 |
| ***Dividend paid*** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| TCS Iberoamerica SA | **720.220.100** | 472.708.750 |
| **Total** | **720.220.100** | 472.708.750 |

Balances receivable from related parties are as follows:

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| ***Trade receivables and contract assets*** | | |
| **Tata Consultancy Services Limited** | **433.449.838** | 352.176.510 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata America International Corporation | **320.568** | 8.241.191 |
| Tata Consultancy Services Argentina S.A. | **20.836.823** | 23.297.753 |
| Tata Consultancy Services Asia Pacific Pte Ltd. | **1.667.841** | 750.623 |
| Tata Consultancy Services Belgium | **4.501.770** | 15.693.779 |
| Tata Consultancy Services Canada Inc. | **1.092.023** | 4.386.441 |
| Tata Consultancy Services Chile S.A. | **824.770** | 1.667.587 |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **4.602.112** | 4.960.599 |
| Tata Consultancy Services Deutschland GmbH | **-** | (6.569.306) |
| Tata Consultancy Services Netherlands BV | **63.196** | 74.478 |
| Tata Consultancy Services Switzerland Ltd. | **2.550.905** | 7.729.696 |
| Tata Solution Center S.A. | **785.117** | 3.279.617 |
| Tata Consultancy Services France SA | **34.597.594** | 2.694.597 |
| Tata Consultancy Services Do Brasil Ltda | **520.935** | - |
| TCS Guatemala | **376.748** | - |
| Tata Consultancy Services Sucursal del Peru | **3.125** | 1.320.120 |
| **Total** | **506.193.365** | 419.703.685 |
| ***Loans, other financial assets and other assets*** | | |
| **Tata Consultancy Services Limited** | **1.556.109** | 3.132.702 |

| | | |
|---|---|---|
| Tata Consultancy Services Sucursal del Peru | **-** | - |
| MGDC S.C. | **33.454.957** | - |
| **Total** | **35.011.067** | 3.132.702 |

Balances payable to related parties are as follows:

(Uruguayan Pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| ***Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities*** | | |
| **Tata Sons Private Limited, its subsidiaries and associates** | | |
| Tata Sons Private Limited | **7.600.629** | 6.049.622 |
| **Tata Consulatancy Services Limited** | **45.599.272** | 50.884.413 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| MGDC S.C. | **(158)** | - |
| Tata Consultancy Services Chile S.A. | **43.734** | 5.463.732 |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **4.431.222** | 5.791.912 |
| Tata Consultancy Services Do Brasil Ltda | **62.545** | 239.666 |
| TCS Inversiones Chile Limitada | **4.242.422** | 5.779.460 |
| Tata Consultancy Services Switzerland Ltd. | **-** | 2.695.017 |
| Tata Solution Center S.A. | **-** | 59.506 |
| Tata Consultancy Services Asia Pacific Pte Ltd. | **79.385** | 1 |
| Tata Consultancy Services France | **445.439** | - |
| TCS Belgium S.A./N.V. | **7** | - |
| Tata Consultancy Services Sucursal del Peru | **-** | 207.885 |
| **Total** | **62.504.497** | 77.171.214 |

Compensation to key management personnel

(Uruguayan Pesos)

| | Year ended December 31, 2022 | Nine months period ended December 31, 2021 |
|---|---|---|
| Short-term benefits | **30.815.062** | 21.175.363 |
| **Total** | **30.815.062** | 21.175.363 |

## 18. SUBSEQUENT EVENTS

On December 22, 2022, the Company Board approved the termination of operations in Free Trade Zone which entitled the company to avail tax exemption in accordance with law 15.921, and the process to enable the exit was initiated. The cancellation of the contract between TCS Solution Center S.A. and Free Trade Zone developer Zonamerica S.A. was authorized by the authorities (Dirección Nacional de Zonas Francas) with effective date January 10, 2023. From this date, the operations of the Company are taxed as per general tax regime of Uruguay.

**Translation from the original prepared in Spanish for publication in Argentina**

# TATA CONSULTANCY SERVICES ARGENTINA S.A.

**Letter to shareholders and financial statements for regular fiscal period beginning January 01, 2022 and ended December 31, 2022**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**CONTENT** **PAGE**

# LETTER TO SHAREHOLDERS

**FOR THE REGULAR FISCAL PERIOD FROM JANUARY 01, 2022 TO DECEMBER 31, 2022**
**(INFORMATION NOT COVERED BY THE INDEPENDENT AUDITORS' REPORT)**

**To the Shareholders of**
**TATA Consultancy Services Argentina S.A.**

In compliance with legal provisions in force and the bylaws, the Board of Directors is pleased to submit for your consideration the following documentation for the regular fiscal period of 12 months ended December 31, 2022: the letter to shareholders, balance sheet, statements of profit or loss, changes in shareholders' equity and cash flows, notes 1 to 10 and exhibits I to IV, the independent auditors' report and supervisory auditor's report.

## 1. MAIN CONTENTS OF BUSINESS POLICIES AND OBJECTIVES

### a. Company's business, background and structure

The Company's main business is to sell and provide IT design services.

### b. Financial position and business development

During the past period, the company has changed its financial year end from 31st, March to 31st, December and accordingly, the financial statements for the past period have been prepared for nine months commencing from 1st April 2021 to 31st, December 2021. Current year figures represent amounts for 12 month period, from 1st January 2022 to 31st Decemeber 2022, hence are not strictly comparable with past year figures.

The amounts included in the Statement of changes in shareholders' equity are stated in constant currency as of December 31, 2022.

### c. Decision taking and internal control

As it relates to decision taking, the Company is ruled by decisions adopted at meetings of directors and shareholders.

However, various systems have been implemented in relation to strategic planning, administrative procedures, IT and communication, personnel assessment and management and quality control, contributing to a proper internal control, to ensure that objectives are achieved efficiently and effectively, based on reliable financial information and in compliance with laws and regulations in force.

## 2. COMPARATIVE FINANCIAL STATEMENT RATIOS

| | Description | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| 1 | Solvency (1) | **0.15** | 0.07 |
| 2 | Current liquidity (2) | **5.94** | 4.59 |
| 3 | Non current assets (3) | **0.04** | 0.04 |
| 4 | Profitability (4) | **0.44** | 0.04 |

*(1) Shareholders' equity/total liabilities*

*(2) Current assets / Current liabilities*

*(3) Non current assets / Total assets*

*(4) Net income or loss/shareholders' equity*

According to my report of:
16.03.2023

**Pablo Gustavo Traini**
Regular Supervisory Auditor

## 3. RELATED COMPANIES (ART. 33 LAW 19550. AS AMENDED)

As described in note 6 to the financial statements, balances as of December 31 and December 31, 2022 with related companies are as follows:

(Amount in ARS)

| Current receivables | As at December 31, 2022 | As at December, 2021 |
|---|---|---|
| **For services** | | |
| Tata Consultancy Services Limited | **26.602.564** | 31.157.099 |
| Tata Consultancy Services France | **6.283.154** | 1.080.940 |
| Tata Consultancy Services Deutschland GmbH | **1.602.740** | 1.657.322 |
| **Total** | **34.488.458** | 33.895.362 |
| **Other receivables** | | |
| TCS France | **1.041.221** | - |
| Tata Consultancy Services Limited | **5.226.334** | 13.515.926 |
| **Total** | **6.267.555** | 13.515.926 |
| **Payables** | | |
| **Trade** | | |
| TCS Solution Center Sucursal Colombia | **92.283.306** | 106.482.867 |
| Tata Consultancy Services Limited | **399.214.642** | 463.650.414 |
| Tata Consultancy Services de México, S.A. de C.V. | **124.505.352** | 147.800.749 |
| TCS Uruguay | **14.093.272** | - |
| Tata Consultancy Services do Brasil Ltda. | **-** | 109.844 |
| Tata Consultancy Services France | **-** | 3.695.881 |
| Tata Sons Private Limited | **2.170.858** | 938.280 |
| **Total** | **632.267.430** | 722.678.035 |

## 4. PROFIT OR LOSS STRUCTURE COMPARATIVE WITH THE PRIOR YEAR:

### a. Comparative balance sheet structure

(Amount in ARS)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Current assets | **880.469.254** | 959.383.018 |
| Non current assets | **35.580.857** | 44.693.860 |
| **Total assets** | **916.050.111** | 1.004.076.878 |
| Current liabilities | **148.160.137** | 208.943.938 |
| Non-current liabilities | **645.681.194** | 726.302.477 |
| **Total liabilities** | **793.841.331** | 935.246.415 |
| Shareholders' equity | **122.208.780** | 68.830.463 |
| **Total liabilities + shareholders' equity** | **916.050.111** | 1.004.076.878 |

**b. Comparative consolidated financial position**

(Amount in ARS)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Net sales | **1.243.696.004** | 1.029.384.749 |
| Cost of services | **(736.771.817)** | (661.306.137) |
| **Gross profit** | **506.924.187** | 368.078.612 |
| Selling expenses | **(82.236.295)** | (78.259.041) |
| Administrative expenses | **(333.141.788)** | (261.358.931) |
| Other operating expenses | **(73.856.687)** | (61.833.484) |
| Other net income | **175.828** | (8.648.180) |
| Financial gains/losses (including gain or loss on net monetary position - RECPAM) | **37.799.648** | 45.999.983 |
| **Gain/Loss before income tax** | **55.664.893** | 3.978.959 |
| Income tax | **(2.286.576)** | (1.217.202) |
| **Net gain/loss** | **53.378.317** | 2.761.757 |

**c. Cash flow structure**

(Amount in ARS)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Cash at beginning of the year** | **505.601.635** | 504.597.416 |
| Ordinary operating activities | **271.685.510** | (148.721.803) |
| Investing activities | **(19.586.044)** | (6.449.607) |
| Financing activities | **-** | 169.357.089 |
| RECPAM of cash | **(246.043.457)** | (13.181.460) |
| **Cash at year-end** | **511.657.644** | 505.601.635 |
| **Net increase** | **6.056.009** | 1.004.219 |

## 5. INCOME/LOSS FOR THE YEAR

During this regular fiscal period, the Company recorded a profit in the amount of $53,378,317.

## 6. DIRECTORS' AND SUPERVISORY AUDITORS' COMPENSATION

The members of the Board of Directors and the Supervisory Auditors have communicated, as in prior years, their decision not to receive any compensation for their performance during the year under analysis, in each of their related positions, with the exception of Alberto Arana, who has been assigned fees for his services to the Company during the year.

## 7. COMPANY'S PROSPECTS AND OBJECTIVES FOR NEXT FISCAL YEAR

Prospects for this year are encouraging, considering the substantial improvement in the results of each project.

Finally, we wish to express our gratitude to our customers, suppliers, advisors and financial entities that have supported us and, particularly, to all our staff for the commitment and cooperation shown.

City of Buenos Aires. 16.03.2023

**THE BOARD OF DIRECTORS**

According to my report of:

16.03.2023

**Pablo Gustavo Traini**
Regular Supervisory Audito

**TATA Consultancy Services Argentina S.A.**

Financial statements for regular fiscal period No, 22 January 01, 2022 and ended December 31, 2022 comparative with the prior year

Stated in constant currency -pesos (Note 2.1)

Legal address: Uspallata 3046, City of Buenos Aires

Main activity: Services in the information technology sector.

Date of registration with the Public Registry of Commerce: November 29, 2001

Registration date of the latest amendment to the bylaws: October 19, 2021

Registration with the Supervisory Board of Companies ( I.G.J.): 1702305

Expiration date of the Corporation: November 29, 2100

Parent Company's information: (Note 5):

Name: TCS Iberoamérica S.A.

Legal address: Monte Caseros 2.600, Montevideo, Uruguay

Main activity: Holding Company

Ownership interest: 99.99 Percentage

Voting stock: 99.99 Percentage

Capital structure at nominal value (Note 5):

**Shares**

| Quantity | Type, nominal value and No. of votes per share | Subscribed and paid-in | Registered |
|---|---|---|---|
| 47,127,769 | Non-endorsable, registered, common shares with a nominal value of $1 each, one vote per share | **$ 47,127,769** | **$ 42,127,769** |

According to our report of:
16.03.2023

Adler. Hasenclever & Asociados S.R.L.
Public Accountants
C.P.C.E.C.A.B.A T° 1 – F° 68

Leonardo Fraga (Partner)
Public Accountant (UBA)
C.P.C.E.C.A.B.A. T° 166 – F ° 183

According to my report of:
16.03.2023

Pablo Gustavo Traini
Regular Supervisory Auditor

Alberto Luis Arana
President

# Balance sheet

## as of December 31, 2022 comparative with the prior fiscal year (in pesos - constant currency) (Note 2.1)

(Amount in ARS)

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and banks | 3.1 | **161.657.644** | 186.140.816 |
| Short term investments | 3.2 | **350.000.000** | 319.460.819 |
| Accounts receivable | 3.3 | **243.911.270** | 360.175.864 |
| Other receivables | 3.4.1 | **124.900.340** | 93.605.519 |
| **Total current assets** | | **880.469.254** | 959.383.018 |
| **Non-current assets** | | | |
| Investments subsidiary | | **1.640** | 3.196 |
| Other receivables | 3.4.2 | **3.922.248** | 18.183.540 |
| Fixed assets | (Exhibit I) | **31.656.969** | 26.507.124 |
| **Total non-current assets** | | **35.580.857** | 44.693.860 |
| **TOTAL ASSETS** | | **916.050.111** | 1.004.076.878 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade payables | 3.5.1 | **38.332.425** | 82.880.732 |
| Payroll and social security contributions | 3.6 | **95.902.252** | 108.603.575 |
| Taxes payables | 3.7.1 | **13.925.460** | 16.860.141 |
| Customer advances | | **-** | 599.490 |
| **Total current liabilities** | | **148.160.137** | 208.943.938 |
| **Non-current liabilities** | | | |
| Trade payables | 3.5.2 | **632.267.719** | 707.395.417 |
| Taxes payable | 3.7.2 | **7.926.351** | 10.985.897 |
| Allowances | (Exhibit II) | **5.487.124** | 7.921.163 |
| **Total non-current liabilities** | | **645.681.194** | 726.302.477 |
| **TOTAL LIABILITIES** | | **793.841.331** | 935.246.415 |
| **SHAREHOLDERS' EQUITY (as per related statement)** | | **122.208.780** | 68.830.463 |
| **Total liabilities and shareholders' equity** | | **916.050.111** | 1.004.076.878 |

The accompanying notes and exhibits are an integral part of these financial statements.

According to our report of:
16.03.2023

According to my report of:
16.03.2023

Adler. Hasenclever & Asociados S.R.L.
Public Accountants
C.P.C.E.C.A.B.A T° 1 – F° 68

Leonardo Fraga (Partner)
Public Accountant (UBA)

Pablo Gustavo Traini
Regular Supervisory Auditor

Alberto Luis Arana
President

# Statement of Profit or Loss

**for the regular fiscal period of 12 months ended December 31, 2022. comparative with the prior year**
**(in pesos- constant currency (Note 2.1)**

(Amount in ARS)

| | Note | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|---|
| Revenue from sales of services and equipment | 4.1 | **1.243.696.004** | 1.029.384.749 |
| Cost of services | (Exhibit IV) | **(736.771.817)** | (661.306.137) |
| **GROSS PROFIT** | | **506.924.187** | 368.078.612 |
| Selling expenses | (Exhibit IV) | **(82.236.295)** | (78.259.041) |
| Administrative expenses | (Exhibit IV) | **(333.141.788)** | (261.358.931) |
| Other operating expenses | (Exhibit IV) | **(73.856.687)** | (61.833.484) |
| Financial gains/losses, including gain or (loss) on net monetary position - RECPAM (*) | | **37.799.648** | 45.999.983 |
| Other income and (expenses) - net | 4.2 | **175.828** | (8.648.180) |
| **GAIN BEFORE INCOME TAX** | | **55.664.893** | 3.978.959 |
| Income tax benefit | 8 | **(2.286.576)** | (1.217.202) |
| **NET GAIN** | | **53.378.317** | 2.761.757 |

The accompanying notes and exhibits are an integral part of these financial statements.

* Net gain or loss on net monetary position

According to our report of:
16.03.2023

According to my report of:
16.03.2023

Adler. Hasenclever & Asociados S.R.L.
Public Accountants
C.P.C.E.C.A.B.A T° 1 – F° 68

Leonardo Fraga (Partner)
Public Accountant (UBA)

Pablo Gustavo Traini
Regular Supervisory Auditor

Alberto Luis Arana
President

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

**For the regular fiscal period of 12 months ended December 31, 2022 comparative with the prior fiscal year (in pesos - constant currency) (Note 2.1)**

(Amount in ARS)

| | Shareholders' contributions | | | | Total equity as at | |
|---|---|---|---|---|---|---|
| | Subscribed capital (1) | Capital adjustment | Additional paid-in capital | Retained earnings | December 31, 2022 | December 31, 2021 |
| **Balances at beginning of year** | **47.127.769** | **1.245.201.331** | **1.912.629.500** | **(3.136.128.137)** | **68.830.463** | 66.068.706 |
| Net profit/loss | **-** | **-** | **-** | **53.378.317** | **53.378.317** | 2.761.757 |
| **Balances at year-end** | **47.127.769** | **1.245.201.331** | **1.912.629.500** | **(3.082.749.820)** | **122.208.780** | 68.830.463 |

(1) For legal reasons. the Subscribed capital is presented at nominal value.

The accompanying notes and exhibits are an integral part of these financial statements.

According to our report of:
16.03.2023

Adler. Hasenclever & Asociados S.R.L.
Public Accountants
C.P.C.E.C.A.B.A T° 1 – F° 68

Leonardo Fraga (Partner)
Public Accountant (UBA)
C.P.C.E.C.A.B.A. T° 166 – F ° 183

According to my report of:
16.03.2023

Pablo Gustavo Traini
Regular Supervisory Auditor

Alberto Luis Arana
President

## Statement of Cash Flows

**For the regular fiscal period of 12 months ended December 31, 2022. comparative with the prior year (in pesos- constant currency (Note 2.1)**

(Amount in ARS)

| CHANGES IN CASH | Note | For Year ended December 31, 2022 | For Year ended December 31, 2021 |
|---|---|---|---|
| Cash at beginning of year | | **505.601.635** | 504.597.416 |
| Cash at year-end | 2.3.13 | **511.657.644** | 505.601.635 |
| **Net increase in cash** | | **6.056.009** | 1.004.219 |
| **CAUSES OF CHANGES IN CASH** | | | |
| **OPERATING ACTIVITIES** | | | |
| Net gain/(loss) | | **53.378.317** | 2.761.757 |
| Less: income tax accrued for the year | | **2.286.576** | 1.217.202 |
| **Adjustments to achieve net cash flows provided by operating activities:** | | | |
| Depreciation of fixed assets | | **14.437.754** | 9.201.280 |
| Net (decrease) increase in allowances | | **(2.434.039)** | 6.859.710 |
| RECPAM(*) of cash and non-operating activities | | **246.043.457** | 13.181.460 |
| **Changes in operating assets and liabilities:** | | | |
| Decrease (Increase) in accounts receivable | | **118.377.345** | (26.255.887) |
| (Increase) Decrease in other receivables | | **(19.146.280)** | 60.837.524 |
| (Decrease) increase in trade payables | | **(119.676.004)** | (198.487.232) |
| (Decrease) increase in payroll and social security contributions | | **(12.701.323)** | (8.678.985) |
| (Decrease) increase in taxes payable | | **(8.280.803)** | (9.958.122) |
| Increase (decrease)in customer advances | | **(599.490)** | 599.490 |
| **Net cash flows used in operating activities** | | **271.685.510** | (148.721.803) |
| **INVESTING ACTIVITIES** | | | |
| Acquisition of fixed assets | | **(19.587.599)** | (6.450.678) |
| Investements in subsidiaries | | **1.555** | 1.071 |
| **Net cash flows used in investing activities** | | **(19.586.044)** | (6.449.607) |
| Total paid-in capital | | **-** | 169.357.089 |
| **NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES** | | **-** | 169.357.089 |
| RECPAM(*) of cash | | **(246.043.457)** | (13.181.460) |
| **Net increase in cash** | | **6.056.009** | 1.004.219 |

The accompanying notes and exhibits are an integral part of these financial statements.
* Gain or loss on net monetary position

According to our report of:
16.03.2023

According to my report of:
16.03.2023

Adler. Hasenclever & Asociados S.R.L.
Public Accountants
C.P.C.E.C.A.B.A T° 1 – F° 68

Leonardo Fraga (Partner)
Public Accountant (UBA)

Pablo Gustavo Traini
Regular Supervisory Auditor

Alberto Luis Arana
President

# Notes forming part of the Financial Statements

## 1 - DESCRIPTION OF THE BUSINESS AND FINANCIAL POSITION

### 1.1 Description of the business

TATA Consultancy Services Argentina S.A. (hereinafter either "TATA Consultancy Services Argentina S.A." or "the Company") was duly organized under the laws of the Republic of Argentina, and its formation is documented by deed dated November 19. 2001.

The Company is mainly engaged in rendering IT and communications services.

Its registered office is located at Uspallata 3046, City of Buenos Aires. within the Technological District of the City of Buenos Aires.

### 1.2 Financial situation of the Company

During the last years the Company has incurred in recurring losses, having needed capital contributions to avoid its dissolution due to loss of share capital.

As of December 31, 2022, the Company presents a positive net equity of $122,208,780 and the principal shareholder has the intention and capacity to continue providing financial support to the Company if necessary.

## 2 - ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with the professional accounting standards in force set forth by the Technical Resolutions issued by the Argentine Federation of Professional Councils of Economic Sciences (FACPCE) and approved by the Professional Council of Economic Sciences of the City of Buenos Aires (CPCECABA), and considering the provisions of the Companies Law and the regulations of the Supervisory Board of Companies (I.G.J.). The most significant accounting standards applied by the Company have been as follows:

### 2.1 Reporting currency

These financial statements have been prepared in constant currency (Argentine pesos purchasing power at the end of the current reporting period) in accordance with I.G.J. General Resolution 10/2018, effective December 28, 2018, and Resolution 107/2018 issued by the Steering Committee (CD) of the CPCECABA, as amended, which provided for the need to restate the financial statements for fiscal years ended on or after July 1, 2018 in constant currency, in line with Resolution 539/2018 issued on September 29, 2018 by the Governing Board (JG) of the FACPCE. Moreover, JG FACPCE Resolution No. 539

a. identified the existence of an inflationary context as from July 1, 2018, as the accumulated inflation rate estimated by the Internal Wholesale Price Index (IPIM) in the most recent three years had exceeded 100%; a necessary condition to restate the financial statement amounts in accordance with the guidelines set by RT 39 of the FACPCE "Professional accounting standards: amendments to RT Nos. 6 and 17. Restatement in constant currency". and

b. approved the general and particular standards to be considered in terms of restatement of financial statements in constant currency in accordance with the adjustment methods set forth by RT 6 "Financial statements in constant currency". including certain optional simplification.

Upon applying RT 6, the monetary restatement of accounting information (non-monetary assets and liabilities. equity items. and revenues and expenses) must be retroactive as if the economy had always been hyperinflationary. using indexation rates derived from a series of indexes resulting from the combination of the Consumer Price Index (IPC) at a general level, published by the National Institute of Statistics and Censuses (INDEC). with base month December 2016 = 100, with the IPIM at a general level. published by the INDEC for prior periods.

In addition, prior fiscal year figures presented for comparative purposes shall be restated for inflation. which does not imply changes in the decisions taken based on the financial information for such fiscal year.

### 2.2 Criteria for recognition, measurement and presentation of assets, liabilities, shareholders' equity, revenue and cash flows

These financial statements have been prepared in accordance with the presentation criteria set forth by the Technical Resolutions of the FACPCE.

For comparative purposes only. certain reclassifications were made to prior-year information in order to disclose the figures on a consistent basis. The modification of the comparative information does not imply changes in the decisions taken based thereon.

Using the simplification introduced by Resolution 11/2019 issued by the Steering Committee of the CPCECABA. the Company opted not to present the reconciliation required up to that date by accounting standards in force between the income tax charged to P&L and that resulting from applying the prevailing tax rate to the income or loss for accounting purposes.

## 2.3 Valuation criteria

The Company has consistently adopted the following recognition and measurement criteria in the preparation of the financial statements:

### *2.3.1 Revenue recognition*

Revenues from the provision of services are recognized as services are provided.

Income derived from the provision of services relating to a project is recognized in the statement of profit or loss in proportion to the percentage of completion of the transaction at year-end. The percentage of completion is valued in accordance with the progress achieved.

Sales of equipment are recognized in the income statement when the significant risks and benefits of ownership of the goods are transferred to the buyer.

Revenue is shown net of discounts.

### *2.3.2 Short-term investments and investment in subsidiary.*

Time deposits: at nominal value plus interest accrued at period-end.

### *2.3.3 Foreign currency (Exhibit III)*

Transactions agreed in foreign currency are converted to Argentine pesos at the exchange rate prevailing to the date of the transaction.

The assets and liabilities stated in foreign currency are converted into Argentine pesos by applying the exchange rates prevailing at year-end.

Exchange gains/losses are recognized in Financial gains/losses (including RECPAM) of the Statement of profit or loss.

### *2.3.4 Fixed assets*

They have been valued at acquisition cost restated under Note 2.1, net of the related accumulated depreciation. The acquisition cost includes all the necessary expenses required to bring the assets to a working condition for their intended use.

Depreciation is calculated by applying the straight line method at annual rates sufficient to extinguish assets value by the end of their estimated useful lives.

The net book value of fixed assets, taken as a homogenous group, does not exceed their estimated recoverable value based on information available at the date of issuance of these financial statements.

### *2.3.5 Allowances*

**Deducted from assets:**

- For bad debts: it has been set up to reduce the valuation of accounts receivable to their probable recoverable value, based on the analysis of doubtful accounts.

**Included in liabilities:**

- For contingencies: it has been set up for contingent situations that might result in liabilities for the Company. The related amounts and likelihood of occurrence have been estimated considering expectations of Company's Management and the opinion of legal advisors.

### *2.3.6 Income tax*

The income tax is recognized by applying the deferred tax method. Based on such method, besides the provision for the tax payable for the year,

the future tax effect of the tax loss carryforwards, if any, and of the deductible temporary differences derived from the valuation of assets and liabilities for accounting purposes in constant currency and for tax purposes are recognized as deferred tax assets, to the extent of the recoverability thereof through future taxed earnings, and the future tax effects of the temporary differences between the valuation for accounting purposes in constant currency and for tax purposes of assets and liabilities are recognized as deferred tax liabilities.

## Notes forming part of the Financial Statements

Deferred tax assets and liabilities are stated at nominal value (not discounted). derived from applying to the recognized temporary differences the income tax rate effective at the date when reversal is expected. and presented in their net amount as non-current assets or liabilities, as applicable.

The annual variation in net deferred tax assets or liabilities is recorded as an income tax expense or benefit. as applicable.

Dated December 29th, 2017, the National Executive Power put in force by Decree N° 1112/2017 Law N° 27,430 that established different modifications to the tax system. including among others, the Income Tax. Value Added Tax and Internal Taxes.

Among the most important modifications introduced by the Law are the following: (i) the progressive reduction of the tax rate for Income Tax for certain companies , including the Limited Liabilities companies and Corporations from 35% to 30% for the fiscal years started on January 1st, 2018 and, from 30% to 25% for fiscal years started January 1st, 2020. (ii) the allocations of dividends and similar profits received by people and undivided successions as profits taxable in Income Tax with a rate of 7% and 13% for fiscal years started on January 1st, 2018 and January 1st, 2020 respectively. (iii) the possibility that the people, undivided successions and subjects included in article 49 of Income Tax Law, text ordered in 1997 and its modifications, residents in the country, revalue, for tax purposes, certain goods located or economically used in the country and that are affected to the generation of taxable profits in Income Tax.

Likewise, the mentioned Law 27,430 modified Art 95 of Income Tax Law by adding that the procedure for the inflation tax adjustment would be applicable in the fiscal year in which the percentage of variation of the prices index of the second paragraph of Art 89, accrued in the 36 months previous to the closing of the fiscal year, is over 100% with a transition regime for the determination of the accrued indexes since January 1st, 2018.

Law 27,430 was then amended by the current Law 27,468 that replaced the IPC (Consumers Price Index) for the IPIM (Wholesale Domestic Prices Index) and modified the transition regime, which will be in force for the first, second and third fiscal year started on January 1st, 2018, when the variation of the index calculated from the beginning as of the closing of each of those fiscal years is over 55%, 30% and 15 % respectively.

In addition, on December 23, 2019, Executive Order No. 58/2019 partially passed Law No. 27541 on social solidarity, which law modifies the application of inflation adjustment referred to in Chapter VI. Income Tax Act (restated text in accordance with Executive-Order 824/2019), for the first and second fiscal periods commencing as from January 1, 2019, to be computed when the requirements set forth in the last two paragraphs of Section 106, of the aforementioned Act are met; this amendments state that one sixth of the adjustment shall be applied to said fiscal period while the remaining five sixths shall be equally applied to the five following fiscal periods; this goes without prejudice to any outstanding third from previous periods, as stated in Section 194 of the aforementioned Act. Moreover, such Act established the suspension of section 86 provisions. subsections d) and e) of Law No. 27430 until the fiscal periods commencing on January 1, 2021 inclusive. establishing that for such suspension period the tax rate provided in subsections a) and b) of section 73 of the Income Tax Act, restated text in 2019, shall be of 30%.

On June 16, 2021, the Argentine Executive Branch passed and publish Law No. 27630, which abolished the generalized reduction of tax rates previously explained and introduced a new scale tax rates system, which shall be valid for the fiscal period commenced as from January 1, 2021, as follows:

| Accumulated taxable net profit | | $ to be paid | Plus percentage | Over $ surplus |
|---|---|---|---|---|
| From $ | To $ | | | |
| **$ 0** | **$ 5.000.000** | **$ 0** | **25** | **$ 0** |
| **$ 5.000.001** | **$ 50.000.000** | **$ 1.250.000** | **30** | **$ 5.000.000** |
| **$ 50.000.001** | **Sin tope** | **$ 14.750.000** | **35** | **$ 50.000.000** |

The estimated amounts in this scale will be annually adjusted as from January 1, 2022, considering the annual variation of CPI (consumer price index) provided by INDEC (Argentine Statistics Bureau) for October of the year previous to the adjustment regarding the same month on the previous year. Amount determined that way shall be applied for the fiscal period starting after each update.

Moreover, as ordered by Law No. 27630, the rate applicable to dividends over generated income in fiscal periods commenced as from January 1, 2018 was unified in the 7%.

### *2.3.7 Use of estimates*

The preparation of these financial statements requires that estimates and assessments be made about the assets and liabilities recorded, the contingent assets and liabilities disclosed to the date of issuance of these financial statements as well as income and expenses recorded during the year.

The Company's management makes estimates to calculate, among others, depreciation of fixed assets, the recoverable value of non-current assets, the income tax benefit and the allowances for contingencies and bad debts. The actual value of future results may differ from the estimates and assessments made to the date of preparation of these financial statements.

### *2.3.8 Profit and loss accounts*

Original values have been restated in year-end currency, except for:

**a) Depreciation**

Depreciation and amortization expenses were calculated by applying the depreciation and amortization rates to restated amounts determined as indicated in Note 2.3.4.

**b) Financial gains/(losses) (including gain or loss on net monetary position - RECPAM).**

It is determined based on the difference between the income/loss for the year and the subtotal of the Statement of income accounts restated in constant currency. It includes:

- the gain or loss on net monetary position. and
- financial gains.

### *2.3.9 Lease agreements in force*

The Company classifies its lease agreements into "financial" or "operating" leases in accordance with the provisions of Technical Resolution 18 of FACPCE, and pursuant to the economic substance thereof.

As of December 31, 2022, the Company does not have any financial lease in force. Operating leases costs are accrued over the term of the agreement.

### *2.3.10 Customer advance*

Accounts receivable are stated according to their likelihood of recovery. When there is an intention and possibility of an early negotiation, they are stated at net realization value.

Receivables with related parties that do not accrue any interest are stated at nominal value.

Each time financial statements are prepared, the recoverability of accounts receivable is analyzed by estimating future collections and considering the existence of guarantees with a high likelihood of foreclosure An allowance for bad debts is recognized in the amount deemed non-recoverable; the changes in the allowance are recorded in Financial and holding gains/losses (including gain or loss on net monetary position - RECPAM) of the Statement of profit or loss.

### *2.3.11 Accounts receivables*

Receivables are valued considering their probable destination. When there is the intention and feasibility of negotiating them in advance, they are valued at their net realizable value.

### *2.3.12 Accounts payable*

Payables are stated according to their likelihood of recovery. When there is an intention and possibility of an early settlement, they are stated at settlement value.

The remaining payables are stated at their original value plus interest calculated by applying the effective rate determined upon initial recognition, less payments made.

Payables with related parties that do not accrue any interest are stated at nominal value. Payables in foreign currency are stated in Argentine Pesos at the exchange rate prevailing at year-end.

Loans with related parties that do not accrue interest are valued at their nominal value.

Each time financial statements are prepared, the recoverability of the recorded loan balances is analyzed by estimating future collections and taking into account the existence of guarantees whose probability of execution is high. A provision for bad debts is recognized for the amount that it considers not recoverable; the variation in the forecast is recognized in the line Financial and holding results (including the result from exposure to changes in the purchasing power of the RECPAM currency) of the Income Statement.

## Notes forming part of the Financial Statements

***2.3.13 Statement of cash flows***

The Company presents the statement of cash flows by applying the indirect method. Cash includes cash and banks and cash equivalents. Cash equivalents include short-term and highly liquid investments that can be easily converted into cash known beforehand, and are subject to insignificant exchange rate risks.

All the accounts of this statement are stated in constant currency at the end of the reporting period.

The monetary gain/loss provided by cash and cash equivalents is presented in the statement of cash flows segregated from the cash flows provided by operating, investing and financing activities, as a specific item of the reconciliation between cash and cash equivalents at the beginning and end of the fiscal year.

Balances included in Cash and cash equivalents are as follows:

(Amount in ARS)

| | As at December 31, 2022 | As at December 31,2021 |
|---|---|---|
| Cash and banks | **161.657.644** | 186.140.816 |
| Short-term investments | **350.000.000** | 319.460.819 |
| **Total** | **511.657.644** | 505.601.635 |

***2.3.14 Shareholders' equity***

Shareholders' equity balance adjusted at beginning of year have been adjusted at year-end by applying the indexation rates described in Note 2.1.

The capital was restated in constant currency. as indicated in Note 2.1. The difference between the restated amount and the nominal value is disclosed as "Capital adjustment".

Retained earnings have been restated at year-end, under Note 2.1.

Income for the year was determined based on the difference between the algebraic sum of the equity at the beginning plus the quantitative movements of the equity and the equity at the closing, measured in constant currency as of December 31, 2022.

## 3 - BREAKDOWN OF THE MAIN BALANCE SHEET ACCOUNTS

### 3.1 Cash and bank

(Amount in ARS)

| | | As at December 31, 2022 | As at December 31,2021 |
|---|---|---|---|
| Banks in local currency | | **51.210.435** | 60.868.235 |
| Banks in foreign currency | (Exhibit III) | **110.447.209** | 125.272.581 |
| **Total** | | **161.657.644** | 186.140.816 |

### 3.2 Short term investments

(Amount in ARS)

| | As at December 31, 2022 | As at December 31,2021 |
|---|---|---|
| Time deposit in local currency | **350.000.000** | 319.460.819 |
| **Total** | **350.000.000** | 319.460.819 |

### 3.3 Accounts receivable

(Amount in ARS)

| | | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| Ordinary in local currency | | **112.739.772** | 269.193.536 |
| Ordinary in foreign currency | (Exhibit III) | **27.533.128** | 12.965.064 |
| Other related parties in local currency | (Note 6) | **-** | 14.124 |
| Other related parties in foreign currency | (Note 6 and Exhibit III) | **34.488.433** | 30.648.818 |
| Services to be invoiced in local currency | | **61.385.684** | 43.559.198 |
| Services to be invoiced in foreign currency | (Exhibit III) | **5.651.502** | 562.705 |
| Other related parties - services to be invoiced in foreign currency | (Note 6 and Exhibit III) | **2.112.751** | 3.232.419 |
| **Total** | | **243.911.270** | 360.175.864 |

### 3.4 Other receivables

(Amount in ARS)

| | | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| ***3.4.1 Current*** | | | |
| Other related parties in foreign currency | (5. 6 and Exhibit III) | **11.759** | 32.059 |
| Income tax credit balance | | **8.157.574** | - |
| Turnover tax credit balance | | **2.009.658** | 1.522.985 |
| Value added tax credit balance | | **843.297** | 1.181.413 |
| Tax on bank debits and credits - credit balance | | **10.073.600** | 13.869.732 |
| Security deposits in foreign currency | (Exhibit III) | **15.980.423** | 18.011.045 |
| Prepaid expenses | | **586.137** | 1.141.130 |
| Prepaid expenses with Other related parties | (Note 6) | **4.143.045** | 13.483.867 |
| Advances to directors | | **6.078.846** | 5.927.673 |
| Accrued Interest | | **75.987.315** | 32.349.117 |
| Bank accounts subject to attachment in local currency | | **506.026** | 5.369.546 |
| Sundry | | **522.660** | 716.952 |
| **Total** | | **124.900.340** | 93.605.519 |

## Notes forming part of the Financial Statements

(Amount in ARS)

| 3.4.2 Non current | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Income tax credit balance | **453.129** | 10.284.574 |
| Minimum presumed income tax credit balance | **3.372.801** | 6.569.986 |
| Prepaid expenses | **96.318** | 1.328.980 |
| **Total** | **3.922.248** | 18.183.540 |

### 3.5 Accounts payable

(Amount in ARS)

| 3.5.1 Current | | As at December 31, 2022 | As at December 31, 2022 |
|---|---|---|---|
| Suppliers in local currency | | **11.493.595** | 17.438.945 |
| Suppliers in foreign currency | (Exhibit III) | **12.683.756** | 10.500.757 |
| Provision for invoices to be received in local currency | | **12.950.954** | 37.767.211 |
| Other related parties in local currency | (Note 6) | **-** | 938.280 |
| Other related parties in foreign currency | (Note 6 and Exhibit III) | **-** | 3.695.881 |
| Other related parties-provision for invoices to be received | (Note 6) | **-** | 8.823.383 |
| Other related parties-other provision | (Note 6) | **-** | 1.825.074 |
| Other provisions | | **1.204.120** | 1.891.200 |
| **Total** | | **38.332.425** | 82.880.732 |

(Amount in ARS)

| 3.5.2 Non current | | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| Other related parties in local currency | (Note 6) | **344.498.165** | 462.409.673 |
| Other related parties in foreign currency | (Note 6 and Exhibit III) | **278.723.660** | 244.985.744 |
| Other related parties-provision for invoices to be received | (Note 6) | **5.885.777** | - |
| Other related parties-provision for invoices to be received in foreign currency | (Note 6 and Exhibit III) | **3.160.117** | - |
| **Total** | | **632.267.719** | 707.395.417 |

### 3.6 Payroll and social security liabilities

(Amount in ARS)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Salaries and wages | **35.313.630** | 35.721.261 |
| Social security contributions | **25.018.295** | 27.730.976 |
| Provision for vacations | **32.899.154** | 42.104.868 |
| Provision for bonuses | **2.671.173** | 3.046.470 |
| **Total** | **95.902.252** | 108.603.575 |

### 3.7 Taxes payable

| | | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| ***3.7.1 Current*** | | | |
| Withholdings to be deposited - Turnover tax | | **5.901.805** | 9.953.719 |
| Withholdings to be deposited | | **2.757.225** | 6.659.039 |
| Wealth tax | | **176.676** | 247.383 |
| Value Added Tax | | **5.089.754** | - |
| **Total** | | **13.925.460** | 16.860.141 |
| ***3.7.2 Non current*** | | | |
| Deferred tax liabilities | (Note 8) | **7.926.351** | 10.985.897 |
| **Total** | | **7.926.351** | 10.985.897 |

## 4 - BREAKDOWN OF THE MAIN STATEMENT OF PROFIT OR LOSS ACCOUNTS

### 4.1 Revenue from sales of services and equipment

(Amount in ARS)

| | For the year ended December, 2022 | For the year ended December, 2021 |
|---|---|---|
| Consulting and advisory services | **1.248.871.947** | 1.033.832.803 |
| Volume discount | **(5.175.943)** | (4.448.054) |
| **Total** | **1.243.696.004** | 1.029.384.749 |

### 4.2 Other income and (expenses) -net

(Amount in ARS)

| | For the year ended December, 2022 | For the year ended December, 2021 |
|---|---|---|
| Reversal of allowances | **-** | (8.700.383) |
| Sundry | **175.828** | 52.203 |
| **Total** | **175.828** | (8.648.180) |

## Notes forming part of the Financial Statements

### 5 - CAPITAL STOCK

As of March 31, 2021, $268,578,000 (at nominal value) have been paid in and the amount of $ 86,942,000 (at nominal value) was paid on May 2021.

As of December 31, 2022, the capital stock of the Company amounted to $ 47,127,769, which was fully subscribed and paid-in.

Ownership interests as of December 31, 2022 and December 31, 2021 were as follows:

(Amount in ARS)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| TCS Iberoamérica S.A. | **99.99** | 99.99 |
| TCS Uruguay S.A. | **0.01** | 0.01 |
| **Total** | **100.00** | 100.00 |

### 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES: PARENT COMPANIES. SUBSIDIARIES AND RELATED COMPANIES (ART. 33. LAW 19550)

Balances and transactions with the parent company and the related companies are as follows:

(Amount in ARS)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **BALANCES** | | |
| **Accounts receivable** | | |
| Tata Consultancy Services Limited | **26.602.564** | 31.157.099 |
| Tata Consultancy Services France | **6.283.154** | 1.080.940 |
| Tata Consultancy Services Deutschland GmbH | **1.602.740** | 1.657.322 |
| **Total** | **34.488.458** | 33.895.361 |
| **Other receivables** | | |
| TCS France | **1.041.221** | - |
| Tata Consultancy Services Limited | **5.226.334** | 13.515.926 |
| **Total** | **6.267.555** | 13.515.926 |
| **Trade payables** | | |
| TCS Solution Center Sucursal Colombia | **92.283.306** | 106.482.867 |
| Tata Consultancy Services Limited | **399.214.642** | 463.650.414 |
| Tata Consultancy Services de México SA de CV | **124.505.352** | 147.800.749 |
| TCS Uruguay S.A | **14.093.272** | - |
| Tata Consultancy Services do Brasil Ltda. | **-** | 109.844 |
| Tata Consultancy Services France | **-** | 3.695.881 |
| Tata Sons Private Limited | **2.170.858** | 938.280 |
| **Total** | **632.267.430** | 722.678.035 |

(Amount in ARS)

| Revenue from sales and services | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Tata Consultancy Services Deutschland GmbH | **18.563.109** | 4.915.542 |
| Tata Consultancy Services Limited | **117.536.080** | 92.171.887 |
| Tata Consultancy Services France | **12.169.388** | 10.179.002 |
| **Total** | **148.268.577** | 107.266.431 |
| **Cost of sales and services** | | |
| TCS Uruguay S.A. | **13.027.469** | - |
| Tata Consultancy Services Limited | **137.548.200** | 147.103.306 |
| Tata Consultancy Services do Brasil Ltda | **(66.842)** | - |
| Tata Consultancy Services de México SA de CV | **2.987.044** | 4.366.891 |
| **Total** | **153.495.871** | 151.470.197 |
| **Brand equity contribution** | | |
| Tata Sons Private Limited | **1.689.178** | 938.280 |
| **Total** | **1.689.178** | 938.280 |

## 7 - TERMS, INTEREST RATES AND ADJUSTMENT CLAUSES OF RECEIVABLES AND PAYABLES

(Amount in ARS)

| *7.1 Receivables* | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **a) Total amount of receivables overdue** | **69.678.532** | 37.204.409 |
| **b) Total amount of receivables to become due** | | |
| Up to 3 months | **280.565.454** | 415.656.810 |
| From 3 to 6 months | **10.573.854** | 920.164 |
| More than twelve months | **3.922.248** | 18.183.540 |
| **Total receivables** | **364.740.088** | 471.964.924 |

Receivables do not accrue any interest nor do they have adjustment clauses as of December 31, 2022 and 2021.

(Amount in ARS)

| *7.2 Payables* | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **a) Total amount of payables to become due** | | |
| Up to 3 months | **317.554.118** | 208.943.937 |
| More than twelve months | **462.806.319** | 718.381.315 |
| **Total payables** | **780.360.437** | 927.325.252 |

Payables do not accrue any interest nor do they have adjustment clauses as of December 31, 2022 and 2021.

## Notes forming part of the Financial Statements

### 8 - INCOME TAX AND DEFERRED TAX

Deferred tax assets and liabilities are broken down as follows:

(Amount in ARS)

| Deferred tax liabilities | | As at December 31, 2022 | As at December 31, 2022 |
|---|---|---|---|
| Fixed assets | | **5.002.171** | 2.878.469 |
| Inflation adjustment for tax purposes | | **2.924.180** | 2.761.307 |
| **Total deferred tax liabilities** | (Note 3.6.2) | **7.926.351** | 5.639.776 |

For reporting purposes. the breakdown of main deferred tax asset items is as follows:

(Amount in ARS)

| Deferred tax assets | As at December 31, 2022 | As at December 31, 2022 |
|---|---|---|
| Tax loss carryforwards | **50.496.623** | 127.506.967 |
| **Total deferred tax assets** | **50.496.623** | 127.506.967 |

Due to the uncertainty regarding the generation of taxable profits in the future before its statute of limitations, the Company has not recognized the deferred tax asset as of December 31 2022.

The detail of historical accumulated tax loss carryforwards in the amount of $168.322.076 and the expiration of the limitation period thereof are as follows:

(Amount in ARS)

| Expiration | Tax loss carryfoward | Rate % | Computable total |
|---|---|---|---|
| 2024 | 82.904.016 | 30% | 24.871.205 |
| 2025 | 58.973.700 | 30% | 17.692.110 |
| 2026 | 26.444.360 | 30% | 7.933.308 |
| | 168.322.076 | | 50.496.623 |

The income tax benefit is as follows:

(Amount in ARS)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Due to variation in deferred tax | **(2.286.576)** | (652.185) |
| Due to expiration of IGMP credit | **-** | (565.017) |
| **Total income tax** | **(2.286.576)** | (1.217.202) |

### 9 - RECENT EVOLUTION OF THE FINANCIAL-ECONOMIC CONTEXT IN WHICH THE COMPANY OPERATES

The Company operates in a complex context due to the macroeconomic conditions, whose main variables have had a strong volatility, such as regulatory, social and political, both at the national and international level.

The operations results may be affected by the fluctuations in the inflation index and the exchange rate regarding the Argentine Peso against other currency, the variations in the interest rates, which have an impact in the capital cost, the changes in government policies, capital control and other political or economical events at national and international level. Additionally, the Argentine Government faces the challenge of achieving a successful debt negotiation with the International Monetary Fund, which could significantly impact on the economy in the mid and long term.

In this context, on December 20, 2019, the Argentine Congress passed Law No. 27 541 denominated "Social Solidarity and Productive Reactivation Law" within the Public Emergency framework, declaring the public emergency in the economic, financial, fiscal, administrative, provisional, rate, energetic, health and social areas, delegating to the Argentine Executive Branch broad powers to ensure the sustainability of public debt, regulating the rates of the energy system through a renegotiation of the integral rate revision in force and reorganizing the regulatory agencies of the energy sectors, among others. Moreover, the electricity and natural gas rates shall be kept for a maximum term of 180 days on households, commerce and industries.

Such law modified the personal property tax, increasing its aliquot, and enabled the Argentine Executive Power to set higher aliquots for financial assets located abroad. Moreover, a 30% new tax on foreign currency was created. Such tax reaches the purchase of foreign bills and currency for saving or without a specific purpose. As part of the measures package aimed at reducing the fiscal deficit, such law suspended the pension adjustment system for 180 days, among others.

Additionally, on April 30, 2020, the Argentine Central Bank ("BCRA") issued Communication "A" 7001 (amended by Communication "A" 7030, Communication "A" 7042 and Communication "A" 7052 and its supplementary and amendments, hereinafter "Communication "A" 7001", which establishes certain limitations on the transference of securities to and from Argentina.

As per Communication "A" 7001, access to the Argentine exchange market for the purchase or transference in foreign currency abroad (for any purpose) shall be subjected to the previous consent from the Central Bank if the individual or entity seeking access to the Argentine exchange market has sold securities with foreign currency settlement or has transferred such values to deposit entities abroad during 90 calendar days immediately before.

Moreover, such communication established the following: (i) that the individual or entity shall commit not to sell or transfer during 90 calendar days after such access; (ii) temporary restrictions to access the Sole and Free Exchange Market ("MULC") to make certain imports payments and for the payment of loan principal when the creditor is a related entity.

Then, on September 16, 2020, Communication "A" 7106 issued by BCRA came into effect. It was then supplemented by Communication "A" 7133. As per point 7 of Communication "A" 7106, debtors registering principal due dates scheduled between October 15, 2020 and March 31, 2021 (the "Relevant Period") for financial indebtedness operations abroad and issuance of debt securities with public registry in the country denominated in foreign currency shall submit before BCRA a refinancing plan based on certain conditions so that BCRA can grant access to the exchange market for the payment of such amortizations. among others. The relevant period was extended to June 30, 2022 by Communication "A" 7416.

The company has no due dates within the "relevant period". The Company's Board of Directors shall analyze the evolution of the matters described. as well as the possible modifications that may be implemented by the Argentine Government. and it shall evaluate the impacts they may have on the equity, financial. income and cash flow in the future.

The Company operates in a complex economic environment, where its main variables are highly volatile, both nationally and internationally. Some of the main economic indicators in Argentina are:

In November 2022, the monthly estimator of economic activity (EMAE) varied 2.6% compared to the same month in 2021.

Accumulated inflation between January 1, 2022 and December 31, 2022 reached 95% (CPI).

The peso depreciated 72% against the US dollar, according to the exchange rate of National Bank of Argentina.

In recent years, the monetary authority imposed further foreign exchange restrictions in order to limit the demand for dollars. which now requires the prior authorization to the Central Bank of the Republic of Argentina for certain transactions, the following being applicable to the Company: – Payment of debts between residents in foreign currency– Payment for imports of goods coming from abroad.

In addition, the exchange regime already determined how the entry and settlement in national currency of the funds obtained as a result of the following operations and concepts: – Exports of goods and services – Collections of pre-financing. advances and post-financing of exports of goods

These exchange restrictions, or those issued in the future, could affect the Company's ability to access the Single and Free Exchange Market to acquire the necessary currencies to meet its financial obligations. Assets and liabilities in foreign currency as of December 31, 2022 have been measured considering the current prices in the Single and Free Exchange Market. Management permanently monitor the evolution of the variables that affect the business, to define its course of action and identify the possible impacts on its patrimonial and financial situation. The Company's financial statements must be read in the light of these circumstances.

In addition, among the most important indicators in economic terms, it is possible to highlight the following:

- Retail inflation for 2022 amounted to 94.79%.
- The Argentine Peso devaluation compared with the US Dollar was of 72% in the period from December 2021 to December 2022, as per the wholesale average exchange rate of Banco de la Nación Argentina. Due to the exchange restrictions in force, there is an exchange gap of approximately 95.73% between the official US Dollar rate and its rate in parallel market, which impacts on the economic activity level and effects BCRA reserves.

## 10 - SUBSEQUENT EVENTS

No events or transactions have occurred from year-end to the date of issuance of these financial statements that would have a material effect on the financial position of the Company or the results of its operations at year-end.

**EXHIBIT I**

**FIXED ASSETS**

**For the regular financial year of 12 months ended December 31, 2022 comparative with the prior fiscal year (in pesos - constant currency) (Note 2.1)**

(Amount in ARS)

| Main account | Original values | | | Depreciation For the year | | | | Net | |
|---|---|---|---|---|---|---|---|---|---|
| | At beginning year-end | Increases | At year-end | Accumulated at beginning year-end | Rate | Amount (Exhibit IV) | Accumulated at year-end | December 31, 2022 | December 31, 2021 |
| Leasehold improvements | 229.465.165 | - | 229.465.165 | 229.465.165 | 10 | - | 229.465.165 | - | - |
| Furniture and fixtures | 97.003 | 302.340 | 399.343 | 97.003 | 20 | - | 97.003 | 302.340 | - |
| Facilities | 16.331.910 | - | 16.331.910 | 16.047.965 | 10 | 216.371 | 16.264.336 | 67.574 | 283.945 |
| Computers | 142.754.294 | 19.285.259 | 162.039.553 | 117.329.822 | 25 | 13.422.676 | 130.752.498 | 31.287.055 | 25.424.472 |
| Software | 3.485.265 | - | 3.485.265 | 2.686.558 | 20 | 798.707 | 3.485.265 | - | 798.707 |
| **Total as of December 31, 2022** | 392.133.637 | 19.587.599 | 411.721.236 | 365.626.513 | | 14.437.754 | 380.064.267 | 31.656.969 | |
| **Total as of December 31, 2021** | 385.682.959 | 6.450.678 | 392.133.637 | 356.425.233 | | 9.201.280 | 365.626.513 | - | 26.507.124 |

**EXHIBIT II**

**ALLOWANCES**

**For the regular financial year of 12 months ended December 31, 2022 comparative with the prior fiscal year (in pesos - constant currency) (Note 2.1)**

(Amount in ARS)

| Items | Balances at beginning of the year | Increases | (Gain)/loss due to changes in currency purchasing power | Balances at year-end |
|---|---|---|---|---|
| **Included in liabilities:** | | | | |
| **Non current** | | | | |
| **Allowance for contingencies** | 7.921.163 | 1.420.676 | (3.854.715) | 5.487.124 |
| **Total as of December 31, 2022** | **7.921.163** | **1.420.676** | **(3.854.715)** | **5.487.124** |
| **Total as of December, 2021** | 1.061.453 | 8.392.999 | (1.533.289) | 7.921.163 |

**EXHIBIT III**

**ASSETS AND LIABILITIES IN FOREIGN CURRENCY**

**For the regular financial year of 12 months ended December 31, 2022 comparative with the prior year**

(Amount in ARS)

| | As At December 31, 2022 | | | | As At December 31, 2021 |
|---|---|---|---|---|---|
| | Type and amount of foreign currency | | Prevailing exchange rate | Amount in local currency | Amount in local currency |
| **CURRENT ASSETS** | | | | | |
| **Cash and banks** | | | | | |
| Banks | **USD** | **624.772** | **176,78** | **110.447.209** | 125.272.581 |
| **Accounts receivable** | | | | | |
| Ordinary | **USD** | **155.748** | **176,78** | **27.533.128** | 12.965.064 |
| Other related parties | **EUR** | **41.844** | **188,46** | **7.885.894** | 1.657.322 |
| Other related parties | **USD** | **150.484** | **176,78** | **26.602.539** | 28.991.496 |
| Services to be invoiced | **USD** | **31.969** | **176,78** | **5.651.502** | 562.705 |
| Services to be invoiced to other related parties | **USD** | **6.061** | **176,78** | **1.071.530** | 3.232.419 |
| Services to be invoiced to other related parties | **EUR** | **5.525** | **188,46** | **1.041.221** | - |
| **Subtotal** | | | | **69.785.814** | 47.409.006 |
| **Other receivables** | | | | | |
| Other related parties | **USD** | **67** | **176,78** | **11.759** | 32.059 |
| Security deposits | **USD** | **90.397** | **176,78** | **15.980.423** | 18.011.045 |
| **Subtotal** | | | | **15.992.182** | 18.043.104 |
| **Total current assets** | | | | **196.225.205** | 190.724.691 |
| **NON-CURRENT ASSETS** | | | | | |
| Investments in related parties | **MXN** | **181** | **9,07** | **1.640** | 3.195 |
| **Total non - current assets** | | | | **1.640** | 3.195 |
| **Total assets** | | | | **196.226.845** | 190.727.886 |

USD: United States Dollars

EUR: Euros

MXN: Mexican Peso

## Notes forming part of the Financial Statements

**EXHIBIT III**

**ASSETS AND LIABILITIES IN FOREIGN CURRENCY**

For the regular financial year of 12 months ended December 31, 2022 comparative with the prior year

(Amount in ARS)

| | As At December 31, 2022 | | | | As At December 31, 2021 |
|---|---|---|---|---|---|
| | Type and amount of foreign currency | | Prevailing exchange rate | Amount in local currency | Amount in local currency |
| **CURRENT LIABILITIES** | | | | | |
| **Trade payables** | | | | | |
| Suppliers | **USD** | **71.749** | **176,78** | **12.683.756** | 10.500.757 |
| Relaties parties | **USD** | **-** | **176,78** | **-** | 3.695.881 |
| **Total current liabilities** | | | | **12.683.756** | 14.196.638 |
| **NON-CURRENT LIABILITIES** | | | | | |
| **Trade payables** | | | | | |
| Related parties | **USD** | **1.576.670** | **176,78** | **278.723.660** | 244.985.744 |
| Other related parties - provision for invoices to be received | **USD** | **17.876** | **176,78** | **3.160.117** | - |
| **Total non-current liabilities** | | | | **281.883.777** | 244.985.744 |
| **Total liabilities** | | | | **294.567.533** | 259.182.382 |

USD: United States Dollars

**EXHIBIT IV**

**INFORMATION REQUIRED BY ART. 64. CLAUSE (b) OF LAW 19550**

For the regular financial year of 12 months ended December 31, 2022 comparative with the prior fiscal year
(in pesos - constant currency) (Note 2.1)

(Amount in ARS)

| Items | Cost of services | Selling expenses | Administrative expenses | Other operating expenses | Total for the fiscal year ended December 31, 2022 | Total for the fiscal year ended December 31, 2021 |
|---|---|---|---|---|---|---|
| Salaries and wages | **521.511.182** | **22.426.753** | **145.325.978** | **38.785.410** | **728.049.323** | 612.816.887 |
| Project expenses | **210.838.513** | **-** | **-** | **-** | **210.838.513** | 173.160.626 |
| Rentals and common expenses | **-** | **-** | **70.844.544** | **-** | **70.844.544** | 65.034.704 |
| Turnover tax | **-** | **57.888.983** | **-** | **-** | **57.888.983** | 50.515.895 |
| Severance payments | **-** | **-** | **-** | **10.921.918** | **10.921.918** | 8.558.951 |
| Fees and compensation for services | **-** | **-** | **21.754.511** | **-** | **21.754.511** | 70.906.249 |
| Taxes. rates and contributions | **-** | **-** | **8.311.722** | **-** | **8.311.722** | 11.728.907 |
| Surveillance | **-** | **-** | **23.581.037** | **-** | **23.581.037** | 15.231.672 |
| Bank commissions and expenses | **-** | **-** | **9.922.631** | **-** | **9.922.631** | 8.863.750 |
| Internet. communication and mail expenses | **-** | **-** | **11.576.199** | **-** | **11.576.199** | 10.508.352 |
| Cleaning expenses | **-** | **-** | **8.085.751** | **-** | **8.085.751** | 5.164.361 |
| Fees to directors | **-** | **-** | **7.950.652** | **-** | **7.950.652** | 6.613.550 |
| Recruitment and training | **-** | **-** | **3.012.000** | **-** | **3.012.000** | 4.917.014 |
| Depreciation of fixed assets (Exhibit I) | **3.495.309** | **-** | **10.942.445** | **-** | **14.437.754** | 9.201.280 |
| Travel expenses | **745.602** | **-** | **727.975** | **-** | **1.473.577** | 536.842 |
| Repair and maintenance | **-** | **-** | **4.368.172** | **-** | **4.368.172** | 2.558.026 |
| Insurance | **-** | **-** | **2.879.440** | **-** | **2.879.440** | 839.379 |
| Office expenses | **-** | **-** | **1.068.768** | **-** | **1.068.768** | 465.528 |
| Sundry | **111.165** | **34.881** | **2.006.359** | **-** | **2.152.405** | 4.110.385 |
| Marketing expenses | **-** | **1.885.678** | **-** | **-** | **1.885.678** | 1.025.235 |
| Labor lawsuits | **-** | **-** | **-** | **17.752.704** | **17.752.704** | - |
| Labor lawsuits – Provision | **-** | **-** | **-** | **6.396.655** | **6.396.655** | - |
| Mobility expenses | **70.046** | **-** | **783.604** | **-** | **853.650** | - |
| **Total as of December 31, 2022** | **736.771.817** | **82.236.295** | **333.141.788** | **73.856.687** | **1.226.006.587** | - |
| **Total as of March 31. 2021** | 661.306.137 | 78.259.041 | 261.358.931 | 61.833.484 | - | 1.062.757.593 |

# INDEPENDENT AUDITORS' REPORT

**To the President and Directors of**
**TATA Consultancy Services Argentina S.A.**
Legal address: Uspallata 3046
City of Buenos Aires

Taxpayer Identification Number: 30-70784821-5

## Report on the financial statements

We have audited the accompanying financial statements of TATA Consultancy Services Argentina S.A. (hereinafter, "the Company"), for the regular fiscal period of 12 months beginning January 01, 2022 and ended December 31, 2022 which comprise the balance sheet. the statements of profit or loss, changes in shareholders' equity and cash flows for the year then ended, notes 1 to 10 and exhibits I to IV presented as supplementary information.

The figures and other information for the year of 9 months period ended December 31, 2021 are an integral part of these financial statements and are presented for the purpose of being construed solely in relation to the figures and information of the current year.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the professional accounting standards in force in the City of Buenos Aires, Republic of Argentina, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement.

## Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards set forth by Technical Resolution No. 37 of the FACPCE. Those standards require that we comply with the ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. We relied on our professional judgment to select the procedures to be performed, including assessing the risk that the financial statements may include material misstatements derived from errors or irregularities. When performing this risk assessment, we considered the Company's existing internal controls on the preparation and presentation of financial statements for the purpose of selecting the adequate auditing procedures, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes assessing the accounting principles used and the reasonableness of the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, the results of its operations, the changes in equity and cash flows for the year then ended, in conformity with professional accounting principles in force in the City of Buenos Aires, Republic of Argentina.

## Report on other legal and regulatory requirements

In compliance with legal requirements in force, we report that:

a. the accompanying financial statements arise from the Company's accounting records, and their transcription into the Journal and Inventory Book is pending;

b. we have performed the anti-money laundering and terrorist financing procedures set forth by the applicable professional standards issued by the FACPCE; and

c. as of December 31, 2022, the accrued liability for retirement and pension contributions payable to the Pension Fund System arising from the accounting records amounted to $ 20,130,437 no amounts being due as of that date

City of Buenos Aires, 16.03.2023

Adler. Hasenclever & Asociados S.R.L.
Public Accountants
C.P.C.E.C.A.B.A. Tº 1 - Fº 68

Leonardo Fraga (Partner)
Public Accountant (UBA)
C.P.C.E.C.A.B.A. T°166 – F°183

# SUPERVISORY AUDITOR'S REPORT

**To the Shareholders of**
**TATA CONSULTANCY SERVICES ARGENTINA S.A.**

Uspallata 3647.
City of Buenos Aires
Taxpayer Identification Number: 30-70784821-5

In my capacity as Regular Supervisory Auditor of TATA CONSULTANCY SERVICES ARGENTINA S.A., based on the provisions of subsection 5, section 294 of the Companies Law, I have examined the documents described in paragraph 1. Based on the documents referred to above, my responsibility is to report on such documentation, based on the work mentioned in paragraph 2.

## 1. DOCUMENTS UNDER EXAMINATION

a) Balance Sheet as of December 31, 2022

b) Statement of profit or loss for the regular fiscal period of 12 months ended December 31, 2022.

c) Statement of changes in shareholders' equity for the regular fiscal period of 12 months ended December 31, 2022

d) Statement of cash flows for the regular fiscal period of 12 months ended December 31, 2022.

e) Notes 1 to 10 and Exhibits I to IV.

## 2. SCOPE OF EXAMINATION

My examination was made in compliance with the supervisory auditors' standards in force Those standards require that the financial statements be examined in conformity with the auditing standards in force, including the verification of the consistency of the documents examined with the information on corporate decisions recorded in the minutes of the Board of Directors' meetings as well as the compliance of such decisions with the law and the bylaws in their formal and documentary aspects. An audit requires that the auditor plans and performs the procedures to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit also includes examining, on a test basis, evidence supporting the disclosures in the financial statements, as well as evaluating the accounting principles used, the significant estimates made by the Board of Directors, and the overall presentation of the financial statements taken as a whole. As it is not the supervisory auditor's responsibility to exercise management control, I have not considered in my examination the business criteria and decisions adopted by the Company to prepare my report.

In addition, I have verified that the Letter to Shareholders for the year ended December 31, 2022 contains the information required by section 66 of the Companies Law and that its figures agree with the Company's accounting records and other relevant documentation.

## 3. OPINION

Based on the examination conducted, in my opinion, the financial statements described in paragraph 1 present fairly, in all material respects, the financial position of TATA CONSULTANCY SERVICES ARGENTINA S.A. as of December 31, 2022. the results of its operations, the changes in shareholders' equity and cash flows for the year then ended, in conformity with professional accounting principles in force.

With regard to the Board of Directors' Letter to Shareholders, I have no comments to make as it relates to my area of responsibility. The assertions on future events stated therein are the Board of Directors' exclusive responsibility.

These accompanying financial statements and the related inventory arise from the accounting records which, in their formal aspects, are kept pursuant to the legislation in force.

City of Buenos Aires, 16.03.2023

**Pablo Gustavo Traini**

Regular Supervisory Auditor

# TATA CONSULTANCY SERVICES DO BRASIL LTDA.

## FINANCIAL STATEMENTS

**For the year ended**
**December 31, 2022**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

# INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

**TO**

**THE SHAREHOLDERS AND MANAGEMENT OF**

**TATA CONSULTANCY SERVICES DO BRASIL LTDA.**

**São Paulo – SP**

## Opinion

We have audited the accompanying financial statements of Tata Consultancy Services do Brasil Ltda. ("Company"), which comprise the balance sheet as of December 31, 2022, and the related statements of income statement, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tata Consultancy Services do Brasil Ltda. as of December 31, 2022 and its operating performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the relevant ethical requirements set forth in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibility of management and those charged with governance for the financial statements

The Company's Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 in preparing the financial statements, unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative to avoid doing so.

Those charged with governance are those individuals responsible for overseeing the Company's financial reporting process.

## Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Brazilian and International Standards on Auditing 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 Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- 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 override of internal control, collusion, forgery, intentional omissions or misrepresentations;

- Obtain an understanding of the internal controls 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 auditor's 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 auditor's 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including those regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

**São Paulo, March 16, 2023**

**Ricardo Akira Matsunaga**
Contador CRC 1SP-296.382/O-1

**Grant Thornton Auditores Independentes Ltda.**
CRC 2SP-025.583/O-1

## Statement of Financial Position

(in thousand BRL Reais)

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6(a) | **44,735** | 48,057 |
| Trade receivables | | | |
| Billed | 6(b) | **172,228** | 109,776 |
| Unbilled | | **54,400** | 39,628 |
| Other Financial assets | 6(c) | **966** | 549 |
| Other assets | 8(d) | **20,832** | 13,383 |
| **Total current assets** | | **291,161** | 211,393 |
| **Non-current assets** | | | |
| Deferred tax assets (net) | 12 | **21,444** | 27.786 |
| Property, plant and equipment | 8(a) | **33,179** | 25,694 |
| Right-of-use assets | 7 | **37,626** | 38,012 |
| Goodwill | 8(b) | **33,106** | 33,106 |
| Other intangible assets | 8(c) | **2** | 5 |
| Other assets | 8(d) | **1,944** | 3,995 |
| **Total non-current assets** | | **127,301** | 128,598 |
| **TOTAL ASSETS** | | **418,462** | 339,991 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade payables | 6(d) | **14,532** | 10,325 |
| Lease Liabilities | 7 | **7,250** | 6,845 |
| Other financial liabilities | 6(e) | **32,377** | 20,254 |
| Unearned and deferred revenue | 9 | **14,434** | 21,382 |
| Employee benefit obligations | 13 | **39,223** | 28,655 |
| Provisions | 8(f) | **5,114** | 4,889 |
| Income tax liabilities (net) | | **3,744** | 3,050 |
| Other liabilities | 8(e) | **33,587** | 23,160 |
| **Total current liabilities** | | **150,261** | 118,560 |
| **Non-current liabilities** | | | |
| Lease Liabilities | 7 | **37,696** | 37,960 |
| **Total non-current liabilities** | | **37,696** | 37,960 |
| **TOTAL LIABILITIES** | | **187,957** | 156,520 |
| **Equity** | | | |
| Share capital | 6(j) | **175,802** | 175,802 |
| Retained earnings | | **54,703** | 7,669 |
| **TOTAL EQUITY** | | **230,505** | 183,471 |
| **TOTAL LIABILITIES AND EQUITY** | | **418,462** | 339,991 |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS**

## Statement of Profit or Loss and Other Comprehensive Income

(in thousand BRL Reais)

| | Note | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|---|
| **Revenue** | 9 | **868,120** | 656,474 |
| **Operating expenses** | | | |
| Employee benefits expenses | 13 | **661,728** | 459,206 |
| Depreciation and amortisation expense | 7 and 8 | **18,129** | 14,705 |
| Other operating expenses | 10 | **97,289** | 82,356 |
| **TOTAL OPERATING EXPENSES** | | **777,146** | 556,267 |
| **OPERATING PROFIT** | | **90,974** | 100,207 |
| **Other (expense) / income** | | | |
| Finance and other income | 11(a) | **1,454** | 604 |
| Finance costs | 11(b) | **(4,702)** | (4,589) |
| Other (losses) (net) | 11(c) | **(563)** | (1,223) |
| **OTHER (EXPENSE) (NET)** | | **(3,811)** | (5,208) |
| **PROFIT BEFORE TAXES** | | **87,162** | 94,999 |
| Income tax expense | 12 | **32,459** | 34,339 |
| **PROFIT FOR THE PERIOD / YEAR** | | **54,703** | 60,660 |
| **Other comprehensive income, net of taxes** | | **-** | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD / YEAR** | | **54,703** | 60,660 |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS**

## Statement of Changes in Equity

(in thousand BRL Reais)

| | Number of shares | Share capital | Retained earnings | Total equity |
|---|---|---|---|---|
| **Balance as at January 1, 2021** | 175,802 | 175,802 | (52,991) | 122,811 |
| Profit for the year | | | 60,660 | 60,660 |
| Other comprehensive income | - | - | - | - |
| **Total comprehensive income** | - | - | 60,660 | 60,660 |
| **Balance as at December 31, 2021** | 175,802 | 175,802 | 7,669 | 122,811 |
| **Balance as at January 1, 2022** | **175,802** | **175,802** | **7,669** | **183,471** |
| Profit for the period | **-** | **-** | **54,703** | **54,703** |
| Other comprehensive income | **-** | **-** | **-** | **-** |
| **Total comprehensive income** | **-** | **-** | **54,703** | **54,703** |
| Dividends | **-** | **-** | **(7,669)** | **(7,669)** |
| **Balance as at December 31, 2022** | **175,802** | **175,802** | **54,703** | **230,505** |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS**

## Statement of Cash Flows

(in thousand BRL Reais)

| | Note | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit for the period/ year | | **54,703** | 60,660 |
| **Adjustment to reconcile profit or loss to net cash provided by operating activities:** | | | |
| Depreciation and amortisation expense | 7 and 8 | **18,129** | 14,705 |
| Bad debts and advances writtned off, allowances for doubtful trade receivables and advances (net) | | **1,246** | 20 |
| Income tax expense | 12 | **32,459** | 34,339 |
| Unrealised foreign exchange gain | | **-** | 921 |
| Net gain / loss on Modification of Lease | | **-** | (24) |
| Net gain / loss on disposal of property, plant and equipment | | **17** | 12 |
| **Operating profit before working capital changes** | | **106,554** | 110,633 |
| **Net change in** | | | |
| Trade receivables | | | |
| Billed | | **(63,698)** | (27,570) |
| Unbilled | | **(12,772)** | (12,290) |
| Other financial assets | | **(418)** | (36) |
| Other assets | | **(5,398)** | (5,132) |
| Trade Payables | | **4,207** | (3,886) |
| Unearned and deferred revenue | | **(6,948)** | 3,319 |
| Other financial liabilities | | **12,123** | 5,264 |
| Employee Benefit Obligations, Other liabilities and provisions | | **21,220** | (481) |
| **Cash generated from operations** | | **54,871** | 69,821 |
| Taxes paid (net of refunds) | | **(25,424)** | (21,581) |
| **Net cash provided by operating activities** | | **29,447** | 48,240 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payment for purchase of property, plant and equipment | | **(18,162)** | (10,701) |
| Proceeds from disposal of property, plant and equipment | | **8** | 7 |
| **Net cash provided by / (used in) investing activities** | | **(18,154)** | (10,694) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Short-term borrowings (net) | | **-** | (15,460) |
| Dividend paid (including tax on dividend) | | **(7,669)** | - |
| Repayment of lease liabilities | | **(6,945)** | (5,697) |
| **Net cash provided by / (used in) financing activities** | | **(14,615)** | (21,157) |
| **Net change in cash and cash equivalents** | | **(3,322)** | 16,389 |
| Cash and cash equivalents at the beginning of the period / year | | **48,057** | 31,668 |
| **Cash and cash equivalents at the end of the period / year** | 6(a) | **44,735** | 48,057 |
| **Supplementry cash flow information** | | | |
| Interest paid | | **4,702** | 4,590 |
| Interest received | | **1,454** | 604 |

**SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

## Notes forming part of the Financial Statements

**(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese Language version shall prevail.)**

### 1. CORPORATE INFORMATION

Tata Consultancy Services do Brasil Ltda. ("the Company") is headquartered in the City of Barueri, State of São Paulo, and is engaged mainly in the provision of information technology services, involving: (a) IT consulting services, such as provision of computer program, software, computer system project and IT technical project development services, information technology-related implementation services, including study, support, infrastructure, research, creation, adaptation, design, preparation, data warehousing, training, data processing, systematization, automated management, database, data retrieval, installation, technical maintenance and support; (b) business process outsourcing (BPO), such as provision of labor in administrative, accounting, payroll, tax department routines, human resource management, financial department routines, controllership and other administrative service and customer service areas; (c) sale of computer programs, software, either materialized or not, recorded computer programs and the assignment and licensing and use of systems.

To provide services to specific customers, the Company has branches in Aracaju/SE, Belo Horizonte/MG, Brasília/DF,Campinas/SP, Corumbá/MS, Itabira/MG, Joinville/SC, Londrina/PR, Macaé/RJ, Mariana/MG, Nova Lima/MG, Parauapebas/PA, Rio de Janeiro/RJ, Santos/SP, São Luis/MA, São Paulo/SP and Vitória/ES.

The Company is incorporated and domiciled in Brazil. The address of its corporate office is Alameda Madeira, 328 - 13° andar - Alphaville Industrial, Barueri - SP, Postal Code 06454-010.

The Executive Committee authorized the issuance of these financial statements at the meeting held on March 16, 2023.

### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB)..

### 3. BASIS OF PREPARATION

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value or amortized cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows have been prepared using indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional currency of the Company is the Brazilian Real (R$). Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

### 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the recognition and measurement principles of with International Financial Reporting Standards (IFRS) requires management to make estimates and judgment's that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

**a. Revenue Recognition**

Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**b. Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**c. Impairment of goodwill**

The Company estimates the value-in-use of the cash generating units (CGUs) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rates used for the CGUs represent the weighted average cost of capital based on the historical market returns of comparable companies.

**d. Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**e. Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. The deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**f. Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**g. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a

## Notes forming part of the Financial Statements

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lease, it considers all relevant facts and circumstances that create an economic incentive for the company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## 5. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1] |
| Amendments to IFRS 16 | Lease Liability in a sale and Leaseback[2] |
| Amendments to IAS 1 | Non-current Liabilities with Covenants[2] |

[1]Effective for annual periods beginning on or after January 1, 2023.

[2]Effective for annual periods beginning on or after January 1, 2024.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements. .

### IFRS 16- Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The Company does not expect this amendment to have any significant impact in its financial statements.

### IAS 1 – Non-current Liabilities with Covenants

In October 2022, IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Company does not expect the amendments to have any significant impact on its classification of non-current liabilities in its statement of financial position.

The company has applied IFRIC 23 effective for annual periods beginning on or after January 1, 2019 as below:

### IFRIC 23 Interpretation Uncertainty over Income Tax Treatment

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

### Application of IFRIC 23

The company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no continuous instances of any uncertain tax treatment in the past and on that basis, it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

## 6. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

### Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

### Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

## Notes forming part of the Financial Statements

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The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortized cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**a. Cash and cash equivalents**

Cash and cash equivalents consist of the following:

(in thousand BRL Reais)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Balances with banks | **4,727** | 3,996 |
| Cash on hand | **8** | - |
| Bank deposits (original maturity less than three months) | **40,000** | 44,061 |
| **Total** | **44,735** | 48,057 |

**b. Trade Receivable - Billed**

Trade Receivable - Billed consist of the following:

(in thousand BRL Reais)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade receivables - billed | **173,496** | 109,798 |
| Less: Allowance for doubtful trade receivables - billed | **(1,269)** | (22) |
| **Total** | **172,228** | 109,776 |

Trade Receivable - Billed include balances with related parties amounting to 49,217 thousands BRL reais (22,930 thousands BRL reais for 2021).

### c. Other financial assets

Other financial assets consist of the following:

**Other financial assets – Current**

(in thousand BRL Reais)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Employee loans and advances | **762** | 465 |
| Security deposits | **59** | 39 |
| Others | **146** | 45 |
| **Total** | **967** | 549 |

### d. Trade Payables

Trade payables consist of the following:

**Trade payables – Current**

(in thousand BRL Reais)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade payables | **7,199** | 2,530 |
| Accrued expenses | **7,333** | 7,795 |
| **Total** | **14,532** | 10,325 |

Trade payables include balances with related parties amounting to 6,335 thousands BRL reais (5,877 thousands BRL reais for 2021).

### e. Other financial liabilities

Other financial liabilities consist of the following:

**Other financial liabilities – Current**

(in thousand BRL Reais)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Capital creditors | **481** | 42 |
| Liabilities towards customer contracts | **3,709** | 2,844 |
| Accrued payroll | **27,689** | 17,085 |
| Caution money | **498** | 283 |
| **Total** | **32,377** | 20,254 |

## Notes forming part of the Financial Statements

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### f. Financial instruments by category

The carrying value of financial instruments by categories as at December 31, 2022 is as follows:

(in thousand BRL Reais)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **44,735** | **44,735** |
| Trade receivables | | |
| Billed | **172,228** | **172,228** |
| Unbilled | **52,400** | **52,400** |
| Other financial assets | **967** | **967** |
| **Total** | **270,330** | **270,330** |
| **Financial liabilities** | | |
| Trade payables | **14,532** | **14,532** |
| Lease Liabilities | **44,946** | **44,946** |
| Other financial liabilities | **32,377** | **32,377** |
| **Total** | **91,855** | **91,855** |

The carrying value of financial instruments by categories as at December 31, 2021 is as follows:

(in thousand BRL Reais)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 48,057 | 48,057 |
| Trade receivables | | |
| Billed | 109,776 | 109,776 |
| Unbilled | 39,628 | 39,628 |
| Other financial assets | 549 | 549 |
| **Total** | 198,010 | 198,010 |
| **Financial liabilities** | | |
| Trade payables | 10,325 | 10,325 |
| Lease Liabilities | 44,805 | 44,805 |
| Other financial l iabilities | 20,254 | 20,254 |
| **Total** | 75,384 | 75,384 |

Carrying amounts of cash and cash equivalents, trade receivables and trade payables as at December 31, 2022 and December 31, 2021 approximate the fair value. The difference between carrying amounts and fair values of other financial assets, other financial liabilities and borrowings subsequently measured at amortized cost is not significant in each of the periods presented. Fair value measurement of lease liabilities is not required.

### g. Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)..

- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**h. Financial risk management**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments.

***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the entity. Considering the economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10 percentage against the respective functional currency of the Company.

The following analysis has been worked out based on the net exposures for the company as at the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to foreign currency exposure as at December 31, 2022:

(in thousand BRL Reais)

| | USD | GBP | EUR | Others* |
|---|---|---|---|---|
| Net financial assets | **50,903** | **4,178** | **1,027** | **288** |
| Net financial liabilitites | **3,005** | **670** | **-** | **216** |

10 percentage appreciation / depreciation of the respective foreign currencies with respect to functional currency of the company would result in decrease / increase in the Company's profit before taxes by approximately 5,251 thousands BRL reais for the year ended December 31, 2022.

The following table sets forth information relating to foreign currency exposure as at December 31, 2021:

(in thousand BRL Reais)

| | USD | GBR | EUR | Others* |
|---|---|---|---|---|
| Net financial assets | 22,100 | 2,381 | 751 | 674 |
| Net financial liabilities | 2,117 | 162 | 3 | 114 |

10 percentage appreciation / depreciation of the respective foreign currencies with respect to functional currency of the company would result in decrease / increase in the Company's profit before taxes by approximately 2,351 thousands BRL reais for the period ended December 31, 2021.

## Notes forming part of the Financial Statements

**(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese Language version shall prevail.)**

*Others include currencies such as Swiss Franc, Swedish Krona, Uruguayan Peso, Mexican Peso, Indian Rupee and Canadian Dollar.

- **Interest rate risk**

The Company's investments are primarily in fixed rate interest-bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

***Credit risk***

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents and other financial assets. Cash and cash equivalents include an amount of 41,623 thousands BRL reais held with banks in Brasil having high quality credit rating which are individually in excess of 10 percentage or more of the Company's total cash and cash equivalents as at December 31, 2022. None of the other financial instruments of the Company result in material concentration of credit risk.

- **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was 291,301 thousand BRL reais and 211,787 thousand BRL reais as at December 31, 2022 and as at December 31, 2021, respectively, being the total of the carrying amount of balances with banks, trade receivables, contract assets and other financial assets.

Tata Consultancy Services do Brasil Ltda.'s exposure to customers is diversified and single customer contributes to more than 10 percentage of outstanding trade receivable and contract assets as at December 31, 2022 and as at December 31, 2021 as follows:

| | As at December 31, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|
| | Trade receivable and contract assets | Percentage | Trade receivable and contract assets | Percentage |
| Customer B | **61,939** | **25%** | 29,559 | 18% |
| Customer C | **53,407** | **22%** | 18,151 | 11% |
| Customer A | **20,369** | **8%** | 15,607 | 10% |

- **Geographic concentration of credit risk**

Geographic concentration of trade receivables (gross and net of allowances) and contract assets is as follows:

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| | Net Percentage | Net Percentage |
| Ibero America | **72%** | 77% |
| America | **25%** | 17% |
| Others | **3%** | 6% |

Geographical concentration of trade receivables and contract assets is allocated based on the location of the customers.

The allowance for lifetime expected credit loss on trade receivables for the years ended December 31, 2022, and 2021 was 1,269 thousand BRL reais and 22 thousand BRL reais respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **22** | 3 |
| Charge to Profit and loss account | **1,246** | 20 |
| Provision written off | **1** | (1) |
| **Balance at the end of the year** | **1,269** | 22 |

***Liquidity risk***

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(in thousand BRL Reais)

| **December 31, 2022** | Due in 1st. year | Due in 2nd. year | Due in 3rd. to 5th. year | Due after 5years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | **14,532** | **-** | **-** | **-** | **14,532** |
| Lease Liabilities | **11,917** | **11,470** | **26,113** | **10,913** | **60,413** |
| Other financial liabilities | **32,377** | **-** | **-** | **-** | **32,377** |
| **Total** | **58,826** | **11,470** | **26,113** | **10,913** | **107,322** |

(in thousand BRL Reais)

| **December 31, 2021** | Due in 1st. year | Due in 2nd. year | Due in 3rd. to 5th. year | Due after 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | 10,325 | - | - | - | 10,325 |
| Lease Liabilities | 10,926 | 10,909 | 24,082 | 14,906 | 60,823 |
| Other financial liabilities | 20,254 | - | - | - | 20,254 |
| **Total** | 41,505 | 10,909 | 24,082 | 14,906 | 91,402 |

## Notes forming part of the Financial Statements

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### j. Equity instruments

The authorized, issued, subscribed and fully paid up share capital consist of the following:

(in thousand BRL Reais)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **(a) Authorized** | | |
| Equity shares of BRL reais 1 each (175,801,586 shares ) | **175,802** | 175,802 |
| | **175,802** | 175,802 |
| **(b) Issued, Subscribed and Paid up** | | |
| Equity shares of BRL reais 1 each (175,801,586 shares ) | **175,802** | 175,802 |
| **Total** | **175,802** | 175,802 |

**Details of shares held by shareholders in the Company Equity Shares**

(in thousand BRL Reais)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| TCS Iberoamerica Sociedad Anonima (Holding Company) | **175,802** | 175,802 |
| TCS Solution Center S.A. * | **-** | - |
| Percentage Holding in class | **100%** | 100% |

*TCS Solution Center S.A. holds one share of the company, amount is zero because of rounding off.

Fully paid equity shares, which have a par value of 175,802 thousands BRL reais (BRL 1 each) carry one vote per share and have a right to dividend. In the event of liquidation of the Company, the holders of shares are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

## 7. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses an incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognizes the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The details of the right-of-use asset held by the Company is as follows:

(in thousand BRL Reais)

| | Additions for the year ended December 31, 2022 | Net carrying amount as at December 31, 2022 |
|---|---|---|
| Buildings | **4,317** | **32,826** |
| Leasehold Improvements | **-** | **4,800** |
| **Total** | **4,317** | **37,626** |

(in thousand BRL Reais)

| | Additions for the year ended December 31, 2021 | Net carrying amount as at December 31, 2021 |
|---|---|---|
| Buildings | 5,055 | 31,620 |
| Leasehold Improvements | - | 6,392 |
| **Total** | 5,055 | 38,012 |

## Notes forming part of the Financial Statements

**(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese Language version shall prevail.)**

Depreciation on right-of-use asset is as follows:

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Buildings | **5,880** | 5,352 |
| Lease hold Improvements | **1,592** | 1,592 |
| **Total** | **7,472** | 6,944 |

Interest on lease liabilities is 4,702 thousands BRL reais and 4,474 thousands BRL reais for the year ended on December 31, 2022 and 2021, respectively.

The Company incurred 452 thousand BRL reais and 329 thousand BRL reais for the years ended December 31, 2022 and 2021, respectively, towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow for leases is 12,099 thousand BRL reais and 10,500 thousand BRL reais for the years ended December 2022 and 2021, respectively, including cash outflow for short-term leases and leases of low-value assets.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course.

The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

## 8. NON-FINANCIAL ASSETS AND LIABILITIES

### a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight-line basis with highlighted portion so as to expense the cost less residual values over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of asset | Useful lives |
|---|---|
| Leasehold improvements | Lease term |
| Computer equipment | 4 years |
| Furniture, fixtures, office equipment and other assets | 4-10 years |

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

Property, plant and equipment consist of the following:

(in thousand BRL Reais)

| | Leasehold improvement | Computer equipment | Electrical installations | Furniture and fixtures | Office equipments | Total |
|---|---|---|---|---|---|---|
| **Gross block as at January 1, 2022** | **7,295** | **28,744** | **2,839** | **1,975** | **2,802** | **43,655** |
| Purchases | **180** | **16,705** | **-** | **95** | **322** | **17,302** |
| Disposals | **-** | **(37)** | **(7)** | **7** | **-** | **(37)** |
| **Gross block as at December 31, 2022** | **7,475** | **45,412** | **2,832** | **2,077** | **3,124** | **60,920** |
| **Accumulated depreciation as at January 1, 2022** | **1,551** | **13,552** | **801** | **1,176** | **969** | **18,049** |
| Depreciation for the period | **582** | **8,769** | **307** | **403** | **591** | **10,653** |
| Disposals | **-** | **(12)** | **(3)** | **3** | **-** | **(12)** |
| **Accumulated depreciation as at December 31, 2022** | **2,133** | **22,309** | **1,105** | **1,582** | **1,560** | **28,690** |
| **Net carrying amount as at December 31, 2022** | **5,341** | **23,103** | **1,726** | **495** | **1,564** | **32,230** |
| Capital work-in-progress | | | | | | **949** |
| **Total** | | | | | | **33,179** |

(in thousand BRL Reais)

| | Leasehold improvement | Computer equipment | Electrical installations | Furniture and fixtures | Office equipments | Total |
|---|---|---|---|---|---|---|
| **Gross block as at January 1, 2021** | 7,081 | 19,473 | 2,695 | 1,903 | 1,775 | 32,927 |
| Purchases | 214 | 9,294 | 144 | 72 | 1,027 | 10,751 |
| Disposals | - | (23) | - | - | - | (23) |
| **Gross block as at December 31, 2021** | 7,295 | 28,744 | 2,839 | 1,975 | 2,802 | 43,655 |
| **Accumulated depreciation as at January 1, 2021** | 1,011 | 7,458 | 498 | 787 | 542 | 10,296 |
| Depreciation for the period | 540 | 6,098 | 303 | 389 | 427 | 7,757 |
| Disposals | - | (4) | - | - | - | (4) |
| **Accumulated depreciation as at December 31, 2021** | 1,551 | 13,552 | 801 | 1,176 | 969 | 18,049 |
| **Net carrying amount as at December 31, 2021** | 5,744 | 15,191 | 2,038 | 799 | 1,834 | 25,605 |
| Capital work-in-progress | | | | | | 89 |
| **Total** | | | | | | 25,694 |

## Notes forming part of the Financial Statements

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### b. Goodwill

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is analyzed for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

The financial projections consider the increase in economic uncertainties due to COVID-19, reassessment of the discount rates, revisiting the growth rates factored while arriving at terminal value and subjecting these variables to sensitivity analysis. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Goodwill consist of the following:

(in thousand BRL Reais)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **33,106** | 33,106 |
| Foreign currency exchange gain / (loss) | **-** | - |
| **Balance at the end of the year** | **33,106** | 33,106 |

Goodwill of 33,106 thousands BRL Reais as at December 31, 2022 and December 31, 2021 has been allocated to the entity as a CGU. The Company prepared an analysis of the estimated value-in-use of the CGU based on current conditions and future projections/ cash flows using a 3.5 percentage annual growth rate for periods subsequent to the originally forecasted period of 10 years and discount rate of 20.37 percentage. An analysis of the projected revenues, costs, margin, SG&A, and growth rates, based on reasonably probable assumptions and key parameters (eg. operating margin, discount rates and long term average growth rate etc.), did not identify any circumstances where the recoverable amount of the CGU is below its carrying amount. As such, no impairment losses were recorded as of December 31, 2022 and 2021.

### c. Other Intangible assets

Intangible assets purchased including acquired in business combination, are measured at cost as at the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licenses.

Following table summarizes the nature of intangibles and their estimated useful lives:

| Type of asset | Useful lives |
|---|---|
| Rights under licensing agreement and software licenses | Lower of license period and 2-5 years |

Intangible assets are amortized on a straight line basis over the period of its economic useful life.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

Intangible assets consist of the following:

(in thousand BRL Reais)

| | Software licences | Total |
|---|---|---|
| **Cost as at January 1, 2022** | **13** | **13** |
| Additions | **-** | **-** |
| **Cost as at December 31, 2022** | **13** | **13** |
| **Accumulated amortisation as at January 1, 2022** | **8** | **8** |
| Amortization for the period | **3** | **3** |
| **Accumulated amortisation as at December 31, 2022** | **11** | **11** |
| **Net carrying amount as at December 31, 2022** | **2** | **2** |

(in thousand BRL Reais)

| | Software licences | Total |
|---|---|---|
| **Cost as at January 1, 2021** | 13 | 13 |
| Additions | - | - |
| Disposals | - | - |
| **Cost as at December 31, 2021** | 13 | 13 |
| **Accumulated amortisation as at January 1, 2021** | 4 | 4 |
| Amortization for the period | 4 | 4 |
| **Accumulated amortisation as at December 31, 2021** | 8 | 8 |
| **Net carrying amount as at December 31, 2021** | 5 | 5 |

The estimated amortization for the years subsequent to December 31, 2022 is as follows:

(in thousand BRL Reais)

| Year Ending December 31, | Amortisation expenses (In thousands BRL Reais) |
|---|---|
| **2023** | **2** |
| **Total** | **2** |

**d. Other assets**

Other assets consist of the following:

**(a) Other assets – Current**

(in thousand BRL Reais)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Advances to suppliers | **331** | 4 |
| Prepaid expenses | **608** | 2,444 |
| Contract assets | **19,893** | 10,738 |
| Contract fulfillment costs | **-** | 197 |
| **Total** | **20,832** | 13,383 |

## Notes forming part of the Financial Statements

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### (b) Other assets – Non-current

(in thousand BRL Reais)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Prepaid expenses | **62** | 103 |
| Contract assets | **1,079** | 3,039 |
| Others | **803** | 853 |
| **Total** | **1,944** | 3,995 |

Contract fulfilment cost of 197 thousands BRL reais and 267 thousands BRL reais for the year ended December 31, 2022 and 2021, respectively, have been amortized in the profit or loss. Refer note 9 for changes in contract assets.

### e. Other liabilities

Other liabilities consist of the following:

**Other liabilities – Current**

(in thousand BRL Reais)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Indirect tax payable and other statutory liabilities | **33,469** | 22,965 |
| Advance received from customers | **118** | 195 |
| **Total** | **33,587** | 23,160 |

### f. Provisions

Provisions consist of the following:

(in thousand BRL Reais)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Provision towards legal claims | **5,114** | 4,750 |
| Provision for forseeable losses | **-** | 139 |
| **Total** | **5,114** | 4,889 |

## 9. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customization services rendered significantly modifies or customizes the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalization. Such costs are amortized over the contractual period or useful life of the license, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as trade receivable - unbilled (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognizes an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company

## Notes forming part of the Financial Statements

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reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

Revenue disaggregation by nature of services is as follows:

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Consultancy Services | **868,120** | 656,474 |
| **Total** | **868,120** | 656,474 |

Revenue disaggregation by industry vertical is as follows:

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Industry Vertical** | | |
| Banking, Financial and Insurance | **200,630** | 176,045 |
| Manufacturing | **240,870** | 220,272 |
| Retail and Consumer Products | **60,195** | 56,035 |
| Communication, Media and Technology | **33,365** | 34,011 |
| Others | **333,060** | 170,111 |
| **Total** | **868,120** | 656,474 |

Revenue disaggregation by geography is as follows:

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Geography** | | |
| Ibero America | **630,193** | 460,157 |
| America | **202,782** | 156,817 |
| Europe | **34,441** | 37,757 |
| India | **580** | 1,468 |
| Others | **124** | 275 |
| **Total** | **868,120** | 656,474 |

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is 290,975 thousands BRL Reais out of which 61.99 percentage is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

**Changes in contract assets are as follows:**

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **13,777** | 9,444 |
| Invoices raised that were included in the contract assets | | |
| Balance at the beginning of the year | **13,914** | 8,908 |
| Increase due to revenue recognised during the year excluding amounts billed during the year | **(6,666)** | (4,894) |
| Translation exchange difference | **(53)** | 119 |
| **Balance at the end of the year** | **20,972** | 13,717 |

**Changes in unearned and deferred revenue are as follows:**

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **21,382** | 18,063 |
| Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year. | **(20,491)** | (17,984) |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year. | **14,204** | 20,364 |
| Translation exchange difference | **(661)** | 939 |
| **Balance at the end of the year** | **14,434** | 21,382 |

## 10. COST RECOGNITION

Costs and expenses are recognized when incurred and have been classified according to their nature in the following categories:

The costs of the Company are broadly categorized into employee benefits expenses, depreciation and amortization and other operating expenses. Employee benefits expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses, travel expenses, communication expenses, bad debts, and other expenses.

## Notes forming part of the Financial Statements

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**Other operating expenses**

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Fees to external consultants and others | **51,779** | 52,369 |
| Facility expenses | **6,853** | 5,581 |
| Travel expense | **6,012** | 3,017 |
| Communication expense | **2,139** | 2,661 |
| Bad debts and advances written off, allowance for doubtful trade receivable and advances (net) | **1,246** | 20 |
| Other expenses | **29,291** | 18,708 |
| **Total** | **97,289** | 82,356 |

Other expense includes mainly project expenses amounting to 14,514 thousands BRL Reais for year ended December 31, 2022 and 10,049 thousands BRL Reais for year ended December 31, 2021.

- **Expenses by function**

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Cost of revenue | **638,812** | 456,183, |
| Selling, general and administrative expenses | **138,334** | 100,084 |
| **Total** | **777,146** | 556,267 |

## 11. OTHER INCOME

### a. Finance and other income

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using effective interest method.

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Interest income on bank deposits | **1,259** | 559 |
| Others | **195** | 45 |
| **Total** | **1,454** | 604 |

### b. Finance costs

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Interest on Lease Liabilities | **4,702** | 4,474 |
| Interest on loans other than banks | **-** | 110 |
| Other interest expense | **-** | 5 |
| **Total** | **4,702** | 4,589 |

### c. Other Gains / (Losses) (net)

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Net gain / (loss) on disposal of property, plant and eqiupment | **(17)** | (12) |
| Net foreign exchange gains (losses) | **(546)** | (1,236) |
| Others | **-** | 25 |
| **Total** | **(563)** | (1,223) |

## 12. INCOME TAXES

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

***Current income taxes***

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

***Deferred income taxes***

The Company accounts for the deferred income taxes using the balance sheet approach. Deferred income taxes are provided for the temporary differences between the tax base of assets and liabilities and their reported amounts in the financial statements.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.



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The income tax expense consists of the following:

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Current Tax** | | |
| Current tax expense for current year | **26,107** | 22,097 |
| Current tax benefit pertaining to prior years | **11** | 506 |
| | **26,118** | 22,603 |
| **Deferred tax** | | |
| Deferred tax (benefit) / expense for current year | **6,349** | 11,612 |
| Deferred tax expense / (benefit) pertaining to prior years | **(8)** | 124 |
| | **6,341** | 11,736 |
| **Total** | **32,459** | 34,339 |

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit or loss is as follows:

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Profit before taxes | **87,162** | 94,999 |
| Federal income tax rate | **34%** | 34% |
| Expected income tax expense | **29,635** | 32,300 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense** | | |
| Tax pertaining to prior years | **3** | 630 |
| Others (net) | **2,821** | 1,409 |
| **Total income tax expense** | **32,459** | 34,339 |
| **Effective Tax Rate** | **37%** | 36% |

Significant components of net deferred tax assets and liabilities for the period ended December 31, 2022 are as follows:

(in thousand BRL Reais)

| | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Goodwill Amortization | **(11,256)** | **-** | **(11,256)** |
| Accumulated Losses (refer note a) | **28,082** | **(11,466)** | **16,616** |
| Lease liabilities (Refer Note 7) | **2,310** | **224** | **2,534** |
| Others | **8,650** | **4,900** | **13,550** |
| **Total deferred tax asset / (liabilities)** | **27,786** | **(6,341)** | **21,444** |

Significant components of net deferred tax assets and liabilities for the period ended December 31, 2021 are as follows:

(in thousand BRL Reais)

| | Opening balance | Recognised/Reversed in profit or loss | Closing balance |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Goodwill Amortization | (11,256) | - | (11,256) |
| Accumulated Losses (refer note a) | 37,986 | (9,904) | 28,082 |
| Lease Liabilities (Refer Note 7) | 1,897 | 413 | 2,310 |
| Others | 10,895 | (2,245) | 8,650 |
| **Total deferred tax asset / (liabilities)** | 39,522 | (11,736) | 27,786 |

**Note**

**a)** As at December 31, 2022, the Company's accumulated tax loss carry forwards is 48,873 thousands BRL reais (82,595 thousands BRL reais as at December 31, 2021). In accordance with the prevailing tax law, tax loss carry forwards may be carried forward indefinitely, but their utilization is limited to 30 percentage of future annual taxable income.

**Direct tax Contingencies**

The company has ongoing disputes with Tax authorities in Brasil. These mainly include utilization of tax credit by the Company not validated by tax authority. As at December 31, 2022, the company has contingent liability of 20,066 thousands BRL reais (December 31, 2021: 194 thousands BRL reais) in respect of tax demands which are being contested by the Company based on the management evaluation and on the advice of tax consultants.

## Notes forming part of the Financial Statements

**(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese Language version shall prevail.)**

## 13. EMPLOYEE BENEFITS

### Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognized for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the date of statement of financial position.

Employee costs consist of the following:

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Salaries, incentives and allowances | **516,360** | 357,584 |
| Contribution to provident and other funds | **99,136** | 70,067 |
| Staff welfare expenses | **46,232** | 31,555 |
| **Total** | **661,728** | 459,206 |

Employee benefit obligations consist of the following:

### Employee benefit obligations – Current

(in thousand BRL Reais)

| | As at December, 2022 | As at December, 2021 |
|---|---|---|
| Compensated absences | **39,030** | 28,442 |
| Other employee benefit obligations | **193** | 213 |
| **Total** | **39,223** | 28,655 |

## 14. COMMITMENTS AND CONTINGENCIES

- **Capital Commitments**

  The company has contractually committed (net of advances) 8,171 thousands BRL reais and 3,320 thousands BRL reais as at December 31 2022 and 2021 respectively, for purchase of property, plant and equipment.

- **Direct tax matters**

  Refer note 12.

- **Indirect tax matters**

  The company has ongoing disputes with Tax authorities in Brasil. These mainly include utilization of tax credit by the Company not validated by tax authority. As at December 31, 2022, the company has contingent liability of 3,960 thousands BRL reais (December 31, 2021: 4,287 thousands BRL reais) in respect of tax demands which are being contested by the Company based on the management evaluation and on the advice of tax consultants.

- **Other claims**

  As at December 31, 2022, claims aggregating 1,285 thousands BRL reais (December 31, 2021: 2,109 thousands BRL reais) against the Company have not been acknowledged as debts.

## 15. RELATED PARTY TRANSACTIONS

The Company's principal related parties consist of its ultimate holding company Tata Consultancy Services Limited and its subsidiaries and key managerial personnel. The related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

Transactions with related parties are as follows:

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Revenue from operations** | | |
| **Tata Consultancy Services Limited** | **198,550** | 155,684 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata Consultancy Services Sverige AB | **392** | 1,025 |
| Tata Consultancy Services Ireland Limited | **1,380** | - |
| Tata Consultancy Services Deutschland Gmbh | **4,541** | 7,870 |
| Tata Consultancy Services France S.A.S | **2,896** | 4,456 |
| TATA Consultancy Services Italia srl | **1,121** | 1,222 |
| Tata Consultancy Services Netherlands B.V. | **1,944** | 2,234 |
| Tata Consultancy Services Sucursal del Peru | **7** | 25 |
| Tata Consultancy Services Switzerland Ltd | **6,863** | 5,729 |
| TCS Colombia | **333** | 357 |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **403** | 1,091 |
| TCS Canada Inc. | **382** | 305 |
| Tata Consultancy Services Malaysia Sdn Bhd | **35** | 107 |
| **Total** | **20,297** | 24,421 |
| **Interest Expense** | | |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **-** | 110 |
| **Total** | **-** | 110 |
| **Purchases of goods and services (Including reimbursements)** | | |
| **Tata Consultancy Services Limited** | **38,602** | 41,833 |

## Notes forming part of the Financial Statements

**(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese Language version shall prevail.)**

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| TCS Colombia | **190** | - |
| TataSolution Center S.A. | **32** | - |
| TCS de Espana SA | **-** | (10) |
| TCS de Mexico SA de CV | **2,824** | 2,268 |
| TCS Uruguay S.A. | **2,188** | 2,315 |
| Tata America International Corporation | **(560)** | (552) |
| TCS Solution Center | **241** | - |
| Tata Consultancy Services Argentina S.A. | **5** | (3) |
| Tata Consultancy Services Malaysia Sdn Bhd | **1** | 2 |
| **Total** | **4,921** | 4,019 |
| **Brand equity contribution** | | |
| **Tata Sons Private Limited** | **1,623** | 1,191 |
| **Dividend Paid** | | |
| **Subsldiaries of TataConsultancy Services Limited** | | |
| TCS Iberoamerica SA | **7,670** | - |
| **Total** | **7,670** | - |
| **Loan Repaid** | | |
| **Subsldiaries of TataConsultancy Services Limited** | | |
| TCS de Mexico SA de CV | **-** | 15,460 |
| **Total** | **-** | 15,460 |

(in thousand BRL Reais)

| | As at , December 31 2022 | As at , December 31 2021 |
|---|---|---|
| **Trade receivables and unbilled receivables and contract assets** | | |
| **Tata Consultancy services Limited** | **61,939** | 29,559 |
| **Subsldiaries of Tata Consultancy Services Limited** | | |
| Tata America International Corporation | **75** | 145 |
| Tata Consultancy Services Argentina S.A. | **-** | 3 |
| Tata Consultancy Services Canada Inc. | **234** | 3 |
| Tata Consultancy Services Sucursal del Peru | **-** | 17 |
| Tata Consultancy Services Ireland Limited | **387** | - |
| Tata Consultancy Services De Mexico SA,De C.V. | **54** | 80 |
| Tata Consultancy Services Deutschland GmbH | **340** | 378 |
| Tata Consultancy Services France SA | **635** | 484 |
| Tata Consultancy Services Malaysia Sdn Bhd | **5** | 109 |

| | | |
|---|---|---|
| Tata Consultancy Services Netherlands BV | **151** | (138) |
| Tata Consultancy Services Switzerland Ltd. | **325** | 1,487 |
| TCS Italia SRL | **92** | 102 |
| TCS Colombia | **-** | 38 |
| **Total** | **2,298** | 2,708 |
| **Loans, other financial assets and other assets** | | |
| **Tata Consultancy services Limited** | **340** | 2,042 |
| **Subsldiaries of Tata Consultancy Services Limited** | | |
| TCS Uruguay S. A. | **136** | 26 |
| TCS Colombia | **8** | - |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **8** | 43 |
| **Total** | **152** | 69 |
| **Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities** | | |
| **Tata Sons Private Limited** | **1,275** | 920 |
| **Tata Consultancy Services Limited** | **16,697** | 11,724 |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata America International Corporation | **17** | 18 |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **595** | 929 |
| TCS Solution Center S.A. | **24** | - |
| Tata Consultancy Services France SA | **15** | 13 |
| Tata Consultancy Services Malaysia Sdn Bhd | **-** | 2 |
| Tata Consultancy Services Netherlands BV | **148** | 342 |
| Tata Consultancy Services Switzerland Ltd. | **688** | 311 |
| Tata Consultancy Services Ireland Limited | **18** | - |
| Tata Consultancy Services Sverige AB | **4** | 4 |
| TCS Italia SRL | **-** | 54 |
| TCS Uruguay S.A. | **352** | 414 |
| TCS Colombia | **45** | - |
| **Total** | **1,907** | 2,087 |

(in thousand BRL Reais)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Compensation to key management personnel** | | |
| Short-term benefits | **3,792** | 3,423 |
| **Total** | **3,792** | 3,423 |

## 16. SUBSEQUENT EVENTS

There were no subsequent events that need disclosure.

# TATA CONSULTANCY SERVICES DE MEXICO, S.A., DE C.V.

## FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT THEREON

**For the year ended**
**December 31, 2022 and 2021**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 and 2021

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# INDEPENDENT AUDITOR'S REPORT

**TO THE STOCKHOLDERS OF**
**TATA CONSULTANCY SERVICES DE MEXICO, S.A. DE C.V.**

## Opinion

We have audited the accompanying financial statements of TATA Consultancy Services de México, S.A. de C.V., (the "Company"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in stockholders' equity and cash flows, for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TATA Consultancy Services de México, S.A. de C.V., as of December 31, 2022, and 2021, and its financial performance and its cash flows for the years then ended, in conformity with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report, and the related "Exhibit". We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Mexico in accordance with the Instituto Mexicano de Contadores Públicos A.C.'s Code of Professional Ethics (IMCP Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA and IMCP Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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, or otherwise, making the appropriate disclosures.

Those charged with governance are responsible for overseeing the Company´s financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of TATA Consultancy Services de México, S.A. de C.V. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs 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.

**SALLES, SAINZ – GRANT THORNTON, S. C.**

Mexico City, Mexico
**March 9, 2023**

C.P.A. Fernando Robles Garibay

**Additional description of our responsibilities regarding the audit of the financial statements**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 auditor's 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 auditor's 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 a true and fair view.

We communicate with management 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.

## Statement of Financial Position

(In millions of Mexican pesos)

| | Note | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7 (a) | **1,279.26** | 859.92 |
| Trade receivables | | | |
| Billed | 7 (b) | **591.26** | 447.23 |
| Unbilled | 7 (d) | **97.50** | 70.37 |
| Related parties | 7 (c) A | **1,400.41** | 1,329.48 |
| Other current financial assets | 7 (e) a | **84.23** | 40.43 |
| Advance Income Tax - Current | 14 | **19.15** | 19.15 |
| Other current assets | 9 (b) | **257.50** | 458.97 |
| **Total current assets** | | **3,729.30** | 3,225.55 |
| **Non-current assets** | | | |
| Related parties | 7 (c) A | **27.13** | - |
| Trade receivables Unbilled | 7 (d) | **1.81** | - |
| Other non-current financial assets | 7 (e) b | **10.76** | 144.15 |
| Income tax assets (net) | 14 | **24.51** | - |
| Deferred tax assets | 14 | **392.66** | 371.77 |
| Property, Plant and Equipment | 9 (a) i | **291.00** | 300.37 |
| Right-of-use assets | 8 | **292.97** | 280.05 |
| Intangible assets | 9 (a) ii | **-** | 0.16 |
| Other non-current assets | 9 (b) | **0.27** | 14.28 |
| **Total non-current assets** | | **1,041.11** | 1,110.78 |
| **Total Assets** | | **4,770.41** | 4,336.33 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities:** | | | |
| **Current liabilities:** | | | |
| Trade and other payables | 9 (c) | **293.36** | 74.41 |
| Lease liabilities | 8 | **67.20** | 58.47 |
| Related parties | 7 (c) B | **244.79** | 255.18 |
| Provisions | | **2.95** | 0.43 |
| Other current liabilities | 9 (d) | **402.28** | 213.85 |
| Other current financial liabilities | 7 (f) | **14.37** | 8.25 |
| Unearned and deferred revenue | 9 (e) | **58.87** | 67.80 |
| Employee benefit obligations | 12 | **501.29** | 437.87 |
| Income tax liabilities | 14 | **373.19** | 1,001.57 |
| **Total current liabilities** | | **1,958.30** | 2,117.83 |
| **Non-current liabilities:** | | | |
| Employee benefit obligations | 12 | **192.01** | 157.92 |
| Lease liability | 8 | **232.04** | 227.97 |
| **Total non-current liabilities** | | **424.05** | 385.89 |
| **TOTAL LIABILITIES** | | **2,382.35** | 2,503.72 |

| | Note | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|---|
| **Equity** | | | |
| Share Capital | 7 o | **2.61** | 2.61 |
| Legal reserves | | **0.01** | 0.01 |
| Retained earnings | | **2,355.44** | 1,811.78 |
| Other comprehensive income | | **30.00** | 18.21 |
| **Total Equity** | | **2,388.06** | 1,832.61 |
| **TOTAL LIABILITIES AND EQUITY** | | **4,770.41** | 4,336.33 |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS**

## Statement of Profit or Loss and Other Comprehensive Income

(In millions of Mexican pesos)

| | Note | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|---|
| **Revenue from operations** | 10 | **9,991.99** | 7,840.80 |
| **Total revenue** | | **9,991.99** | 7,840.80 |
| **Operating expenses:** | | | |
| Employee benefit expense | 12 | **7,163.28** | 5,332.73 |
| Other operating expense | 11 | **1,072.56** | 843.20 |
| Depreciation and amortization expense | 8 & 9(a) | **178.60** | 194.09 |
| **TOTAL OPERATING EXPENSES** | | **8,414.45** | 6,370.02 |
| **Operating Profit** | | **1,577.54** | 1,470.78 |
| **Other expense** | | | |
| Finance income | 13 (a) | **12.37** | 4.08 |
| Finance costs | 13 (b) | **(285.37)** | (235.29) |
| Other (losses) / gains, net | 13 (c) | **(80.18)** | 13.32 |
| | | **(353.18)** | (217.89) |
| **PROFIT BEFORE INCOME TAXES** | | **1,224.36** | 1,252.89 |
| Income tax expense | 14 | **680.70** | 657.86 |
| **NET INCOME** | | **543.66** | 595.03 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Remeasurement of defined benefit obligations | 12 | **11.79** | 40.22 |
| **NET AND TOTAL COMPREHENSIVE INCOME** | | **555.45** | 635.25 |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS**

## Statement of Changes in Equity

(In millions of Mexican pesos)

| | Number of shares (Fixed and variable) | Equity share capital | Legal reserves | Retained earnings | Other Comprehensive Income | Total equity |
|---|---|---|---|---|---|---|
| **Balance as of January 01, 2021** | 2,614,406 | 2.61 | 0.01 | 2,473.05 | (22.01) | 2,453.66 |
| Net income for the year | - | - | - | 595.03 | - | 595.03 |
| Remeasurement in Defined Benefit Obligation | - | - | - | - | 40.22 | 40.22 |
| **Total comprehensive income for the year** | - | - | - | 595.03 | 40.22 | 3,088.91 |
| Dividend distribution | - | - | - | (1,256.30) | - | (1,256.30) |
| **Balance as of December 31, 2021** | 2,614,406 | 2.61 | 0.01 | 1,811.78 | 18.21 | 1,832.61 |
| **Balance as of January 01, 2022** | **2,614,406** | **2.61** | **0.01** | **1,811.78** | **18.21** | **1,832.61** |
| Net income for the year | **-** | **-** | **-** | **543.66** | **-** | **543.66** |
| Remeasurement in Defined Benefit Obligation | **-** | **-** | **-** | **-** | **11.79** | **11.79** |
| **Total Comprehensive income of the year** | **-** | **-** | **-** | **543.66** | **11.79** | **2,388.06** |
| **Balance as of December 31, 2022** | **2,614,406** | **2.61** | **0.01** | **2,355.44** | **30.00** | **2,388.06** |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS**

## Notes forming part of the Financial Statements

## Statement of Cash Flows

(In millions of Mexican pesos)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net income | **543.66** | 595.03 |
| **Adjustments to reconcile net income to net cash provided by operating activities:** | | |
| Depreciation and amortisation expense | **178.60** | 194.09 |
| Interest income | **(0.57)** | (0.52) |
| Income tax and Deferred tax expense | **680.70** | 657.86 |
| Unreal ized exchange loss / (gain) | **42.08** | (25.48) |
| Exchange fluctuation on loans granted | **-** | - |
| Allowances for doubtful trade receivables and bad debts written off | **0.31** | 0.52 |
| Lease concession | **-** | (0.80) |
| **Net change in:** | | |
| Trade receivables | | |
| Billed | **(144.34)** | (204.84) |
| Unbilled | **(28.94)** | 47.73 |
| Related parties | **(108.45)** | (581.80) |
| Other financial assets (current and non - current) | **89.59** | (26.74) |
| Other assets (current and non - current) | **215.49** | 3.58 |
| Trade payables | **218.95** | 25.42 |
| Other financial liabilities (current) | **8.64** | (17.75) |
| Unearned and deferred revenues | **(8.93)** | 40.35 |
| Other liabilities (current and non-current) | **297.73** | 229.06 |
| **Cash generated from operations** | **1,984.51** | 935.71 |
| Taxes paid | **(1,354.48)** | (81.80) |
| **Net cash provided by operating activities'** | **630.04** | 853.91 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of equipment, Right to Use Asset | **(93.67)** | (101.39) |
| **Net cash used in investing activities** | **(93.67)** | (101.39) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Dividends paid | **-** | (1,256.30) |
| Repayment of lease liabilities | **(68.75)** | (62.09) |
| **Net cash used in financing activities** | **(68.75)** | (1,318.39) |

## Notes forming part of the Financial Statements

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Net increase / (decrease) in cash and cash equivalents** | **467.62** | (565.87) |
| Effect of foreign exchange on cash | **(48.28)** | 30.15 |
| Cash and cash equivalents, beginning of the year | **859.92** | 1,395.64 |
| **Cash and cash equivalents, end of the year** | **1,279.26** | 859.92 |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS**

## Notes forming part of the Financial Statements

### 1. REPORTING ENTITY

Tata Consultancy Services de México, S.A. de C.V. (the "Company") is a subsidiary de TCS Iberoamérica, SA and is engaged in providing information technology and consultancy services, application development, IT infrastructure management, including services under contracts for software development, implementation and other related services. It was incorporated as a corporation with variable capital, in accordance with Mexican law, on April 9, 2003, with a duration of 99 years and with principal place of business in Avenida Eugenia, No. 197, piso 6-A Colonia Narvarte, Alcaldía Benito Juarez, Mexico City.

**Authorization**

On March 9, 2023 Mr. Claudio Yukio Yoshida (Finance Director) and Rajeev Gupta (Country Head, Mexico) authorised the issuance of the accompanying financial statements and related notes thereto.

In accordance with the General Corporations Law and the bylaws of Tata Consultancy Services de México, S.A. de C.V., the stockholders are empowered to modify the financial statements after issuance. The accompanying financial statements will be submitted to the next Stockholders' Meeting for approval.

### 2. STATEMENT OF COMPLIANCE

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB).

### 3. BASIS OF PREPARATION

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value or amortized cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows have been prepared using indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional currency of the Company is the Mexican Pesos. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

***Functional and reporting currency***

The aforementioned financial statements are presented in Mexican pesos (reporting currency), which is the same as the local currency and the functional currency.

To determine the functional currency, management assesses the economic environment in which it primarily generates and disburses cash. For this, factors related to sales, costs, sources of financing and cash flows generated by the operation are considered

As of December 31, 2022 and 2021, the peso/dollar exchange rates were $19.50 and $20.42, respectively. Unless otherwise indicated, all financial information presented in pesos has been rounded to the nearest millions. When referring to "US" or dollars, it refers to amounts expressed in millions of dollars of the United States of America or U.S.D, when referring to "EUR" means millions of Euro, "CAD" means millions Canadian dollar, "BRL" means millions of Brazilian real, "UYU" means millions of Uruguayan Peso, and "COP" means millions of Colombian peso.

***Foreign currency***

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of execution or settlement. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in force at the statement of financial position date. Exchange differences arising from assets and liabilities denominated in foreign currencies are reported on the statement of comprehensive income.

***Prepayments***

Mainly include prepayments for the purchase of services that are received after the date of the statement of financial position and in the ordinary course of operations.

***Presentation of statement of cash flows***

The statements of cash flows of the Company are presented using the indirect method.

## 4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised, and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

### (a) Revenue recognition

Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine degree of completion of the performance obligation.

### (b) Useful lives of leasehold improvements, furniture and equipment

The Company reviews the carrying amount of equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

### (c) Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under note 14.

### (d) Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at the end of each reporting period adjusted to reflect the current best estimates. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

### (e) Foreign currency

Transactions in foreign currency are translated at the exchange rate prevailing on the date of execution or settlement. Monetary assets and liabilities are at the exchange rate on the balance sheet date. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are reported on the statement of income, on other (losses)/ gains, net.

## Notes forming part of the Financial Statements

**(f) Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**(g) Employee benefits**

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

**(h) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### 5. NATURE AND PURPOSE OF RESERVES

**Retained earnings.**

This reserve represents undistributed accumulated earnings of the Company as on the date of statement of financial position.

**Statement of comprehensive income presentation**

The Company opted for reporting comprehensive income in a single statement that includes all the items that comprise net income or loss and other comprehensive income (OCI), entitled "Statement of Comprehensive Income". Additionally, the "Operating profit" line item is included, which results from subtracting the cost of sales and expenses from total revenues, as this line item is considered to provide a better understanding of the Company's economic and financial performance.

Given that the Company is a service entity, ordinary costs and expenses are presented based on their nature, as the information so reported is clearer.

**Capital stock**

Common shares are classified in stockholders' equity.

### 6. NEWLY ISSUED IFRS NOT YET ADOPTED

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective, other than the amendment to IFRS 16 for COVID-19-Related Rent Concessions where earlier application is permitted:

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1] |

[1]Effective for annual periods beginning on or after January 1, 2023.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

## 7. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

## Notes forming part of the Financial Statements

***Cash and cash equivalents***

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

***Financial assets at amortised cost***

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at fair value through other income***

Financial assets are measured at fair value through other income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other income.

***Financial assets at fair value through profit or loss***

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

***Financial liabilities***

Financial liabilities are measured at amortised cost using the effective interest method.

***Capital stock***

Common shares are classified in stockholders' equity.

***Impairment of Financial assets (other than at fair value)***

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12- month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**a. Cash and cash equivalents**

Cash and cash equivalents consist of the following:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Current account balances with banks | **31.45** | 44.89 |
| Bank deposits (original maturity less than three months) | **1,247.81** | 815.03 |
| **Total** | **1,279.26** | 859.92 |

As of December 31, 2022, and 2021 there is no restricted cash.

In note 7 (g) the Company discloses the sensitivity analysis for financial assets and liabilities.

**b. Trade receivables - Billed**

Trade receivables -Billed consist of the following:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade receivables- Billed | **592.08** | 447.75 |
| Less: Allowance for doubtful trade receivables | **(0.82)** | (0.52) |
| **Total** | **591.26** | 447.23 |

Movement in the allowance for bad and doubtful debts are as follows:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Balance at the beginning of the year | **0.52** | 0.58 |
| Allowance for doubtful receivables | **0.30** | (0.06) |
| **Balance at the end of the year** | **0.82** | 0.52 |

**c. Related Parties**

**a) Related Parties Assets**

(In millions of Mexican pesos)

| **Current financial assets** | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Financial assets** | | |
| Trade receivables | | |
| Billed | **879.14** | 911.37 |
| Unbilled | **438.54** | 387.00 |
| Other current financial assets | **0.39** | 0.28 |
| **Total Financial assets** | **1,318.07** | 1,298.65 |
| **Other Assets** | | |
| Prepaid Expense | **8.59** | 30.83 |
| Contract assets | **73.74** | - |
| **Total** | **1,400.41** | 1,329.48 |

## Notes forming part of the Financial Statements

**Non- Current financial assets**

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Financial assets** | | |
| Loans granted | **14.00** | - |
| **Total Non- Current financial assets** | **14.00** | - |
| Other Assets | | |
| Contract assets | **13.13** | - |
| **Total** | **27.13** | - |

**b) Related Parties Liabiliities**

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Financial liabilities** | | |
| Trade and other payables | **153.38** | 158.35 |
| Other current financial liabilities | **25.77** | 20.18 |
| **Total Financial liabilities** | **179.15** | 178.53 |
| **Other current liabilities** | | |
| Unearned and deferred revenue | **65.64** | 76.65 |
| **Total other current liabilities** | **65.64** | 76.65 |
| **Total** | **244.79** | 255.18 |

For related party refer note no. 17.

**d. Trade receivable - Unbilled**

(In millions of Mexican pesos)

| **Trade receivable - Unbilled - Current** | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade receivable - Unbilled | **97.50** | 70.37 |
| | **97.50** | 70.37 |

(In millions of Mexican pesos)

| Trade receivables - Unbilled - Non Current | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade receivable - Unbilled | **1.81** | - |
| | **1.81** | - |

**e. Other financial assets**

Other financial assets consist of the following:

**a) Other current financial assets**

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Employee advances | **83.55** | 40.31 |
| Others | **0.67** | 0.12 |
| **Total** | **84.23** | 40.43 |

**b) Other non-current financial assets**

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Deposits for premises | **10.31** | 10.84 |
| Security deposit | **0.45** | 133.31 |
| **Total** | **10.76** | 144.15 |

**f. Other financial liabilities**

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Capital Creditors | **13.30** | 7.20 |
| Payable for volume discount | **0.93** | 1.05 |
| **Total** | **14.37** | 8.25 |

**g. Financial instruments by category**

The carrying value of financial instruments by category as at December 31, 2022 is as follows:

## Notes forming part of the Financial Statements

(In millions of Mexican pesos)

| | Amortized cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash | **1,279.26** | **1,279.26** |
| Trade receivables | | |
| Billed | **591.26** | **591.26** |
| Unbilled receivables | **99.31** | **99.31** |
| Related parties | **1,332.07** | **1,332.07** |
| Other financial assets | **94.99** | **94.99** |
| **Total** | **3,396.89** | **3,396.89** |
| **Financial liabilities** | | |
| Trade and other payables | **293.36** | **293.36** |
| Related parties | **179.15** | **179.15** |
| Lease Liability | **299.24** | **299.24** |
| Other financial liabilities | **14.37** | **14.37** |
| **Total** | **786.12** | **786.12** |

The carrying value of financial instruments by category as at December 31, 2021 is as follows:

(In millions of Mexican pesos)

| | Amortized cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash | 859.92 | 859.92 |
| Trade receivables | | |
| Billed | 447.23 | 447.23 |
| Unbilled receivables | 70.37 | 70.37 |
| Related parties | 1,298.65 | 1,298.65 |
| Other financial assets | 184.58 | 184.58 |
| **Total** | 2,860.75 | 2,860.75 |
| **Financial liabilities** | | |
| Trade and other payables | 74.43 | 74.43 |
| Related parties | 178.53 | 178.53 |
| Lease Liability | 286.43 | 286.43 |
| Other financial liabilities | 8.25 | 8.25 |
| **Total** | 547.64 | 547.64 |

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade and other payables as at December 31, 2022 and December 31, 2021 approximate the fair value. Difference between carrying amounts and fair values of other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the periods presented.

**h. Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices, included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**i. Financial risk management**

Tata Consultancy Services de México, S.A. de C.V. is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. Tata Consultancy Services de México, S.A. de C.V has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

**j. Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

**k. Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar and Euro.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the functional currency the Company.

The following analysis has been worked out based on the net exposures for the Company as at the date of statement of financial position which could affect the statement of profit or loss and other income and equity.

The following table sets forth information relating to foreign currency exposure as at December 31, 2022 and December 31, 2021:

## Notes forming part of the Financial Statements

(In millions of Mexican pesos)

| | 2022 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2022** | **USD** | **EUR** | **GBP** | **CAD** | **CHF** | **COP** | **ARS** | **BRL** | **CLP** | **PEN** | **UYU** |
| **Net financial assets** | **2,558.38** | **28.04** | **3.96** | **24.90** | **0.46** | **5.51** | **1.71** | **1.97** | **2.52** | **0.98** | **0.26** |
| **Net financial liabilitites** | **220.00** | **0.25** | **2.89** | **0.38** | **0.36** | **(0.00)** | **-** | **-** | **-** | **-** | **-** |

(In millions of Mexican pesos)

| | 2021 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2021** | **USD** | **EUR** | **GBP** | **CAD** | **CHF** | **COP** | **ARS** | **BRL** | **CLP** | **PEN** | **UYU** |
| Net financial assets | 1,996.70 | 18.25 | 7.11 | 18.99 | (0.39) | 4.62 | 2.50 | 3.03 | 0.08 | 1.76 | - |
| Net financial liabilitites | 232.21 | 2.25 | 0.31 | 0.31 | 0.38 | - | - | - | - | - | - |

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services de México, S.A. de C.V would result in decrease / increase in the Company's profit before tax by approximately MXN 240.48 and MXN 181.72 for the year ended December 31, 2022 and December 31, 2021 respectively.

***l) Interest rate risk***

The Company's investments are primarily in fixed rate bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

***m) Credit risk***

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investments, cash and cash equivalents, bank deposits and other financial assets. Cash and cash equivalents include an amount of MXN 1,279.26 and MXN 859.92 held with a Mexican bank having high quality credit rating as at 31st December' 2022 and 31st December' 2021. None of the other financial instruments of the Company result in material concentration of credit risk.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was MXN 3,396.89 and MXN 2,860.75 as of December 31, 2022 and December 31, 2021, respectively being the total of the carrying amount of cash and cash equivalents, trade receivables and unbilled receivables and other financial assets.

**Trade receivables - Billed and Unbilled**

The Company's exposure to credit risk with regards to trade receivables and unbilled receivables is influenced mainly by the individual characteristics of each customer in relation to the industry practices and business environment in which they operate. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 272 days for its customers after which they are in default (credit impaired). To manage this risk, the Company



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has a robust Credit Management process in place. The Company has adopted a policy of dealing only with creditworthy counterparties. The Company's exposure of the counterparties are continuously monitored and necessary changes to the credit terms are made. The carrying amounts of financial assets represent the maximum credit risk exposure.

Tata Consultancy Services de México, S.A. de C.V.'s exposure to customers is diversified and single customer which explains more than 10% of outstanding total trade receivable as at December 31, 2022 and 2021 are as follows:

(In millions of Mexican pesos)

| | As on December 31, 2022 | | As on December 31, 2021 | |
|---|---|---|---|---|
| | Total Trade receivables and Contract assets | Percentage | Total Trade receivables and Contract assets | Percentage |
| Customer A | **1,180.76** | **53.87** | 1,198.06 | 63.24 |
| Customer B | **364.78** | **16.64** | 214.16 | 11.30 |

None of the other financial instruments of the Company result in material concentration of credit risk.

**Geographic concentration of credit risk**

Geographic concentration of trade receivables billed (net of allowances) and trade receivables unbilled is as follows:

(In millions of Mexican pesos)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| | % | % |
| Americas | **96.11** | 98.90 |

Geographical concentration of trade receivables billed and trade receivables unbilled is allocated based on the location of the customers.

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. The expected credit loss allowance is based on the ageing of the days the receivables are due and are as follows:

(In millions of Mexican pesos)

| **As of December 31, 2022** | Weighted average loss rate | Gross Carrying Amount* | Loss Allowance | Credit impaired |
|---|---|---|---|---|
| No Due | **0.12%** | **589.01** | **(0.69)** | **No** |
| 1-90 | **0.72%** | **-** | **-** | **No** |
| 91-180 | **9.84%** | **-** | **-** | **No** |
| 181-272 | **35.79%** | **-** | **-** | **No** |
| >272 | **100.00%** | **-** | **-** | **Yes** |

*Gross carrying amount excludes inter-company receivables.

**n. Liquidity risk**

Liquidity risk refers to the risk that Tata Consultancy Services de México, S.A. de C.V cannot meet its financial obligations. The objective of Liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

## Notes forming part of the Financial Statements

Tata Consultancy Services de México, S.A. de C.V consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(In millions of Mexican pesos)

| As of December 31, 2022 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade and other payables | **293.36** | **-** | **-** | **-** | **293.36** |
| Related parties | **179.15** | **-** | **-** | **-** | **179.15** |
| Lease Liability | **86.22** | **71.86** | **167.85** | **19.20** | **345.13** |
| Other financial liabilities | **14.37** | **-** | **-** | **-** | **14.37** |
| **Total** | **573.09** | **71.86** | **167.85** | **19.20** | **832.01** |

(In millions of Mexican pesos)

| As of December 31, 2021 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade and other payables | 74.41 | - | - | - | 74.41 |
| Related parties | 178.53 | - | - | - | 178.53 |
| Lease Liability | 70.95 | 60.18 | 137.81 | 58.62 | 327.56 |
| Other financial liabilities | 8.25 | - | - | - | 8.25 |
| **Total** | 332.13 | 60.18 | 137.81 | 58.62 | 588.74 |

### o. Stockholders' equity

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **(a) Authorised** | | |
| Equity shares of MXN 1 each (2,614,406 shares) | **2.61** | 2.61 |
| | **2.61** | 2.61 |
| **(b) Issued, Subscribed and Paid up** | | |
| Equity shares of MXN 1 each (2,614,406 shares) | **2.61** | 2.61 |
| **Total** | **2.61** | 2.61 |

### A) Structure of share capital

As of December 31, 2022, share capital fully issued and paid is represented by 50,000 common shares (corresponding to the minimum fixed portion) with a par value of MXN 1 each. The fixed and variable portion is represented by 2,614,406 shares of MXN 1 each.

In the event of liquidation of the Company, the holders of shares are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

(In millions of Mexican pesos)

| **Other Comprehensive income (OCI)** | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Remeasurement in Defined Benefit Obligation | **11.79** | 40.22 |
| **Total Other Comprehensive Income/(loss)** | **11.79** | 40.22 |

### B) Restriction in stockholders' capital

In accordance with the General Corporations Law, five percent of net income for the year must be appropriated to the statutory reserve, until it reaches one-fifth of share capital. As of December 31, 2022 and 2021, the same has been constituted at MXN 10,000.

Retained earnings and other Stockholder's contributions, on which no income tax has been paid, are subject to income taxes in the event of distribution, at the rate of 30%, payable by the Company; consequently, the stockholders may only receive 70% of such amounts.

Stockholder contributions may be refunded to the stockholders tax-free, to apply that exemption, such contributions must be equal or less of the balance of the Contributed Capital Account (CUCA for its Acronym in Spanish). As of December 31, 2022, and 2021, the CUCA amount is in process of being updated.

### C) Dividend

Distribution of dividends or profits to the shareholders that come from the CUFIN, will not generate income tax to legal entities resident in the country, until the balance of said account is zero. Dividends paid to individuals and legal entities resident abroad, on profits generated from January 1, 2014 and onwards, are subject to a 10% tax, which has the character of final payment.

The dividends paid to TCS Iberoamérica, S.A. and TCS Solution Center, S.A., are taxed at a lower rate than that mentioned above, since it applied the benefits of the agreement between the United Mexican States and the Oriental Republic of Uruguay to avoid double taxation.

As of December 31, 2022, and 2021 the restated balance of the CUFIN account (Net taxable income account or CUFIN for its Acronym in Spanish), is $4,408.40 and $3,411.02 pesos, respectively.

## 8. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

## Notes forming part of the Financial Statements

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Company has adopted IFRS 16, effective annual reporting period beginning January 1, 2020 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (January 1, 2019).

The details of the right- of – use asset held by the Company is as follows:

(In millions of Mexican pesos)

| | Additions for the year ended December 31, 2022 | Net carrying amount as at December 31, 2022 |
|---|---|---|
| ROU Leasehold Building | **88.52** | **290.15** |
| ROU Leasehold Building - Security deposit | **0.96** | **2.82** |
| **Total** | **89.48** | **292.97** |

(In millions of Mexican pesos)

| | Additions for the year ended December 31, 2021 | Net carrying amount as at December 31, 2021 |
|---|---|---|
| ROU Leasehold Building | 26.93 | 277.56 |
| ROU Leasehold Building - Security deposit | 0.87 | 2.49 |
| **Total** | 27.80 | 280.05 |

Depreciation on right – of – use asset is as follows:

(In millions of Mexican pesos)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Depreciation - Leasehold Buildings | **75.59** | 68.55 |
| Depreciation - Leasehold Building - Security deposit | **0.64** | 0.58 |
| **Total** | **76.22** | 69.13 |

Interest on lease liabilities is MXN 15.28 and MXN 15.85 for the years ended on December 31, 2022 and 2021, respectively.

The Company incurred MXN 4.65 and MXN 2.89 for the years ended December 31, 2022 and 2021, respectively, towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is MXN 88.68 and MXN 80.83 for the years ended December 31, 2022 and 2021, respectively, including cash outflow for short-term leases and leases of low-value assets.

The Company has applied the practical expedient available under IFRS 16 with respect to COVID -19 rent concessions and accordingly credited the lease concessions of MXN Nil and MXN 0.80 received for the years ended December 31, 2022 and 2021 to the profit or loss for the year.

Lease contracts entered by the company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The company does not have any lease restrictions and commitment towards variable rent as per the contract.

There are no property leases that contain extension options.

## 9. NON-FINANCIAL ASSETS AND LIABILITIES

### a. Leasehold improvements, furniture and equipment

Improvements to leased buildings are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The furniture and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated on the amount susceptible to depreciation, corresponding to the cost of an asset, or another amount that replaces the cost.

Depreciation is recognised in the statement of comprehensive income using the straight-line method according to the estimated useful life of each component of an item of furniture and equipment, since this better reflects the usage pattern expected of the future economic benefits included in the asset. Leased assets are depreciated for the duration of the lease or the useful life of the assets, whichever is lower, unless there is reasonable certainty that the Company will acquire ownership of the leased assets at the end of the lease.

The annual depreciation rates of the assets as follows:

| | % average rate of depreciation |
|---|---|
| Improvements to leased buildings, Electrical installations, Plant and Machinery | 5 – 10 |
| Office furniture and equipment | 20 |
| Computers | 25 |

## Notes forming part of the Financial Statements

**Subsequent expenditures**

Expenditures for repairs and modifications or improvements that prolong the useful life of the assets beyond the originally estimated, which allows the entity to obtain future economic benefits that can be measured reliably, are capitalised as fixed assets.

***Impairment of Non-financial assets***

**i. Tangible assets**

Leasehold improvements, furniture and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

**Leasehold improvements, furniture and equipment comprise the following:**

(In millions of Mexican pesos)

| | Lease Improvements | Transportation equipment | Computer equipment | Furniture and fixtures | Office Equipment | Electrical Installations | Plant and Machinary | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross block as of January 1, 2022** | 122.65 | 0.68 | 234.76 | 40.53 | 87.42 | 73.60 | 17.80 | 577.45 |
| Purchases | 5.63 | - | 66.15 | 0.67 | 8.51 | 3.50 | - | 84.46 |
| Disposals | | - | 1.47 | - | - | - | - | 1.47 |
| **Gross block as of December 31, 2022** | 128.28 | 0.68 | 299.44 | 41.20 | 95.93 | 77.11 | 17.80 | 660.44 |
| **Accumulated depreciation as of January 1, 2022** | 83.60 | 0.68 | 111.68 | 22.58 | 51.62 | 10.63 | 3.30 | 284.09 |
| Disposals | - | - | 0.66 | - | - | - | - | 0.66 |
| Depreciation for the year | 12.14 | - | 59.10 | 5.90 | 13.45 | 9.33 | 2.30 | 102.21 |
| **Accumulated depreciation as of December 31, 2022** | 95.74 | 0.68 | 170.12 | 28.48 | 65.06 | 19.96 | 5.60 | 385.64 |
| **Net carrying amount as of December 31, 2022** | 32.55 | - | 129.32 | 12.71 | 30.88 | 57.14 | 12.20 | 274.79 |
| Capital work-in-progress | - | - | - | - | - | - | - | 16.21 |
| **Total** | 32.55 | - | 129.32 | 12.71 | 30.88 | 57.14 | 12.20 | 291.00 |

MXN 84.46 has been capitalised and transferred to property, plant and equipment during the year ended December 31, 2022.

(In millions of Mexican pesos)

| | Lease Improve-mentss | Transpor-tation equipment | Computer equipment | Furniture and fixtures | Office Equipment | Electrical Installa-tions | Plant and Machinary | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross block as of January 1, 2021** | 103.89 | 0.68 | 162.18 | 35.67 | 76.22 | 52.16 | 17.80 | 448.60 |
| Purchases | 18.76 | - | 72.58 | 4.86 | 11.21 | 21.44 | - | 128.85 |
| Disposals | - | - | - | - | - | - | - | - |
| **Gross block as of December 31, 2021** | 122.65 | 0.68 | 234.76 | 40.53 | 87.42 | 73.60 | 17.80 | 577.45 |
| **Accumulated depreciation as of January 1, 2021** | 41.56 | 0.68 | 60.62 | 16.60 | 36.62 | 2.69 | 1.01 | 159.78 |
| Disposals | - | - | - | - | - | - | - | - |
| Depreciation for the year | 42.04 | - | 51.06 | 5.98 | 14.99 | 7.94 | 2.30 | 124.31 |
| **Accumulated depreciation as of December 31, 2021** | 83.60 | 0.68 | 111.68 | 22.58 | 51.62 | 10.63 | 3.30 | 284.09 |
| **Net carrying amount as of December 31, 2021** | 39.05 | - | 123.08 | 17.94 | 35.81 | 62.98 | 14.49 | 293.36 |
| Capital work-in-progress | - | - | - | - | - | - | - | 7.01 |
| **Total** | 39.05 | - | 123.08 | 17.94 | 35.81 | 62.98 | 14.49 | 300.37 |

MXN 128.85 has been capitalised and transferred to property, plant and equipment during the year ended December 31, 2021

**ii.Intangible assets**

***i. Other intangible assets***

Other intangible assets that are acquired by the Company and have defined useful lives are recorded at cost less accumulated amortisation.

**ii. Amortisation**

The amortisation is calculated on the cost of the asset or other amount that replaces cost, less the residual value. The amortisation is recognised in the statement of income under the straight-line method based on the estimated useful life of the intangible assets, other than goodwill, from the date they are available for use, this reflects the expected usage pattern of the future economic benefits included in the asset. The estimated useful lives for the current and comparative periods are as shown follow:

## Notes forming part of the Financial Statements

- **Software for internal use** **3 years**

  The amortisation methods, useful lives and residual values of intangible assets are reviewed at the end of each year and adjusted if necessary.

(In millions of Mexican pesos)

| | Software |
|---|---|
| **Gross block as of January 1, 2022** | **2.05** |
| Purchases | **(0.00)** |
| Disposals | **-** |
| **Gross block as of December 31, 2022** | **2.05** |
| **Accumulated amortisation as of January 1, 2022** | **1.89** |
| Disposals | **-** |
| Amortisation for the year | **0.16** |
| **Accumulated amortisation as of December 31, 2022** | **2.05** |
| **Net carrying amount as of December 31, 2022** | **-** |

(In millions of Mexican pesos)

| | Software |
|---|---|
| **Gross block as of January 1, 2021** | 2.05 |
| Purchases | - |
| Disposals | - |
| **Gross block as of December 31, 2021** | 2.05 |
| **Accumulated amortisation as of January 1, 2021** | 1.25 |
| Disposals | - |
| Amortisation for the year | 0.64 |
| **Accumulated amortisation as of December 31, 2021** | 1.89 |
| **Net carrying amount as of December 31, 2021** | 0.16 |

**b. Other assets**

Other assets consist of the following:

**Other assets - Current**

(In millions of Mexican pesos)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Advance to suppliers | **41.54** | 0.01 |
| Value added tax recoverable | **122.61** | 380.50 |
| Contract fulfillment costs - Current* | **0.34** | 0.47 |
| Contract assets | **92.74** | 64.65 |
| Prepaid expense | **(0.43)** | 4.61 |
| Other current assets | **0.70** | 8.73 |
| **Total** | **257.50** | 458.97 |

**Other assets - Non current**

(In millions of Mexican pesos)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Prepaid expenses - Non Current | **0.17** | 0.51 |
| Contract assets | **0.10** | 13.77 |
| **Total** | **0.27** | 14.28 |

(*) MXN .47 has been charged to the Profit and loss during CY 2022 from contract fulfillment cost.

**c. Trade and other payables**

(In millions of Mexican pesos)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Trade and other payables | **293.36** | 74.41 |
| **Total** | **293.36** | 74.41 |

**d. Other current liabilities**

Other liabilities consist of the following:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Advance received from customers | **1.06** | 4.55 |
| Indirect tax payable and other statutory liabilities | **401.22** | 209.30 |
| **Total** | **402.28** | 213.85 |

## Notes forming part of the Financial Statements

**e. Unearned revenue**

(In millions of Mexican pesos)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Unearned and deferred revenue | **58.87** | 67.80 |
| **Total** | **58.87** | 67.80 |

## 10. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

1. Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

2. Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

3. In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.

4. Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customization services rendered significantly modifies or customizes the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method ..

5. Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

6. The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

   Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

   The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

   Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of license, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing to customers follow different schedules based upon the nature and type of goods and services being transferred. The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Revenue disaggregation by industry vertical is as follows:

(In millions of Mexican pesos)

| **Industry Vertical** | **For the year ended December 31, 2022** | **For the year ended December 31, 2021** |
|---|---|---|
| Banking, Financial & Insurance | **5,018.71** | 4,088.09 |
| Retail and Consumer Products | **1,553.16** | 1,226.33 |
| Manufacturing | **668.46** | 426.85 |
| Consumer, Media and Technology | **622.44** | 731.44 |
| Others | **2,129.22** | 1,368.09 |
| **Total** | **9,991.99** | 7,840.80 |

Revenue disaggregation by geography is as follows:

(In millions of Mexican pesos)

| **Geography** | **For the year ended December 31, 2022** | **For the year ended December 31, 2021** |
|---|---|---|
| America | **9,467.83** | 7,394.45 |
| Europe | **231.55** | 201.77 |
| Others | **292.61** | 244.58 |
| **Total** | **9,991.99** | 7,840.80 |

## Notes forming part of the Financial Statements

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has applied practical expedient of not disclosing the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is MXN 4,642.91 out of which 63.12 % is expected to be recognised as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Activity in contract assets is given as below:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Opening balance | **78.41** | 40.23 |
| + Revenue recognized during the year | **155.35** | 66.82 |
| - Invoices raised during the year | **(51.57)** | (28.80) |
| +/- Translation | **(2.48)** | 0.16 |
| **Closing balance** | **179.71** | 78.41 |

Activity in contract liabilities is given as below:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Opening balance | **(144.44)** | (82.14) |
| (-) Revenue recognised that was included in the contract liability balance at the beginning of the period | **141.24** | 72.98 |
| +/ (-) Increase due to invoicing during the year, excluding amounts recognised as revenue during the year | **(126.01)** | (133.21) |
| +/- Translation | **4.70** | (2.07) |
| **Closing balance** | **(124.51)** | (144.44) |

### 11. COST RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their nature in the following categories:

The costs of the Company are broadly categorised into employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licenses, communication expenses and other expenses.

**Other operating expense**

(In millions of Mexican pesos)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Fees to external consultants and others | **627.31** | 525.23 |
| Facility expense | **56.36** | 47.14 |
| Travel expense | **39.90** | 23.35 |
| Communication expense | **62.48** | 63.55 |
| Project Expense | **8.25** | 3.37 |
| Bad debts and advances written off, allowance for doubtful trade receivable and advances (net) | **0.31** | 0.52 |
| Expenses for administrative services | **0.10** | 0.10 |
| Other expenses | **277.85** | 179.94 |
| **Total** | **1,072.56** | 843.20 |

**Expense by function**

(In millions of Mexican pesos)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Cost of revenue | **7,144.42** | 5,427.24 |
| Selling, general and administrative expenses | **1,270.02** | 943.64 |
| **Total** | **8,414.45** | 6,370.88 |

## 12. EMPLOYEE BENEFITS

**Retirement benefits costs from termination benefits**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be re-classified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Remeasurement

The Company presents the first two components of defined benefit costs in profit or loss. Gains and losses for reduction of service are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans.

## Notes forming part of the Financial Statements

Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Employee benefit expense consists of the following:

(In millions of Mexican pesos

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Salaries, incentives and allowances | **5,905.23** | 4,412.00 |
| Contribution to provident and other funds | **1,133.80** | 830.84 |
| Staff welfare expenses | **124.25** | 89.89 |
| | **7,163.28** | 5,332.73 |

Employee benefit obligations consists of the following:

(In millions of Mexican pesos)

| **Employee benefit obligations** | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Defined benefit obligation | **192.01** | 157.92 |
| Employee statutory profit sharing | **186.98** | 194.30 |
| Liabilities for social securities contributions | **108.51** | 80.06 |
| Liability for long service leave | **195.33** | 157.47 |
| Bonus accrual | **10.47** | 6.04 |
| Total employee benefit obligations | **693.31** | 595.79 |
| Current | **501.29** | 437.87 |
| Non-current | **192.01** | 157.92 |
| | **693.31** | 595.79 |

**a. Defined contribution plans**

The Company manages a plan that covers seniority premiums for all staff working in Mexico, which consists of a single payment of 12 days per year worked based on final salary, not to exceed twice the minimum wage established by law. The related liability and annual cost of benefits is calculated by an independent actuary using the method of projected unit credit.

The plans typically expose the Entity to actuarial risks as investment risk, Interest rate, longevity and salary.

| | |
|---|---|
| Interest risk | A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments. |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out as of December 31, 2022 and 2021 by Independents actuaries, who are members of the Institute of Actuaries of Mexico. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

(In millions of Mexican pesos)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Discount rates | **9.40%** | 8.30% |
| Inflation long term rates | **4.64%** | 4.64% |
| Salaries increase rates | **5.20%** | 5.20% |

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

(In millions of Mexican pesos

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Remeasurement in Defined Benefit Obligation | **11.79** | 40.22 |
| **Total Other Comprehensive Income** | **11.79** | 40.22 |

Activity in the present value of the defined benefit obligation was as follows:

(In millions of Mexican pesos)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Personnel Transferred | **102.84** | 106.33 |
| Current service cost | **115.33** | 68.54 |
| Financial cost | **22.57** | 9.77 |
| Benefits paid during the year | **(5.99)** | (5.03) |
| Actuarial obligation (income) / loss | **(44.01)** | (17.05) |
| Prior Service Cost (Seniority recognition) | **1.26** | - |
| Net liability arising from defined benefit obligation | **192.00** | 162.56 |

## Notes forming part of the Financial Statements

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 1.00 basis points higher (lower), the defined benefit obligation would decrease by MXN 25.13 (increase by MXN 30.65).

If the expected salary growth increases (decreases) by 1.00, the defined benefit obligation would increase by MXN 25.77 (decrease by MXN 21.64).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## 13. OTHER INCOME

**Finance income and cost, and other gains, (losses)**

**Interest income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Finance cost**

Financial costs include interest expenses on loans. The loan costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in income using the effective interest method.

**a. Finance and other income**

(In millions of Mexican pesos)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Interest income on bank deposits | **10.04** | 1.98 |
| Sublease Rent - Misc Income | **1.17** | 1.16 |
| Interest revenue - Other Deposits | **0.57** | 0.52 |
| Interest income on loans | **0.59** | 0.42 |
| **Total** | **12.37** | 4.08 |

**b. Finance cost**

(In millions of Mexican pesos)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Lease Interest | **15.28** | 15.85 |
| Others | **270.09** | 219.44 |
| **Total** | **285.37** | 235.29 |

**c. Other (losses)/ gains**

(In millions of Mexican pesos)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Net foreign exchange (loss) / gain | **(84.82)** | 9.14 |
| Others | **5.86** | 4.18 |
| **Total** | **(80.18)** | 13.32 |

## 14. INCOME TAXES (IT)

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

1. Current tax

Current income tax ("ISR") is recognised in the results of the year in which is incurred.

2. Deferred tax

Deferred income taxes are recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred IT assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period 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 recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax loss carry forward asset, tax credits and deductible temporary differences are recognised to the extent that it is likely that taxable income may be available in the future against which they can be applied. The deferred assets are reviewed as of the reporting date and are reduced to the extent that the realisation of the corresponding tax benefit is no longer probable.

IT Law effective as of January 1, 2014 imposes an IT rate of 30% for 2014 and thereafter.

**The income tax expense consists of the following:**

(In millions of Mexican pesos)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Current income tax expense | **701.59** | 801.88 |
| Deferred income tax | **(20.89)** | (144.02) |
| **Total** | **680.70** | 657.86 |

## Notes forming part of the Financial Statements

Income tax expense attributable to income before income taxes, differed from the amounts computed by applying the Mexican statutory rates of 30% IT to income before income taxes, as a result of the items shown below:

(In millions of Mexican pesos)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Income before income taxes | **1,224.36** | 1,066.24 |
| Income tax rate | **30%** | 30% |
| Expected income tax expense | **367.31** | 375.87 |
| Tax pertaining to prior years [1] | **369.45** | 270.31 |
| Non Deductable | **59.48** | 125.39 |
| Inflation Adjustment | **(220.60)** | (208.93) |
| Non-deductible payroll | **65.82** | 92.42 |
| Other Non deductible | **39.24** | 2.80 |
| | **680.70** | 657.86 |

[1] Direct review provision. As noted in footnote 13 c), the Company was subject to an audit from the Tax Administration Service ("SAT" or "Tax Authority"). During 2022 the company signed conclusive agreements with the Mexican Tax Authorities for the years 2015 and 2014 respectively, on the basis of which, the company paid in November 2022, MXN 203.3 for 2014 and MXN 545.1 for 2015 (amounts include surcharges and inflation)

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities, are presented below:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| **Deferred income asset:** | | |
| Advance payments | **96.59** | 42.34 |
| Reserves and provisions | **236.84** | 275.68 |
| Equipment, net | **64.23** | 50.19 |
| IFRS 16 | **(5.00)** | 3.56 |
| **Total deferred tax assets** | **392.66** | 371.77 |

The movements of deferred tax assets (liabilities) for the year are as follows:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Beginning balance | **371.77** | 227.75 |
| IT applied to income of the year | **20.89** | 144.02 |
| | **392.66** | 371.77 |

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2022 are as follows:

(In millions of Mexican pesos)

| | CURRENT YEAR | | | | |
|---|---|---|---|---|---|
| | Opening balance | Recognised in profit or loss | Recognised in / reclassified from other comprehensive income | Exchange difference | Closing balance |
| **Deferred tax assets / (liabilities) in relation to** | | | | | |
| Equipment, net | **50.19** | **14.04** | **-** | **-** | **64.23** |
| Advance payments | **42.34** | **54.25** | **-** | **-** | **96.59** |
| IFRS 16 | **3.56** | **(8.56)** | **-** | **-** | **(5.00)** |
| Reserves and provisions | **275.68** | **(38.84)** | **-** | **-** | **236.84** |
| **Total deferred tax asset / (liabilities)** | **371.77** | **20.89** | **-** | **-** | **392.66** |

(In millions of Mexican pesos)

| **As on December 31, 2022** | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Equipment, net | **64.23** | **-** | **64.23** |
| Advance payments | **96.59** | **-** | **96.59** |
| IFRS 16 | **-** | **5.00** | **(5.00)** |
| Reserves and provisions | **236.84** | **-** | **236.84** |
| **Total deferred tax asset / (liabilities)** | **397.66** | **5.00** | **392.66** |

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2021 are as follows:

(In millions of Mexican pesos)

| | PREVIOUS YEAR | | | | |
|---|---|---|---|---|---|
| | Opening balance | Recognised in profit or loss | Recognised in / reclassified from other comprehensive income | Exchange difference | Closing balance |
| **Deferred tax assets / (liabilities) in relation to** | | | | | |
| Equipment, net | 10.09 | 40.10 | - | - | 50.19 |
| Advance payments | 284.25 | (241.91) | - | - | 42.34 |
| IFRS 16 | 15.84 | (12.28) | - | - | 3.56 |
| Reserves and provisions | (82.43) | 358.11 | - | - | 275.68 |
| **Total deferred tax asset / (liabilities)** | 227.75 | 144.02 | - | - | 371.77 |

## Notes forming part of the Financial Statements

(In millions of Mexican pesos)

| As on December 31, 2021 | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Equipment, net | 50.19 | - | 50.19 |
| Advance payments | 42.34 | - | 42.34 |
| IFRS 16 | 3.56 | - | 3.56 |
| Reserves and provisions | 275.68 | - | 275.68 |
| **Total deferred tax asset / (liabilities)** | 371.77 | - | 371.77 |

### 3 Employee profit sharing (PTU)

For the year ended December 31, 2022 and 2021, the Company generated a tax base for employee profit sharing of MXN 145.25 and MXN 170.83 respectively.

**Direct tax contingencies**

a) In accordance with Mexican tax law, the tax authorities are empowered to examine transactions carried out during the five years prior to the most recent income tax return filed.

b) In accordance with the IT Law, companies carrying out transactions with related parties are subject to certain requirements as to the determination of prices, which should be similar to those that would be used in arm's-length transactions.

Should the tax authorities examine the transactions and reject the related-party prices, they could assess additional taxes plus the related inflation adjustment and interest, in addition to penalties of up to 100% of the omitted taxes.

c) **Tax Contingencies Note in TMCV Financials of FYE 2020 (pertaining to FYE 2013)**

On September 11, 2019, the company has received a notification from the Tax Authority determining a tax debit for the amount of MXN 838.09 for income tax and value added tax, update surcharge and fines, corresponding to fiscal year 2013, as well as an alleged omission in the provisional income tax payment for certain months corresponding to fiscal years 2014 and 2015.

In the opinion of the internal and external lawyers of the Company approximately a part of this tax debit is unduly determined by the tax authority, among other reasons, because the authority is including the omitted amounts payment of MXN 120 made by the Company on September 2, 2019 correcting its tax situation. Such amount was determined on the conclusive agreement between the Company and the Mexican Tax Authorities signed before the Taxpayer Defense Office (PRODECON). In consequence, on September 2, 2019, the Company submitted the complementary tax filings with the corresponding corrections. The Company has also submitted similar complimentary tax filling for the period Jan-Feb 2014, correcting the fiscal situation amounting to MXN 9.6.

On October 24, 2019, an appeal for revocation was filled against said resolution before the Central Administration of the Contentious of Large Taxpayers of the Tax Administration Service.

On December 5, 2019, the Company presented the information requested in the SAT notification.

Currently, the appeal for revocation is under study by the officials of the Central Administration of the Contentious of Large Taxpayers of the Tax Administration Service. In case of obtaining an unfavorable resolution, the Company will file an annulment petition before the Federal Court of Administrative Justice, against the decision of the tax credit.

As a result of management's evaluation, the Company decided to recognise a provision of MXN 232.2 during 2019, pertaining to income tax from the observations from the Tax Authority. For the remaining matter of observation from the Tax Authority, the Company has evaluated that the ultimate outcome of the matter cannot be determined presently and, accordingly, no provision for any effects on the Company that may result has been made in the financial statements. During 2020, 2021 and 2022 the Company has not made any additional provision related to this matter.

**d. Tax Contingencias Note for FYE 2014 / 2015**

During 2021 the company has received notifications from the Tax Authority determining a tax debit for income tax, update and surcharge corresponding to fiscal years of 2014 and 2015, and for VAT and related update and surcharge corresponding to fiscal year 2015.

On November 25, 2022 and November 30,2022, the company singed conclusive agreements with the Mexican Tax Authorities for the years 2015 and 2014 respectively, on the basis of which, the company paid in November 2022, MXN 203.3 for 2014 and MXN 545.1 for 2015.

For the year 2015, the Mexican Tax Authorities, contended that VAT should be charged on exports. Based on legal opinion obtained for this issue, the Company believes that there is sound legal basis for obtaining a ruling in its favor from the Courts and hence, excluded this issue from the conclusive agreement. Accordingly, no provision has been made in the financial statements for this issue.

TCS Mexico has received Tax Audit Notices for the years 2016 on Feb 9th, 2021 and 2017 on August 12th 2022. As a result of management's evaluation, the Company decided to maintain a total provision of MXN 344.6 Mn. in 2022.

## 15. BUSINESS AND CREDIT CONCENTRATION

For the years ended at December 31, 2022 and 2021, consultancy services rendered to related parties represented 73% and 74%, respectively of the Company's total consultancy service revenue.

For the years ended at December 31, 2022 and 2021, purchase of services from a related party represented 8% and 7%, respectively of the Company's total operating expenses.

## 16. CONTINGENCIES AND COMMITMENTS

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, disclosure is provided in the notes to the financial statements. Contingent revenues, earnings or assets are not recognised until realisation is assured.

1 The Company has entered into service agreements with related parties, under which these companies provide technical assistance services necessary for the Company's operations. These agreements are for a period ending on December 2022. Total payments under these agreements, reported under administrative expenses, were MXN 667.84 in 2022 and MXN 571.16 in 2021.

2 The Company is involved in a number of lawsuits and claims arising in the normal course of business. It is expected that the final outcome of these matters will not have significant adverse effects on the Company's financial position and income (loss).

3 Claims aggregating MXN 17.47 and MXN 10.53 as at December 31, 2022 and 2021 respectively against the Company, have not been acknowledged as debts.

4 The Company has contractually committed (net of advances) MXN 35.91 as at December 31, 2022 and MXN 9.46 as at December 31, 2021 for purchase of equipment.

## 17. RELATED PARTY DISCLOSURE

The Company does not have business operations with members of management and close relatives outside operations at arm's length and available to the general public and for non-significant amounts.

## Notes forming part of the Financial Statements

(In millions of Mexican pesos)

| | For the year ended December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | With Tata Sons Limited, ultimate parent company | With subsidiaries and associates of Tata Sons Limited, ultimate parent company | With Tata Consultancy Services Limited | With subsidiaries of Tata Consultancy Services Limited | Total |
| Revenue from operations | **-** | **-** | **6,895.29** | **423.21** | **7,318.50** |
| Interest income | **-** | **-** | **-** | **2.79** | **2.79** |
| Other income | **-** | **-** | **-** | **1.17** | **1.17** |
| Purchase of services and cost recovery | **-** | **2.02** | **459.27** | **231.36** | **692.66** |
| Brand equity contribution | **6.69** | **-** | **-** | **-** | **6.69** |

(In millions of Mexican pesos)

| | For the year ended December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | With Tata Sons Limited, ultimate parent company | With subsidiaries and associates of Tata Sons Limited, ultimate parent company | With Tata Consultancy Services Limited | With subsidiaries of Tata Consultancy Services Limited | Total |
| Revenue from operations | - | - | 5,493.58 | 320.79 | 5,814.37 |
| Interest income | - | - | - | 0.42 | 0.42 |
| Other income | - | - | - | 3.80 | 3.80 |
| Purchase of services and cost recovery | - | 2.04 | 363.95 | 207.22 | 573.21 |
| Brand equity contribution | 5.07 | - | - | - | 5.07 |
| Dividend paid | - | - | - | 1,256.30 | 1,256.30 |

(In millions of Mexican pesos)

| | For the year ended December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | With Tata Sons Limited, ultimate parent company | With subsidiaries and associates of Tata Sons Limited, ultimate parent company | With Tata Consultancy Services Limited | With subsidiaries of Tata Consultancy Services Limited | Total |
| Trade receivables - Billed and Unbilled and Other Receivables (1) | **-** | **-** | **1,180.55** | **137.14** | **1,317.69** |
| Loans given | **-** | **-** | **-** | **14.00** | **14.00** |
| Other Receivables | **-** | **-** | **7.03** | **1.96** | **8.98** |
| **Total** | **-** | **-** | **1,187.58** | **153.10** | **1,340.67** |

(In millions of Mexican pesos)

| | For the year ended December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | With Tata Sons Limited, ultimate parent company | With subsidiaries and associates of Tata Sons Limited, ultimate parent company | With Tata Consultancy Services Limited | With subsidiaries of Tata Consultancy Services Limited | Total |
| Trade receivables - Billed and Unbilled and Other Receivables (1) | - | - | 1,188.88 | 109.51 | 1,298.39 |
| Loans given | - | - | - | - | - |
| Other Receivables | - | - | 8.54 | 22.58 | 31.11 |
| **Total** | - | - | 1,197.42 | 132.09 | 1,329.51 |

1) The balances receivable come from consultancy and administrative services rendered to the related parties and will be liquidated within the commercial terms agreed by the Company.

**Balances payable to related parties**

(In millions of Mexican pesos)

| | As on December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | With Tata Sons Limited, ultimate parent company | With subsidiaries and associates of Tata Sons Limited, ultimate parent company | With Tata Consultancy Services Limited | With subsidiaries of Tata Consultancy Services Limited | Total |
| Trade and other payables (1) | **5.16** | **0.44** | **183.38** | **55.81** | **244.79** |
| **Total** | **5.16** | **0.44** | **183.38** | **55.81** | **244.79** |

## Notes forming part of the Financial Statements

(In millions of Mexican pesos)

| | As on December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | With Tata Sons Limited, ultimate parent company | With subsidiaries and associates of Tata Sons Limited, ultimate parent company | With Tata Consultancy Services Limited | With subsidiaries of Tata Consultancy Services Limited | Total |
| Trade and other payables (1) | 3.86 | 0.17 | 214.46 | 36.69 | 255.18 |
| **Total** | 3.86 | 0.17 | 214.46 | 36.69 | 255.18 |

1) The balances payable come from consultancy and administrative services received from the related parties and will be liquidated within the commercial terms agreed by the Company.

### 18. SUBSEQUENT EVENTS

Between January 1, 2023 and the date when financial statements were authorised for issue, there are no additional subsequent events that could affect the Company's financial position and/or profit or loss or which require disclosure in the notes to the financial statements.

# MGDC S.C.

## FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

**For the year ended**
**December 31, 2022 and 2021**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

# INDEPENDENT AUDITOR'S REPORT

**TO THE PARTNERS OF**
**MGDC S. C.**

## Opinion

We have audited the accompanying financial statements of MGDC, S.C., (the "Company"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in the partner's equity and cash flows, for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MGDC, S.C., as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended, in conformity with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB).

## Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report, and the related "Exhibit". We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Mexico in accordance with the Instituto Mexicano de Contadores Públicos A.C.'s Code of Professional Ethics (IMCP Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA and IMCP Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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, or otherwise, making the appropriate disclosures.

Those charged with governance are responsible for overseeing the Company´s financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of MGDC, S.C., as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs 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.

**SALLES, SAINZ – GRANT THORNTON, S. C.**

Mexico City, Mexico
**March 9, 2023**

C.P.A. Fernando Robles Garibay

**Additional description of our responsibilities regarding the audit of the financial statements**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 auditor's 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 auditor's 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 a true and fair view.

We communicate with management 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.

## Statement of Financial Position

(In millions of Mexican pesos)

| | Note | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7a | **62.34** | 9.11 |
| Related parties | 7b | **17.32** | 6.03 |
| Other current financial assets | 7c | **0.79** | 6.78 |
| Other current assets | 9c | **59.67** | 121.17 |
| **Total current assets** | | **140.12** | 143.09 |
| **Non-current assets** | | | |
| Other non-current financial assets | 7c | **0.81** | 0.75 |
| Income tax assets (net) | | **11.86** | 15.68 |
| Deferred tax assets | 13 | **42.12** | 37.86 |
| Leasehold improvements, furniture and equipment | 9a | **4.06** | 8.51 |
| Right-of-use assets | 8 | **-** | 2.14 |
| Intangible assets | 9b | **-** | 0.01 |
| **Total non-current assets** | | **58.85** | 64.95 |
| **TOTAL ASSETS** | | **198.97** | 208.04 |
| **LIABILITIES AND PARTNERS' EQUITY** | | | |
| **Liabilities:** | | | |
| **Current liabilities:** | | | |
| Trade and other payables | 9d | **29.53** | 48.33 |
| Borrowings | | **25.70** | - |
| Lease liabilities | 8 | **-** | 2.28 |
| Other current financial liabilities | | **1.82** | 0.70 |
| Employee benefit obligations-Current | 14 | **3.36** | 12.44 |
| Income tax liabilities (net) | 13 | **-** | 168.04 |
| Other current liabilities | 9e | **3.59** | 36.82 |
| **Total current liabilities** | | **64.00** | 268.61 |
| **Non-current liabilities:** | | | |
| Borrowings | | **4.04** | - |
| Employee benefit obligation-Non Current | 14 | **5.61** | 4.41 |
| **Total non-current liabilities** | | **9.65** | 4.41 |
| **TOTAL LIABILITIES** | | **73.65** | 273.02 |
| **Partners' equity:** | | | |
| Partners' capital | 8g | **169.65** | 0.05 |
| Other comprehensive income | 7g | **(18.98)** | (20.31) |
| Retained earnings | | **(25.35)** | (44.72) |
| **Total equity** | | **125.32** | (64.98) |
| **TOTAL LIABILITIES AND EQUITY** | | **198.97** | 208.04 |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS**

## Statement of Profit or Loss and Other Comprehensive Income

(In millions of Mexican pesos)

| | Note | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|---|
| **Revenues** | | | |
| Consultancy services | | **144.71** | 119.32 |
| **Operating expenses:** | | | |
| Employee benefit expense | 14 | **109.29** | 104.49 |
| Operation and other expense | 11 | **41.88** | 68.85 |
| Depreciation and amortization expense | 8, 9(a), 9(b) | **6.89** | 7.29 |
| **TOTAL OPERATING EXPENSES** | | **158.06** | 180.63 |
| **OPERATING PROFIT / (LOSS)** | | **(13.35)** | (61.31) |
| **Other income / (expense):** | | | |
| Finance and other income | 12 (a) | **1.30** | 2.67 |
| Other gains, (net) | 12 (c) | **0.79** | 5.78 |
| Finance costs | 12 (b) | **11.92** | (83.25) |
| **OTHER INCOME / (EXPENSE), NET** | | **14.01** | (74.80) |
| **PROFIT / (LOSS) BEFORE INCOME TAXES** | | **0.66** | (136.11) |
| Income tax expense | 13 | **(18.71)** | 56.90 |
| **PROFIT / (LOSS) FOR THE YEAR** | | **19.37** | (193.01) |
| **OTHER COMPREHENSIVE INCOME:** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement of defined benefit obligations | 14 (c) | **1.33** | 0.51 |
| **Total other comprehensive income , net of taxes** | | **1.33** | 0.51 |
| **TOTAL COMPREHENSIVE INCOME / (LOSS)** | | **20.70** | (192.50) |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS**

## Statement of Changes in Partners' Equity

(In millions of Mexican pesos)

| | Partner's capital | Retained earnings | Other comprehensive income actuarial gain on employee benefits | Total partners' equity |
|---|---|---|---|---|
| **Balance as of January 01, 2021** | 0.05 | 148.29 | (20.82) | 127.52 |
| Net loss for the year | - | (193.01) | - | (193.01) |
| Other comprehensive income for the year | - | - | 0.51 | 0.51 |
| **Total comprehensive income** | - | (193.01) | 0.51 | (192.50) |
| **Balance as of December 31, 2021** | 0.05 | (44.72) | (20.31) | (64.98) |
| Capital contribution | 169.60 | - | - | 169.60 |
| Net Income for the year | | 19.37 | - | 19.37 |
| Other comprehensive income for the year | - | - | 1.33 | 1.33 |
| **Total comprehensive income** | - | 19.37 | 1.33 | 20.70 |
| **Balance as of December 31, 2022** | **169.65** | **(25.35)** | **(18.98)** | **125.32** |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS**

## Statement of Cash Flows

(In millions of Mexican pesos)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income (loss) | **19.37** | (193.01) |
| **Adjustment to reconcile profit or loss to net cash provided by operating activities:** | | |
| Depreciation and amortisation expense | **6.89** | 7.29 |
| Net gain on disposal of property, plant and equipment | **-** | (0.11) |
| Current tax expense | **(14.44)** | 82.12 |
| Deferred income tax | **(4.27)** | (25.23) |
| Unrealised foreign exchange gain | **(0.30)** | (2.46) |
| **Net change in:** | | |
| Related parties | **(11.29)** | 54.39 |
| Other financial assets (current and non-current) | **5.92** | 16.42 |
| Other assets (current and non-current) | **61.50** | (57.50) |
| Trade and other payables | **(18.80)** | (162.92) |
| Other liabilities and other financial liabilities (current) | **(32.11)** | 21.11 |
| Employee benefit obligations | **(6.55)** | (0.23) |
| **Cash generated / (used in) from operations** | **5.92** | (260.13) |
| Taxes paid | **(149.78)** | 6.65 |
| **Net cash flows used in operating activities** | **(143.86)** | (253.48) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of leasehold improvements, furniture and equipment and intangible assets | **-** | (0.43) |
| Proceeds from disposal of property, plant and equipment | **-** | 0.96 |
| **Net cash used in investing activities** | **-** | 0.53 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Repayment of lease liabilities | **(2.43)** | (2.10) |
| Borrowing | **29.73** | - |
| Share Capital issued | **169.60** | - |
| **Net cash generated by / (used in) financing activities** | **196.90** | (2.10) |
| **Net increase / (decrease) in cash and cash equivalents** | **53.05** | (255.05) |
| Cash and cash equivalents, beginning of the year | **9.11** | 261.71 |
| Exchange difference on translation of foreign currency cash and cash equivalents | **0.18** | 2.46 |
| **Cash and cash equivalents, end of the year** | **62.34** | 9.11 |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS**

## Notes forming part of the Financial Statements

### 1. REPORTING ENTITY

MGDC S.C. (the "Company") is a subsidiary of TCS Uruguay S.A. and TATA Consultancy Services Argentina S.A. Its main activity is to provide administrative services mainly to its related parties. It was incorporated as a Civil Society in accordance with Mexican law, on March 16, 2007, with a duration of 99 years, its main business center is located at Camino el ITESO No. 8699, Colonia El Mante, C.P. 45609 in the municipality of Tlaquepaque, Guadalajara, Jalisco.

**Authorization**

On March 9, 2023 Mr. Claudio Yukio Yoshida (Finance Director) and Rajeev Gupta (Country Head) authorized the issuance of the accompanying financial statements and related notes thereto.

In accordance with the General Corporations Law and the bylaws of MGDC S.C., the partners' are empowered to modify the financial statements after issuance. The accompanying financial statements will be submitted to the next Partners' Meeting for approval.

**A)** The Company incurred a net loss of $193 million of pesos during the year ended December 31, 2021 and accumulated deficit of $64.98 million as of that date, due to onetime events related to provisions for tax contingencies, a lawsuit lost and others. The Company's current liabilities exceeded its total assets by $60.57 million.

The Management has evaluated the significance of these events, the financial and operational aspects that may impact the future performance of the company as well as the nature and condition of the business. The Management concluded that these events are unlikely to repeat in the foreseeable future. Considering that there have not been any changes to the Company's market, strategy and operations, it is reasonable to expect that it will continue generating profits in the coming years.

To cover the referred financial need it has been approved the funding of MXN 189.6 Mn. by a combination of debt and capital infused, in the following proportion:

**(a)** Loan for USD 1 Mn. to be paid in 5 years at an annual interest rate of 4.5% annual. The loan would be provided by TCS Solution Center S.A.

**(b)** Capital infusion of MXN 169.6 Mn.

Due to current restrictions on outflow of foreign currency from Argentina, the contribution would be made by its majority Partner TCS Uruguay S.A only.

### 2. STATEMENT OF COMPLIANCE

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB).

### 3. BASIS OF PREPARATION

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value or amortized cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows have been prepared using indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional currency of the Company is the Mexican Pesos. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

***Functional and reporting currency***

The aforementioned financial statements are presented in Mexican pesos (reporting currency), which is the same as the local currency and the functional currency.

To determine the functional currency, management assesses the economic environment in which it primarily generates and disburses cash. For this, factors related to sales, costs, sources of financing and cash flows generated by the operation are considered.

As of December 31, 2022 and 2021, the peso/dollar exchange rates were $19.50 and $20.42, respectively. Unless otherwise indicated, all financial information presented in pesos has been rounded to the nearest millions. When referring to "US" or dollars, it refers to amounts expressed in millions of dollars of the United States of America or U.S.D, when referring to "EUR" means millions of Euro, "CAD" means millions Canadian dollar, "BRL" means millions of Brazilian real, "UYU" means millions of Uruguayan Peso, and "COP" means millions of Colombian peso.

***Foreign currency***

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of execution or settlement. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in force at the statement of financial position date. Exchange differences arising from assets and liabilities denominated in foreign currencies are reported on the statement of comprehensive income.

***Prepayments***

Mainly include prepayments for the purchase of services that are received after the date of the statement of financial position and in the ordinary course of operations.

***Presentation of statement of cash flows***

The statements of cash flows of the Company are presented using the indirect method.

## 4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

### (a) Useful lives of leasehold improvements, furniture and equipment

The Company reviews the carrying amount of leasehold improvement, furniture and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

### (b) Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

## Notes forming part of the Financial Statements

**(c) Valuation of deferred tax assets**

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under note number 13.

**(d) Provisions and contingent liabilities**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at the end of each reporting period adjusted to reflect the current best estimates. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Contingent liabilities are not recognized in the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

**(e) Employee benefits**

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

**(f) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### 5. NATURE AND PURPOSE OF RESERVES

***Statement of comprehensive income presentation***

The Company opted for reporting comprehensive income in a single statement that includes all the items that comprise net income or loss and other comprehensive income (OCI), entitled "Statement of Comprehensive Income". Additionally, the "Operating (loss) profit" line item is included, which results from subtracting the cost of sales and expenses from total revenues, as this line item is considered to provide a better understanding of the Company's economic and financial performance.

Given that the Company is a service entity, ordinary costs and expenses are presented based on their nature, as the information so reported is clearer.

***Partners' equity***

Partner contributions are classified in partners' equity.

### 6. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1] |

[1]Effective for annual periods beginning on or after January 1, 2023.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

## 7. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

***Cash and cash equivalents***

MGDC S.C. considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.



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## Notes forming part of the Financial Statements

***Financial assets at amortized cost***

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at fair value through other comprehensive income***

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

***Financial assets at fair value through profit or loss***

Financial assets are measured at fair value through profit or loss unless they are measured at amortied cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

***Financial liabilities***

Financial liabilities are measured at amortized cost using the effective interest method.

***Equity instruments***

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received net of direct issue cost.

***Impairment of financial assets (other than at fair value)***

The Company assesses at each date of statement of financial position whether a financial asset or a Company of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**IFRIC 23 Interpretation Uncertainty over Income Tax Treatment**

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

**Application of IFRIC 23**

The company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no continuous instances of any uncertain tax treatment in the past and on that basis, it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

**a. Cash and cash equivalents**

Cash and cash equivalents consists of the following:



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(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Current account balances with banks | **27.34** | 9.11 |
| Bank deposits (original maturity less than three months ) | **35.00** | - |
| **Total** | **62.34** | 9.11 |

As of December 31, 2021 and 2020 there is no restricted cash.

The Company discloses in Note 7 (f) the sensitivity analysis for financial assets and liabilities.

**b. Related parties**

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade receivables | **17.32** | 6.03 |
| **Total** | **17.32** | 6.03 |

Trade receivables include balances with related parties (Refer note 17).

**c. Other financial assets**

Other financial assets consist of the following:

**a) Other financial assets-current**

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Employee loans and advances | **0.76** | 6.62 |
| Fair value of foreign exchange derivative assets | **0.03** | - |
| Other Deposits | **-** | 0.16 |
| **Total** | **0.79** | 6.78 |

**b) Other financial assets-non-current**

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Deposits for premises | **0.42** | 0.36 |
| Other Deposits | **0.39** | 0.39 |
| **Total** | **0.81** | 0.75 |

## Notes forming part of the Financial Statements

**d. Financial instruments by category**

The fair values of the following financial assets and financial liabilities as at December 31, 2022 and December 31, 2021 approximate the carrying amounts due to short term maturities of these instruments:

(In millions of Mexican pesos)

| | As of December 31, 2022 | | As of December 31, 2021 | |
|---|---|---|---|---|
| | Amortised cost | Total carrying value | Amortised cost | Total carrying value |
| **Financial assets:** | | | | |
| Cash | **62.34** | **62.34** | 9.11 | 9.11 |
| Trade receivables | **17.32** | **17.32** | 6.03 | 6.03 |
| Other financial assets | **1.60** | **1.60** | 7.52 | 7.52 |
| **Total** | **81.26** | **81.26** | 22.66 | 22.66 |
| **Financial liabilities:** | | | | |
| Trade and other payables | **29.53** | **29.53** | 48.33 | 48.33 |
| Leaseliabilities | **-** | **-** | 2.28 | 2.28 |
| Other financial liabilities | **1.82** | **1.82** | 0.70 | 0.70 |
| **Total** | **31.35** | **31.35** | 51.31 | 51.31 |

Carrying amounts of cash, trade receivables and trade payables as at December 31, 2022 and 2021 approximate the fair value. Difference between carrying amounts and fair values of other financial assets, other financial liabilities subsequently measured at amortized cost is not significant in each of the years presented.

**e. Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**f. Financial risk management**

MGDC. S.C. is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The company has a risk management policy which covers risks associated with the financial assets and liabilities.

***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

*Foreign currency exchange rate risk*

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss, other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the entity.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the functional currency the Company.

(In millions of Mexican pesos)

| | 2022 | |
|---|---|---|
| | USD | EUR |
| **Net financial assets** | **25.48** | **-** |
| **Net financial liabilitites** | **15.73** | **-** |

(In millions of Mexican pesos)

| | 2021 | |
|---|---|---|
| | USD | EUR |
| Net financial assets | 3.53 | 0.02 |
| Net financial liabilitites | 0.17 | - |

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of MGDC, S. C. would result in decrease / increase in the Company's profit before tax by approximately MXN 9.74 for the year ended December 31, 2022 and MXN 3.38 for the year ended December 31, 2021 respectively.

*Interest rate risk*

The Company is not exposed to interest rate risk.

*Credit risk*

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was MXN 81.26 and MXN 22.66 as of December 31, 2022 and December 31, 2021, respectively being the total of the carrying amount of cash and cash equivalents, trade receivables and other financial assets. Cash and cash equivalents are held with bank with high credit ratings. As at December 31, 2022, there were no indications that any defaults will occur on trade receivables or other financial assets.

MGDC S.C's total revenue is inter-company and hence there is no credit risk.

*Liquidity risk*

Liquidity risk refers to the risk that MGDC S.C. cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

## Notes forming part of the Financial Statements

MGDC S.C. consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due. MGDC S.C. does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(In millions of Mexican pesos)

| | Due in 1st year | Total |
|---|---|---|
| **December 31, 2022** | | |
| **Non-derivative financial liabilities:** | | |
| Trade and other payables | **29.53** | **29.53** |
| Other financial liabilities | **1.82** | **1.82** |
| **Total** | **31.35** | **31.35** |
| **December 31, 2021** | | |
| **Non-derivative financial liabilities** | | |
| Trade and other payables | 48.31 | 48.31 |
| Lease liabilities | 2.36 | 2.36 |
| Other financial liabilities | 0.70 | 0.70 |
| **Total** | 51.37 | 51.37 |

*Other risk*

Financial assets of MXN 62.34 as at December 31,2022 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of MXN 17.32 as at December 31,2022 forms a significant part of the financial assets carried at amortised cost which is valued at cost as the receivables are entirely intercompany receivables.

### g. Partners' capital

#### a) Structure of partners' capital

As of December 31, 2021, partners' capital fully issued and paid is represented by 2 social portions with a value per part equivalent to 49,500 pesos and 500 pesos, each, in total the value of the capital was 50,000 pesos.

In the Extraordinary Partners´ Meeting held on March 23, 2022 was approved to increase the capital of the Company in the amount of $169.60, which was fully issued and paid. As of December 31, 2022, partners´ capital is represented by 2 social portions with a value per part equivalent to 169,649,500 pesos and 500 pesos, each, in total 169,650,000 pesos."

#### b) Other Comprehensive income (OCI)

At December 31, 2022 and 2021 OCI are comprised as follows:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Opening balance | **(20.31)** | (20.82) |
| Remeasurement of defined plan obligations | **1.33** | 0.51 |
| Closing balance | **(18.98)** | (20.31) |

**c) Restriction in Partners' capital**

In accordance with the General Corporations Law, five percent of net income for the year must be appropriated to the statutory reserve, until it reaches one-fifth of share capital. As of December 31, 2022 has not been constituted.

Retained earnings and other partner's contributions, on which no income tax has been paid, are subject to income taxes in the event of distribution, at the rate of 30%, payable by the Company; consequently, the stockholders may only receive 70% of such amounts.

Partners contributions may be refunded to the stockholders tax-free, to apply that exemption, such contributions must be equal or less of the balance of the Contributed Capital Account (CUCA for its Acronym in Spanish). As of December 31, 2022, and 2021, the CUCA amount is in process of being updated.

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

**d) Dividend**

Distribution of dividends or profits to the shareholders that come from the CUFIN, will not generate income tax to legal entities resident in the country, until the said account has exhausted balance. Dividends paid to individuals and legal entities resident abroad, on profits generated from January 1, 2014 and onwards, are subject to a 10% tax, which has the character of final payment.

As of December 31, 2022, and 2021 the restated balance of the CUFIN account (Net taxable income account or CUFIN for its Acronym in Spanish), is $609.26 and $632.28 pesos, respectively.

## 8. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by

## Notes forming part of the Financial Statements

increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognizes the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**Liabilities for financial leases**

| Lease Liabilities | Currency | Nominal Interest rate | Lease Start date | Lease end date | Years | Nominal value | Book value |
|---|---|---|---|---|---|---|---|
| Inmobiliaria Graciela Sc | MXN | 8.08% | 1-Jan-20 | 31-Dec-22 | 3 | 2.36 | 2.28 |

The details of the right- of – use asset held by the Company is as follows:

(In millions of Mexican pesos)

| | Additions for the year ended December 31, 2022 | Net carrying amount as at December 31, 2022 |
|---|---|---|
| Building | **0.15** | **-** |
| **Total** | **0.15** | **-** |

(In millions of Mexican pesos)

| | Additions for the year ended December 31, 2021 | Net carrying amount as at December 31, 2021 |
|---|---|---|
| Building | 0.14 | 2.11 |
| Building - Security deposit | 0.01 | 0.03 |
| **Total** | 0.15 | 2.14 |

Depreciation on right – of – use asset is as follows:

(In millions of Mexican pesos)

| | year ended December 31, 2022 | year ended December 31, 2021 |
|---|---|---|
| Building | **2.26** | 2.11 |
| Building - Security deposit | **0.03** | 0.09 |
| **Total** | **2.29** | 2.20 |

Interest on lease liabilities is MXN 00.09 and MXN 0.26 for the year ended on December 31, 2022 and December 31, 2021. During the year ended 2022 and 2021 company has not incurred any expenses relating to short-term leases and leases of low-value assets.

The total cash outflow on leases recognized in the statements of cash flows is MXN 2.52 and MXN 2.26 for December 31, 2022 and December 31, 2021 respectively.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

There are no property leases that contain extension options.

## 9. NON-FINANCIAL ASSETS AND LIABILITIES

### a. Leasehold improvements, furniture and equipment

Improvements to leased buildings are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The furniture and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated on the amount susceptible to depreciation, corresponding to the cost of an asset, or another amount that replaces the cost.

Depreciation is recognized in the statement of comprehensive income using the straight-line method according to the estimated useful life of each component of an item of furniture and equipment, since this better reflects the usage pattern expected of the future economic benefits included in the asset. Leased assets are depreciated for the duration of the lease or the useful life of the assets, whichever is lower, unless there is reasonable certainty that the Company will acquire ownership of the leased assets at the end of the lease.

The annual depreciation rates of the assets as follows:

| | % average rate of depreciation |
|---|---|
| Improvements to leased buildings | 5 – 10 |
| Office furniture and equipment | 20 |
| Computers and equipment | 25 |

Minor repairs and maintenance costs are expensed as incurred.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

**Subsequent expenditures**

Expenditures for repairs and modifications or improvements that prolong the useful life of the assets beyond the originally estimated, which allows the entity to obtain future economic benefits that can be measured reliably, are capitalized as fixed assets.

***Impairment of Non-financial assets***

**Tangible and intangible assets**

Leasehold improvements, furniture and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

## Notes forming part of the Financial Statements

**Leasehold improvements, furniture and equipment comprise the following:**

(In millions of Mexican pesos)

| | Leasehold improvements | Computer equipments | Furniture and office equipment | Total |
|---|---|---|---|---|
| **Gross block as at January 1, 2022** | **52.65** | **36.70** | **61.25** | **150.60** |
| Purchases | **-** | **-** | **-** | **-** |
| **Gross block as at December 31, 2022** | **52.65** | **36.70** | **61.25** | **150.60** |
| **Accumulated depreciation as at January 1, 2022** | **49.30** | **36.45** | **56.34** | **142.09** |
| Depreciation for the year | **3.21** | **0.16** | **1.23** | **4.60** |
| **Accumulated depreciation as at December 31, 2022** | **52.51** | **36.61** | **57.58** | **146.69** |
| **Net carrying amount as at December 31, 2022** | **0.14** | **0.09** | **3.68** | **3.91** |
| Capital work-in-progress | | | | **0.15** |
| **Total** | | | | **4.06** |

(In millions of Mexican pesos)

| | Leasehold improvements | Computer equipments | Furniture and office equipment | Total |
|---|---|---|---|---|
| **Gross block as at January 1, 2021** | 52.65 | 36.70 | 59.88 | 149.23 |
| Purchases | - | - | 1.37 | 1.37 |
| **Gross block as at December 31, 2021** | 52.65 | 36.70 | 61.25 | 150.60 |
| **Accumulated depreciation as at January 1, 2021** | 45.79 | 36.15 | 55.05 | 136.99 |
| Depreciation for the year | 3.51 | 0.29 | 1.30 | 5.10 |
| **Accumulated depreciation as at December 31, 2021** | 49.30 | 36.45 | 56.34 | 142.09 |
| **Net carrying amount as at December 31, 2021** | 3.36 | 0.25 | 4.90 | 8.51 |
| Capital work-in-progress | | | | - |
| **Total** | | | | 8.51 |

*MXN 1.37 has been capitalised and transferred to property, plant and equipment during the year ended December 31, 2021.

Capital work in progress mainly include investments in equipment for the normal operation of MGDC employees, there is no investment in delivery centers.

b. Intangible assets

### i. Other intangible assets

Other intangible assets that are acquired by the Company and have defined useful lives are recorded at cost less accumulated amortization.

### ii. Amortization

The amortization is calculated on the cost of the asset or other amount that replaces cost, less the residual value.

The amortization is recognized in the statement of comprehensive income under the straight-line method based on the estimated useful life of the intangible assets, other than goodwill, from the date they are available for use, this reflects the expected usage pattern of the future economic benefits included in the asset. The estimated useful lives for the current and comparative periods are as shown follow:

| | |
|---|---|
| **Software for internal use** | **3 years** |

The amortization methods, useful lives and residual values of intangible assets are reviewed at the end of each year and adjusted if necessary.

(In millions of Mexican pesos)

| | Software licenses | Total |
|---|---|---|
| **Cost as at January 1, 2022** | **3.10** | **3.10** |
| Addition during the year | **-** | **-** |
| Disposal during the year | **-** | **-** |
| **Gross block as at December 30, 2022** | **3.10** | **3.10** |
| **Accumulated amortisation as at January 1, 2022** | **3.10** | **3.10** |
| Amortisation for the year | **-** | **-** |
| Disposal during the year | **-** | **-** |
| **Accumulated amortisation as at December 31, 2022** | **3.10** | **3.10** |
| **Net carrying amount as at December 31, 2022** | **-** | **-** |

(In millions of Mexican pesos)

| | Software licenses | Total |
|---|---|---|
| **Cost as at January 1, 2021** | 3.10 | 3.10 |
| Addition during the year | 0.01 | 0.01 |
| Disposal during the year | - | - |
| **Gross block as at December 31, 2021** | 3.11 | 3.11 |
| **Accumulated amortisation as at January 1, 2021** | 3.10 | 3.10 |
| Amortisation for the year | - | - |
| Disposal during the year | - | - |
| **Accumulated amortisation as at December 31, 2021** | 3.10 | 3.10 |
| **Net carrying amount as at December 31, 2021** | 0.01 | 0.01 |

## Notes forming part of the Financial Statements

### c. Other assets

Other assets are comprised as follows:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Advance to suppliers | **-** | 22.45 |
| Prepaid expenses | **0.06** | 2.73 |
| Tax Credit Entitlements | **78.80** | 95.04 |
| Other advances, Gross | **0.81** | 0.95 |
| **Total** | **79.67** | 121.17 |
| Allowance for doubtful accounts* | **(20.00)** | - |
| **Total** | **59.67** | 121.17 |

* During 2022 the company has recognized an allowance for doubtful accounts until the process of submission of returns to claim creditable VAT is finalized.

### d. Trade and other payables

Trade and other payable consist of the following:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade payable | **8.56** | 10.47 |
| Accrued expenses | **2.65** | 22.24 |
| Other | **18.32** | 15.62 |
| **Total** | **29.53** | 48.33 |

### e. Other liabilities

Other liabilities consist of the following:

(In millions of Mexican pesos)

| **Other liabilities-current** | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Advance received from customers | **-** | 20.40 |
| Indirect tax payable and other statutory liabilities | **3.59** | 16.42 |
| **Total** | **3.59** | 36.82 |

## 10. REVENUE RECOGNITION

The Company earns revenue by providing staffing solutions in the form of manpower services to its customer (being a related party), relating to various fields of operations of the customer.

The Company has a single performance obligation to provide manpower services to its customer. Revenue is recognized upon transfer of services to the customer in an amount that reflects the consideration which the Company expects to receive in exchange for those services based on the expected cost plus margin approach, in accordance with the terms of the underlying arrangement. Billings are made in accordance with the terms of the contract with the related party, which is generally on a monthly basis.

The Company has applied practical expedient to recognize revenue for services in proportion to the amount it has right to invoice the customer in accordance with the terms of the arrangement.

Revenue excludes taxes collected from customers.

All the revenue is derived from the customer in Ibero America.

## 11. COST RECOGNITION

Costs and expenses are recognized when incurred and have been classified according to their nature in the following categories:

The costs of the Company are broadly categorized into employee benefit expense, depreciation and amortization and operation and other expense. Employee benefit expenses include employee compensation, allowances, contribution to various funds and staff welfare expenses. Operation and other expense mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licenses, communication expenses and other expenses.

(In millions of Mexican pesos)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Fees to external consultants and others | **7.94** | 10.77 |
| Facility expenses | **5.06** | 5.03 |
| Other expenses | **28.88** | 53.05 |
| **Total** | **41.88** | 68.85 |

**Expense by function**

(In millions of Mexican pesos)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Cost of revenue | **5.40** | 8.28 |
| Selling, general and administrative expenses | **152.66** | 172.35 |
| **Total** | **158.06** | 180.63 |

## 12. FINANCIAL INCOME, COST AND OTHER GAINS (NET)

### a. Finance and other income

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly

## Notes forming part of the Financial Statements

discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(In millions of Mexican pesos)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Interest income on bank deposits | **1.27** | 0.01 |
| Rental revenue | **-** | 2.63 |
| Others | **0.03** | 0.03 |
| **Total** | **1.30** | 2.67 |

b. **Finance costs**

Financial costs include interest expenses on loans. The loan costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in income using the effective interest method.

(In millions of Mexican pesos)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Interest on lease liabilities | **0.09** | 0.26 |
| Other interest costs | **(12.01)** | 82.99 |
| **Total** | **(11.92)** | 83.25 |

c. **Other gains, (net)**

(In millions of Mexican pesos)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Net gain on disposal of property, plant and equipment | **-** | 0.11 |
| Net foreign exchange gain | **0.66** | 2.58 |
| Others | **0.13** | 3.09 |
| **Total** | **0.79** | 5.78 |

## 13. INCOME TAXES (IT) AND EMPLOYEE STATUTORY PROFIT SHARING (ESPS)

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

1. **Current tax**

Current income tax ("ISR") and employee statutory profit sharing (ESPS) are recognized in the results of the year in which is incurred.

2. **Deferred tax**

Deferred tax are recognized on temporary 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. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period 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 recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax loss carry forward asset, tax credits and deductible temporary differences are recognized to the extent that it is likely that taxable income may be available in the future against which they can be applied. The deferred tax assets are reviewed as of the reporting date and are reduced to the extent that the realization of the corresponding tax benefit is no longer probable.

IT Law effective as of January 1, 2014 imposes an IT rate of 30% for 2014 and thereafter.

**The income tax expense consists of the following:**

(In millions of Mexican pesos)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Current income tax | **(14.44)** | 82.12 |
| Deferred income tax | **(4.27)** | (25.23) |
| **Total** | **(18.71)** | 56.90 |

Income tax expense attributable to income before income taxes, differed from the amounts computed by applying the Mexican statutory rates of 30% IT to income before income taxes, as a result of the items shown below:

(In millions of Mexican pesos)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Income before income taxes | **0.66** | (136.11) |
| Statutory rate | **30%** | 30% |
| Income tax | **0.20** | (40.83) |
| Tax pertaining to prior years and other | **(19.84)** | 56.32 |
| No deductibles | **8.60** | 45.54 |
| Inflation effects | **(7.68)** | (4.13) |
| | **(18.71)** | 56.90 |

## Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2022 are as follows:

(In millions of Mexican pesos)

| 2022 | Opening balance | Recognised in profit or loss | Recognised in / reclassified from other comprehensive income | Exchange difference | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | | | |
| Leasehold improvements, furniture and equipment and intangible assets | (1.96) | (10.18) | - | - | (12.14) |
| Receivables, financial assets at amortized cost | 93.38 | 18.71 | - | - | 112.09 |
| Transition impact of IFRS 16 | (1.59) | (0.12) | - | - | (1.71) |
| Others | (51.97) | (4.15) | - | - | (56.12) |
| **Total deferred tax asset / (liabilities)** | 37.86 | 4.26 | - | - | 42.12 |

(In millions of Mexican pesos)

| As at December 31, 2021 | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Leasehold improvements, furniture and equipment and intangible assets | - | 12.14 | (12.14) |
| Receivables, financial assets at amortized cost | 112.09 | - | 112.09 |
| Transition impact of IFRS 16 | - | 1.71 | (1.71) |
| Others | - | 56.12 | (56.12) |
| **Total deferred tax asset / (liabilities)** | 112.09 | 69.96 | 42.12 |

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2021 are as follows:

(In millions of Mexican pesos)

| 2021 | Opening balance | Recognised in profit or loss | Recognised in / reclassified from other comprehensive income | Exchange difference | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | | | |
| Leasehold improvements, furniture and equipment and intangible assets | 12.25 | (14.21) | - | - | (1.96) |
| Receivables, financial assets at amortized cost | (18.07) | 111.45 | - | - | 93.38 |
| Transition impact of IFRS 16 | 0.10 | (1.69) | - | - | (1.59) |
| Others | 18.35 | (70.32) | - | - | (51.97) |
| **Total deferred tax asset / (liabilities)** | 12.63 | 25.23 | - | - | 37.86 |

(In millions of Mexican pesos)

| As at December 31, 2020 | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Leasehold improvements, furniture and equipment and intangible assets | - | 1.96 | (1.96) |
| Receivables, financial assets at amortized cost | 93.38 | - | 93.38 |
| Transition impact of IFRS 16 | | 1.59 | (1.59) |
| Others | | 51.97 | (51.97) |
| **Total deferred tax asset / (liabilities)** | 93.38 | 55.52 | 37.86 |

## Notes forming part of the Financial Statements

**Employee profit sharing (PTU)**

For the year ended December 31, 2022 and 2021, the Company generated a tax base for employee profit sharing of MXN Nil and MXN 4.57 respectively.

**Direct tax contingencies**

a) In accordance with Mexican tax law, the tax authorities are empowered to examine transactions carried out during the five years prior to the most recent income tax return filed.

b) In accordance with the IT Law, companies carrying out transactions with related parties are subject to certain requirements as to the determination of prices, which should be similar to those that would be used in arm's-length transactions.

   Should the tax authorities examine the transactions and reject the related-party prices, they could assess additional taxes plus the related inflation adjustment and interest, in addition to penalties of up to 100% of the omitted taxes.

c) There are no tax related contingencies in FYE 2022.

### 14. EMPLOYEE BENEFITS

**Retirement benefits costs from termination benefits**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss. Gains and losses for reduction of service are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans.

Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**Short-term and other long-term employee benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Employee benefit expense consists of the following:

(In millions of Mexican pesos)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Salaries, incentives and allowances | **78.37** | 78.52 |
| Social security contributions and payroll rated taxes | **29.21** | 32.03 |
| Staff welfare expenses | **1.71** | (6.06) |
| | **109.29** | 104.49 |

Employee benefit obligations consists of the following:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| **Employee benefit obligations** | | |
| Defined benefit obligation | **5.61** | 4.41 |
| Employee statutory profit sharing | **0.47** | 7.33 |
| Liabilities for social securities contributions | **(1.63)** | (2.02) |
| Liability for long service leave | **3.23** | 6.31 |
| Bonus accrual | **1.29** | 0.82 |
| **Total employee benefit obligations** | **8.97** | 16.85 |
| Current | **3.36** | 12.44 |
| Non-current | **5.61** | 4.41 |
| | **8.97** | 16.85 |

**a. Defined contribution plans**

The Company manages a plan that covers seniority premiums for all staff working in Mexico, which consists of a single payment of 12 days per year worked based on final salary, not to exceed twice the minimum wage established by law. The related liability and annual cost of benefits is calculated by an independent actuary using the method of projected unit credit.

The plans typically expose the Entity to actuarial risks as investment risk, Interest rate, longevity and salary.

| | |
|---|---|
| Interest risk | A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments. |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

No other post-retirement benefits are provided to these employees.

## Notes forming part of the Financial Statements

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out as of December 31, 2022 and 2021 by Independents actuaries, who are members of the Institute of Actuaries of Mexico. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Discount rates | **9.40%** | 8.30% |
| Inflation long term rates | **4.00%** | 4.64% |
| Salaries increase rates | **4.64%** | 5.20% |

**b. Amtounts recognised in comprehensive income in respect of these defined benefit plans are as follows:**

(In millions of Mexican pesos)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Service cost | **0.82** | 1.26 |
| Personnel transfer | **1.35** | (3.48) |
| Financial cost | **0.36** | 0.45 |
| **Net cost for the year** | **2.53** | (1.77) |

**c. The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:**

(In millions of Mexican pesos)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| **Net liability arising from defined benefit obligation** | **5.61** | 4.41 |

Movements in the present value of the defined benefit obligation were as follows:

(In millions of Mexican pesos)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Opening defined benefit obligation | **4.41** | 7.08 |
| Current service cost | **0.82** | 0.91 |
| Personnel transferred | **1.35** | (3.48) |
| Financial cost | **0.36** | 0.45 |
| Benefits paid during the year | **-** | (0.04) |
| Actuarial obligation (income) / loss | **(1.33)** | (0.51) |
| **Net liability arising from defined benefit obligation** | **5.61** | 4.41 |

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 1 basis points higher (lower), the defined benefit obligation would decrease by $0.83 (increase by $1.01). If the expected salary growth increases (decreases) by 1, the defined benefit obligation would increase by $0.87 (decrease by $0.72).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## 15. BUSINESS AND CREDIT CONCENTRATION

As of December 31, 2022 and 2021, the 100% of revenue provided for the consultancy services were provided to related parties.

## 16. CONTINGENCIES AND COMMITMENTS

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, disclosure is provided in the notes to the financial statements. Contingent revenues, earnings or assets are not recognized until realization is assured.

a) The Company has entered into service agreements with related parties, under which the Company provides consultancy services and IT support services necessary for these companies operations. Total revenues under these agreements, reported under consultancy services, were MXN 144.71 in 2022 and MXN 119.32 in 2021.

b) As at December 31, 2022, claims aggregating to MXN 4.31 against the Company have not been acknowledged as debts.

c) The Company is involved in a number of lawsuits and claims arising in the normal course of business. It is expected that the final outcome of these matters will not have significant adverse effects on the Company's financial position and income (loss).

d) The Company does not have any contractually committed (net of advances) as at December 31, 2022 and December 31, 2021 for purchase of leasehold improvements, furniture and equipment.

## 17. RELATED PARTY DISCLOSURE

### a. Operations with management and close family

The Company does not have business operations with members of management and close relatives outside operations at arm's length and available to the general public and for non-significant amounts.



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## Notes forming part of the Financial Statements

**b. Transactions with related parties-**

(In millions of Mexican pesos)

| | With subsidiaries and associates of Tata Sons Limited, ultimate parent company | With Tata Consultancy Services Limited | With subsidiaries of Tata Consultancy Services Limited | Total |
|---|---|---|---|---|
| **Year ended December 31, 2022** | | | | |
| Consultancy services | **-** | **-** | **144.71** | **144.71** |
| Purchases of services and cost recovery | **-** | **0.09** | **1.92** | **2.01** |
| Interest Expense | **-** | **-** | **1.29** | **1.29** |
| | **With subsidiaries and associates of Tata Sons Limited, ultimate parent company** | **With Tata Consultancy Services Limited** | **With subsidiaries of Tata Consultancy Services Limited** | **Total** |
| **Year ended December 31, 2021** | | | | |
| Consultancy services | - | - | 119.32 | 119.32 |
| Other income | - | - | 2.63 | 2.63 |
| Purchases of services and cost recovery | - | (2.15) | (3.59) | (5.74) |

**Balances receivable from related parties –**

(In millions of Mexican pesos)

| | With subsidiaries and associates of Tata Sons Limited, ultimate parent company | With Tata Consultancy Services Limited | With subsidiaries of Tata Consultancy Services Limited | Total |
|---|---|---|---|---|
| **Year ended December 31, 2022** | **-** | **0.51** | **19.31** | **19.82** |
| Trade and other receivables | **-** | **0.51** | **19.31** | **19.82** |
| **As of December 31, 2021** | - | 1.38 | 8.37 | 9.75 |
| Trade and other receivables | - | 1.38 | 8.37 | 9.75 |

The balances receivable come from consultancy and administrative services rendered to the related parties and will be liquidated within the commercial terms agreed by the Company.

**Balances payable to related parties-**

(In millions of Mexican pesos)

| | With subsidiaries and associates of Tata Sons Limited, ultimate parent company | With Tata Consultancy Services Limited | With subsidiaries of Tata Consultancy Services Limited | Total |
|---|---|---|---|---|
| **As of December 31, 2022** | **-** | **0.40** | **32.65** | **33.05** |
| Trade and other payables | **-** | **0.40** | **32.65** | **33.05** |
| **As of December 31, 2021** | | 1.70 | 24.26 | 25.96 |
| Trade and other payables | - | 1.70 | 24.26 | 25.96 |

The balances payable come from consultancy and administrative services received from the related parties and will be liquidated within the commercial terms agreed by the Company.

## 18. SUBSEQUENT EVENTS

Between January 1, 2023 and the date when financial statements were authorized for issue, there are no additional subsequent events that could affect the Company's financial position and/or profit or loss or which require disclosure in the notes to the financial statements.

# TCS INVERSIONES CHILE LIMITADA

## SEPARATE FINANCIAL STATEMENTS

**For the year ended**

**December 31, 2022**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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|---|---|

# INDEPENDENT AUDITORS' REPORT

**THE PARTNER OF**
**TCS INVERSIONES CHILE LIMITADA**

We have audited the accompanying separate financial statements of TCS Inversiones Ltda., which comprise the separate statement of financial position as of December 31, 2022 and 2021, and the related separate statements of comprehensive income, changes in equity, and cash flows for the year then ended, and the related notes to the separate financial statements.

## Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the International Financial Reporting Standards. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit.

We conducted our audit in accordance with Chile generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of TCS Inversiones Ltda. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

## Emphasis of matter

The accompanying separate financial statements have been prepared to reflect the individual financial position of TCS Inversiones Ltda. before consolidating, on a line-by-line basis, with the financial statements of its subsidiaries. Accordingly, for proper interpretation purposes, these separate financial statements need to be read and analyzed along with the consolidated financial statements of TCS Inversiones Ltda.

## Other Matters

The above translation of the auditors' report is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been done solely for the convenience of non-Spanish readers.

**Santiago, Chile**
**Luis Velásquez Molina**

**Partner – Grant Thornton Chile**

February 16, 2023

## Separate Statements of Financial Position

(ThCh$)

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets:** | | | |
| Cash and cash equivalents | 4.A | **1,236,298** | 284,797 |
| Trade and other receivables, current | 4.C | **740,382** | 983,686 |
| Other current financial assets | 4.D | **15,848** | 979 |
| Current tax assets | | **100,801** | 113,215 |
| Other Current Assets | | **3,020** | - |
| **Total Current assets** | | **2,096,349** | 1,382,677 |
| **Non-current assets:** | | | |
| Investments | 4.B | **32,126,571** | 32,126,571 |
| Furniture and equipment, net | 4.B | **4,508** | 6,061 |
| Deferred tax assets | 7.C | **307,178** | 207,397 |
| **Total non-current assets** | | **32,438,257** | 32,340,029 |
| **TOTAL ASSETS** | | **34,534,606** | 33,722,706 |
| **LIABILITIES AND EQUITY** | | | |
| **Current liabilities:** | | | |
| Trade and other payables | 4.E | **92,043** | 48,441 |
| Employee benefit obligation - Current | 8.A | **335,910** | 328,519 |
| Income tax liabilities | | **211,205** | - |
| Other current financial liabilities | 8.A & 5.A | **778,779** | 456,251 |
| Other current liabilities | | **54,777** | 66,821 |
| **Total current liabilities** | | **1,472,714** | 900,032 |
| **Non-current liabilities:** | | | |
| Payables due to related entities, non-current | 4.F | **-** | 127,768 |
| **Total non-current liabilities** | | **-** | 127,768 |
| **Equity:** | | | |
| Share Capital | 4.G | **15,290,305** | 15,290,305 |
| Retained earnings | | **17,771,587** | 17,404,601 |
| **Total equity** | | **33,061,892** | 32,694,906 |
| **TOTAL LIABILITIES AND EQUITY** | | **34,534,606** | 33,722,706 |

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS**

## Separate Statements of Comprehensive Income, per Nature of the Expense

(ThCh$)

| | Note | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|---|
| **Revenue** | | **3,533,260** | 3,499,241 |
| **TOTAL REVENUE** | 9 | **3,533,260** | 3,499,241 |
| **Expenses:** | | | |
| Employee benefits | 10 | **2,926,698** | 3,079,247 |
| Other operating expenses | 6 A | **367,905** | 180,088 |
| Depreciation and amortization expenses | 11 | **3,230** | 2,827 |
| **TOTAL EXPENSES** | | **3,297,833** | 3,262,162 |
| **Total operating profit (loss)** | | **235,427** | 237,079 |
| **Other income** | | | |
| Finance costs | | **(2,590)** | (12,301) |
| Dividends received from subsidiaries | 12 | **7,842,313** | 8,705,708 |
| Foreign currency translation, difference | 13 | **234,277** | 16,230 |
| Investment revenue | | **22,012** | 1,482 |
| **TOTAL OTHER INCOME, NET** | | **8,096,012** | 8,711,119 |
| **PROFIT BEFORE TAX** | | **8,331,439** | 8,948,198 |
| Income tax expense | 7 A | **(120,751)** | (55,688) |
| **PROFIT FROM CONTINUING OPERATIONS AFTER TAX** | | **8,210,688** | 8,892,510 |
| Other comprehensive income (loss) | | **-** | - |
| Net gain | | **8,210,688** | 8,892,510 |
| **TOTAL COMPREHENSIVE INCOME** | | **8,210,688** | 8,892,510 |

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS.**



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# Separate Statements of Changes in Equity

(ThCh$)

| | Note | Paid-in capital | Retained earnings | Total equity |
|---|---|---|---|---|
| **Opening balance as of January 1, 2022** | | **15,290,305** | **17,404,601** | **32,694,906** |
| **Comprehensive income:** | | **-** | | |
| Profit for the year | | **-** | **8,210,688** | **8,210,688** |
| Other comprehensive income | | **-** | **-** | **-** |
| **Total comprehensive income** | | **-** | **8,210,688** | **8,210,688** |
| Dividends | | **-** | **7,843,701)** | **(7,843,701)** |
| Total profit distribution | | **-** | **7,843,701)** | **(7,843,701)** |
| **Total changes in equity** | | **-** | **366,987** | **366,987** |
| **Closing balance as of December 31, 2022** | | **15,290,305** | **17,771,587** | **33,061,892** |
| **Opening balance as of January 1, 2021** | | 15,290,305 | 17,216,371 | 32,506,676 |
| **Comprehensive income:** | | | | |
| Profit for the year | | - | 8,892,510 | 8,892,510 |
| Other comprehensive income | | - | - | - |
| **Total comprehensive income** | | - | 8,892,510 | 8,892,510 |
| Dividends | | - | (8,704,280) | (8,704280) |
| Total profit distribution | | - | 188,230 | 188,230 |
| **Total changes in equity** | | - | | |
| **Closing balance as of December 31, 2021** | | 15,290,305 | 17,404,601 | 32,694,906 |

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS.**



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# Separate Statements of Cash Flows

(ThCh$)

| | Note | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|---|
| **CASH FLOW FROM (USED IN) OPERATING ACTIVITIES:** | | | |
| **Profit for the year:** | | **8,210,688** | 8,892,510 |
| **Adjustments to reconcile profit for the year:** | | | |
| Effect of foreign currency translation differences | | **234,277** | - |
| Depreciation and amortization | | **3,231** | 2,827 |
| Income tax | | **120,751** | 55,688 |
| **Total cash flows before changes in working capital** | | **358,259** | 58,515 |
| **Increase/(decrease) in working capital:** | | | |
| Trade and other receivables | | **243,304** | (95,235) |
| Other financial assets | | **(14,869)** | (967) |
| Trade payables | | **43,601** | 12,233 |
| Other current non-financial liabilities | | **235,708** | (943) |
| Employee benefits | | **7,392** | 98,247 |
| Payables due to related parties, non-current | | **45,449** | - |
| **Total net increase in working capital** | | **560,585** | 13,335 |
| Income taxes paid | | **(208,117)** | (129,205) |
| Payment of interests | | **-** | - |
| **Net cash from operating activities** | | **8,921,415** | 8,835,155 |
| **CASH FLOW FROM (USED IN) INVESTING ACTIVITIES:** | | | |
| Acquisition of furniture and equipment | | **1,556** | (1,333) |
| Net cash used in investing activities | | **1,556** | (1,333) |
| **CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:** | | | |
| Loans received from related companies | | **(127,768)** | (156,929) |
| Dividends paid | | **(7,843,702)** | (8,704,280) |
| Increase in capital | | **-** | - |
| **Net cash used in financing activities** | | **(7,971,470)** | (8,861,209) |
| **Net increase/(decrease) in cash and cash equivalents** | | **951,498** | (27,387) |
| Cash and cash equivalents at January 1 | | **284,797** | 312,184 |
| Effects of movements in exchange rate on cash held | | **-** | - |
| **Cash and cash equivalents at December 31** | | **1,236,298** | 284,797 |

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS.**



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# Notes to the Separate Financial Statements

## 1. GENERAL INFORMATION

TCS Inversiones Chile Limitada was incorporated by TCS IberoAmérica S.A. and Gabriel Rozman on December 16, 2002, and is engaged in investments, on its own or on behalf of third parties, in any type of movable and immovable property, tangible or intangible assets, purchase and sale, export, import, manufacturing, production, consignment, lease, trading, representation and distribution of any type of physical and intangible assets; rendering of all types of advisory and consultancy services, and services associated with computer, IT and general communication; and the representation, concession and operation of the franchise of any type of companies, brands and/or products associated with the above-mentioned operations.

On October 26, 2005, the articles of incorporation were amended via public deed, increasing the Company's capital through an amount contributed by the partner TCS IberoAmérica S.A.

On December 28, 2006, Tatasolution Center S.A. (a subsidiary of Tata Consultancy Services Chile S.A.), was incorporated in Ecuador and commenced its operations on June 1, 2007. It is mainly engaged in providing IT services, software development and maintenance, and administrative and operating processes (BPO) primarily to financial institutions.

On December 29, 2006, Tata Consultancy Services BPO Chile S.A. (formerly - Tata Consultancy Services (TCS) Chile Limitada) acquired 100% of shares of its subsidiary Tata Consultancy Services BPO Chile S.A. (formerly - Comicrom S.A.). Consequently, such subsidiary was dissolved by operation of law.

At Extraordinary Shareholders' Meeting held on July 30, 2010, the shareholders agreed on the merger through incorporation of Tata Consultancy Services BPO Chile S.A. to Tata Consultancy Services Chile S.A., and accordingly, at such meeting the company's name was changed from Tata Consultancy Services BPO Chile S.A. to Tata Consultancy Services Chile S.A.

On April 26, 2017, Mr. Gabriel Rozman sells, assigns and transfers to TCS Uruguay S.A. the entirety of his ownership interest in the Company, which represents 0.000004% of the Company's capital.

In Chile, it established its operations in 2003, and currently has 9 employees who perform support and advisory functions in the areas of finance, legal, marketing, and sales for the subsidiaries in the Latin American region.

## 2. BASIS OF PRESENTATION OF THE SEPARATE FINANCIAL STATEMENTS

### (A) Use of estimates and judgments

The preparation of these separate financial statements in conformity with the recognition and measurement principles under IFRS, requires that Management performs estimates and judgments which have an impact on the reported balances of assets and liabilities, the disclosures of contingent liabilities at the reporting date, and the balance of income and expenses for the reporting periods.

The underlying estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised and any future periods affected.

The key source of estimation uncertainty at the reporting date, which may result in a material adjustment to the carrying amounts of assets and liabilities within the subsequent financial year, relates to the impairment of goodwill, useful lives of items of furniture and equipment, valuation of deferred tax assets, provisions and contingent liabilities, as detailed below. The main key sources of estimation uncertainty related to revenue recognition, employee benefits, and fair value measurement of financial instruments, have been assessed based on the applicable policies.

***Useful lives of items of furniture and equipment.***

The Company reviews the carrying amount of items of furniture and equipment at the end of each reporting period. This reassessment may result in changes to the depreciation expense for future periods.

***Measurement of deferred tax assets.***

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

***Provisions and contingent liabilities***

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Contingent liabilities are not recognized in the financial statements. Contingent assets are not recognized or disclosed in the financial statements.

***Fair value measurement of financial instruments.***

When the Company is not able to measure the fair value of financial assets and financial liabilities in the statement of financial position based on quoted prices in active markets, the fair value is measured using valuation techniques which include the discounted cash flow model. Inputs to these models are obtained from observable markets where possible, otherwise a degree of judgment is required to establish fair values. The judgments include considering inputs such as liquidity risk, credit risk and volatility. Changes in the assumptions with respect to these factors could affect the reported fair value of financial instruments. The policy has been explained in further detail in Note 4 (h).

**(B) Statement of compliance**

These separate financial statements of TCS Inversiones Chile LTDA. (hereinafter the "Company"), for the year ended December 31, 2022, are presented in Chilean pesos and have been prepared in accordance with IAS 27, "Separate Financial Statements" included in International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (hereinafter the "IASB"), applying the exception described in paragraph 4 of IFRS 10, Consolidated Financial Statements. Likewise, these financial statements are exempt from disclosure provisions contained in IFRS 12.

The information contained in these separate financial statements is the responsibility of the Company's Management which expressly states it has applied all the principles and criteria included in IAS 27 and IFRS; the separate financial statements have been approved by the Administration on February 21, 2022.

The translation of these financial statements is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

**(C) Comparative information**

The separate statements of financial position at 31 December 2022 and the separate statements of comprehensive income, changes in equity and cash flows for the year then ended have been prepared in accordance with International Financial Reporting Standards, on a basis consistent with the criteria used at 31 December 2021.

**(D) Historical cost basis**

The separate financial statements have been prepared on the historical cost basis. Generally, the historical cost is based on the fair value of the consideration paid in exchange for goods and services. The fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants on the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. For purposes of measurement and/or disclosure in these separate financial statements, fair value is determined as described above, except for the determination of value in use under IAS 36, which has been measured at market value.

**(E) Period covered**

These separate financial statements of TCS Inversiones Chile LTDA. were prepared as of December 31, 2022 and 2021 and for the years then ended.

**(F) Currency**

The functional currency of TCS Inversiones Chile Ltda. is the Chilean peso.

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

**(G) Basis of translation**

Balances of assets and liabilities in UF (inflation-adjusted units), U.S. dollars and other foreign currencies have been translated to Chilean pesos at the exchange rates in force at the closing date of the separate financial statements. At

## Notes to the Separate Financial Statements

the reporting date, the effective exchange rates are detailed as follows:

(ThCh$)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| U.S. dollar | **855,56** | 844,69 |
| Inflation-adjusted unit (UF) | **35,110.98** | 30,991.74 |

Foreign currency translation differences and adjustments are debited or credited to profit or loss, as applicable, in accordance with IFRS.

**(H) Classification of balances (current and non-current)**

In the accompanying statement of financial position, balances are classified according to their maturities, i.e. as current those with maturities of 12 months or less and non-current those with maturities exceeding 12 months.

**(I) Statement of cash flows**

For the preparation of the statement of cash flows, the Company uses the following definitions:

Cash and cash equivalents relates to cash on hand, cash in bank current accounts, time deposit and highly-liquid fixed income mutual fund deposits held in financial entities with original maturities of up to three months and insignificant risk of loss of value.

The statement of cash flows considers the following account categories:

*(a) Operating activities*

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. .

*(b) Investing activities*

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

*(c) Financing activities*

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The entity has consistently applied the following accounting policies to all periods presented in these separate financial statements.

The accounting policies set out below have been used in the preparation of these separate financial statements. As required by IFRS 1, these policies have been defined considering the IFRS effective as of December 31, 2022.

**(A) Provisions and contingent liabilities**

A provision is a liability of uncertain timing or amount. Provisions are recognized in the balance sheet when the following requirements are met in a copulative manner:

- The Company has a present legal or constructive obligation as a result of a past event.
- It is probable that at the reporting date an outflow of economic benefits will be required to settle the obligation.
- The obligation can be estimated reliably.

A contingent asset or liability is an obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**(B) Offsetting of balances and transactions**

Generally, in the separate financial statements there is no offsetting of assets or liabilities or revenue and expenses, except for those cases where offsetting is required or permitted by any standard and such presentation is the reflection of the substance of the transaction.

Revenues and expenses generated by transactions which contractually or mandatorily because of the enactment of a law include the possibility of offsetting, are those for which the Company intends either to settle the obligations on a net basis, or to realize the asset and settle the liability simultaneously.

**(C) Classification of balances (current and non-current)**

In the accompanying statement of financial position, balances are classified according to their maturities, i.e. as current those with maturities of 12 months or less and non-current those with maturities exceeding 12 months.

**(D) New accounting pronouncements**

**Recent accounting standards**

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to IAS 16 | Property, plant and equipment: Proceeds before intended use (1) |
| Amendments to IAS 37 | Onerous Contracts - Costs of Fulfilling a Contract (1) |
| Amendments to IFRS 3 | Business Combinations - Reference to Conceptual Framework (1) |
| Annual Improvements to IFRS Standards 2018 -2020 | IFRS 9 and IFRS 16 |
| Amendments to IAS 1 | Classification of Liabilities (2) |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies (2) |
| Amendments to IAS 8 | Definition of Accounting Estimates (2) |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction (2) |

(1) Effective for annual periods beginning on or after January 1, 2022.

(2) Effective for annual periods beginning on or after January 1, 2023.

**IAS 16 – Proceeds before intended use**

In May 2020, IASB amended IAS 16, which prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements..

**IAS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

In May 2020, IASB issued Onerous Contracts - Cost of Fulfilling a Contract, which specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.

**IFRS 3 – Reference to Conceptual Framework**

In May 2020, IASB published Reference to Conceptual Framework, that update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement

## Notes to the Separate Financial Statements

that an acquirer does not recognise contingent assets acquired in a business combination. These changes do not significantly change the requirements of IFRS 3. The Group does not expect the amendment to have any significant impact in its financial statements.

**IFRS 9 – Annual Improvements to IFRS Standards - 2018-2020**

In May 2020, IASB amended IFRS 9 as part of its Annual Improvements to IFRS Standards 2018-2020. The amendment clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements.

**IFRS 16 – Annual Improvements to IFRS Standards - 2018-2020**

In May 2020, IASB issued an amendment to Illustrative Example 13 accompanying IFRS 16, as part of its Annual Improvements to IFRS Standards - 2018-2020, which removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. The amendment is only as regards the Illustrated Example, therefore, no effective date is stated. The Group does not expect the amendment to have any significant impact in its financial statements.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group will evaluate the impact, if any, in its financial statements.

**IFRS 16 – Annual Improvements to IFRS Standards - 2019-2020**

In May 2020, IASB issued an amendment to Illustrative Example 13 accompanying IFRS 16, as part of its Annual

Improvements to IFRS Standards - 2019-2020, which removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. The amendment is only as regards the Illustrated Example, therefore, no effective date is stated. The Group does not expect the amendment to have any significant impact in its financial statements.

## 4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES, AND EQUITY INSTRUMENTS

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or reduce the fair value of financial assets or financial liabilities in the initial recognition.

**Financial assets**

*Cash and cash equivalents*

The Company classifies as cash and cash equivalents all highly-liquid financial instruments, which are readily convertible into known amounts of cash subject to an insignificant risk of changes in value, with maturities of three months or less from the date of acquisition. Cash and cash equivalents comprise cash in banks not restricted for withdrawal and use.

*Financial assets at amortized cost*

Financial assets are subsequently measured at amortized cost if those financial assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial assets at fair value through other comprehensive income.*

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has adopted the irrevocable option of presenting the subsequent changes in the fair values of capital investments not held for trading in other comprehensive income.

*Financial assets at fair value through profit and loss*

Financial assets are measured at fair value through profit or loss unless they are measured at amortized cost or at fair value through other comprehensive income at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or assumption of financial liabilities at fair value through profit or loss are immediately recognized in the interim condensed statement of profit or loss.

**Financial liabilities**

Other financial liabilities are measured at amortized cost using the effective interest method.

**Equity securities**

Equity securities are contracts which establish a residual interest on the Company's assets after deducting all its liabilities. Equity securities issued by the Company are recognized at the amount of the income received net of direct cost of issue.

**Impairment of financial assets (not measured at fair value)**

At each reporting date, the Company assesses whether a financial asset or group of financial assets is impaired. IFRS 9 requires that expected credit losses are measured through a loss allowance. The Company recognizes lifetime expected credit losses for all its contract assets and/or trade receivables that do not contain a significant financing component. To determine the allowance for doubtful accounts, the Company has used a practical expedient for the calculation of the allowance for expected credit losses of trade receivables using an allowance matrix. The allowance

## Notes to the Separate Financial Statements

matrix considers the historical credit loss experience and is adjusted for prospective information. The allowance for expected credit losses is based on the maturity of accounts receivable past due and the rates used in the allowance matrix. For the remaining financial assets, expected credit losses are measured at an amount equal to 12-month expected credit losses or an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

### (A) Cash and cash equivalents

As of December 31, 2022, and 2021, this caption is composed of the following:

(ThCh$)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Cash in banks** | **164,257** | 114,439 |
| **Deposits -Foreign banks** | **1,072,041** | 170,358 |
| **Total** | **1,236,298** | 284,797 |

As of December 31, 2022 and 2021, cash in banks is as follows:

(ThCh$)

| Bank | Currency | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| Banco Santander | Chilean pesos | **38,445** | 42,907 |
| Banco Santander | U.S. dollar | **125,812** | 71,532 |
| **Total** | | **164,257** | 114,439 |

Cash and cash equivalents have no availability restrictions.

The Company has made no investing or financing transactions that do not require the use of cash and cash equivalents.

**Deposits-Foreign banks**

As of December 31, 2022, cash in deposits is as follows:

| Bank Name / Counterparty Name | Placement date | Maturity date | Currency | Total Days | Closing Amount |
|---|---|---|---|---|---|
| Banco Santander | 22-Dec-22 | 06-Jan-23 | USD | 15 | 1,072,041 |

As of December 31, 2021, cash in deposits is as follows:

| Bank Name / Counterparty Name | Placement date | Maturity date | Currency | Total Days | Closing Amount |
|---|---|---|---|---|---|
| Banco Santander | 24-Dec-21 | 10-Jan-22 | CLP | 17 | 170,358 |

### (B) Investments

**Investments in subsidiaries held at cost**

For the preparation of the separate financial statements the Company has used the exemption described in paragraph 4 of IFRS 10, which allows not using the equity method of accounting to recognize investments in subsidiaries in which the entity has control and significant influence provided that certain conditions are met. The Company meets each and every of such conditions as of December 31, 2022 and 2021. The Company's shareholders have authorized the preparation of the separate financial statement because the Company's financial information is included in the consolidated financial statements of its ultimate Parent, Tata Consultancy Services Limited (India), which have been prepared and presented in accordance with IFRS as issued by the IASB, and can be found at the web site: https://www.tcs.com/investor-relations.

Investments in subsidiaries are recognized at cost and relate to:

(ThCh$)

| | | | Ownership interest | | Carrying amount of the investment | |
|---|---|---|---|---|---|---|
| Taxpayer ID No. | Company | Country | As at December 31, 2022 in % | As at December 31, 2021 in % | As at December 31, 2022 | As at December 31, 2021 |
| Foreign | TATA SOLUTION CENTER S.A. | Ecuador | **1.0000** | 1.0000 | **55,916** | 55,916 |
| 76.385.060-9 | Tata Consultancy Services Chile | Chile | **99.9998** | 99.9998 | **32,070,655** | 32,070,655 |
| **Total** | | | | | **32,126,571** | 32,126,571 |

The Company determines whether it is necessary to recognize an impairment loss in the subsidiaries. The Company determines at each reporting date whether there is objective evidence that the investment in the subsidiary is impaired; if this is the case, the Company calculates the impairment amount as the difference between the higher of the value in use and fair value of the subsidiary and the acquisition cost and recognizes the amount in the statement of profit or loss.

Changes in investments in subsidiaries held at cost by the Company are as follows:

(ThCh$)

| Taxpayer ID No. | Company | Country | Carrying amount of the investments | Additions | Disposals | Carrying amount of the investment as of December 31, 2021 |
|---|---|---|---|---|---|---|
| **2022** | | | | | | |
| 76.385.060-9 | Tata Consultancy Services Chile S.A. (Ex BPO) | Chile | **32,070655** | **-** | **-** | **32,070,655** |
| Foreign | TATA SOLUTION CENTER S.A. | Ecuador | **55,916** | **-** | **-** | **55,916** |
| **Total** | | | **32,126,571** | **-** | **-** | **32,126,571** |
| **2021** | | | | | | |
| 76.385.060-9 | Tata Consultancy Services Chile S.A. (Ex BPO) | Chile | 32,070,655 | - | - | 32,070,655 |
| Foreign | TATA SOLUTION CENTER S.A. | Ecuador | 55,916 | - | - | 55,916 |
| **Total** | | | 32,126,571 | - | - | 32,126,571 |

Management has performed impairment testing and estimates that there is no risk of loss in the value of the assets recorded at December 31, 2022 and 2021

## Notes to the Separate Financial Statements

As of December 31, 2022 and 2021, goodwill amounting to ThCh$17,720,950 which is recorded in Tata Consultancy Services Chile S.A.'s ledgers and recognized through the investment in this company, has been allocated to the cash-generating unit Tata Consultancy Services Chile S.A. The Company makes an estimate of the value in use of the Tata Consultancy Services Chile S.A. cash-generating unit based on future cash flows using an annual growth rate of 3% after a forecast of five years considering a discount rate of 8,21%. A sensitivity analysis of changes in measurement parameters (operating margin, discount rate and average long-term growth rate) based on assumptions fairly probable has identified no probable scenario where recoverable amounts of the cash-generating unit may decrease to less than the carrying amount.

As of December 31, 2022, and 2021, the financial information contained in the financial statements of the companies over which the Company has control is detailed as follows:

(ThCh$)

| Taxpayer ID No. | Company | Ownership interest | | | As of 31.12.2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | | Country | Direct | Indirect | Assets | Liabilities | Equity | Profit or loss |
| 76385060-9 | Tata Consultancy Services Chile S.A. | Chile | **99.9998** | **0.0002** | **49,288,127** | **9,048,926** | **40,239,200** | **7,580,828** |
| Foreign | TATASOLUTION CENTER S.A. | Ecuador | **1** | **99** | **23,052,138** | **12,260,651** | **10,791,487** | **4,469,691** |
| Foreign | Tata Consultancy Services Sucursal del Perú | Perú | **-** | **100.0000** | **12,212,779** | **9,063,830** | **3,148,949** | **841,596** |
| | | **Ownership interest** | | | **As of 31.12.2021** | | | |
| 76385060-9 | Tata Consultancy Services Chile S.A. | Chile | 99.9998 | 0.0002 | 47,802,221 | 7,343,217 | 40,459,004 | 8,540,357 |
| Foreign | TATASOLUTION CENTER S.A. | Ecuador | 1 | 99 | 22,400,247 | 11,862,564 | - | 6,356,283 |
| Foreign | Tata Consultancy Services Sucursal del Perú | Perú | - | 100.000 | 10,169,577 | 7,973,099 | 2,196,478 | 795,730 |

### (C) Trade and other receivables, current

#### (a) Trade receivables are detailed as follows:

(ThCh$)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Receivables due from related parties | **740,382** | 983,686 |
| **Total** | **740,382** | 983,686 |

The fair value of trade receivables corresponds to the same business amounts net of the related allowance for doubtful accounts.

#### (b) Trade receivables past due, unpaid but not impaired are detailed as follows:

(ThCh$)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Up to 30 days | **740,382** | 983,686 |
| **Total** | **740,382** | 983,686 |

## (D) Other financial assets

As of December 31, 2022 and 2021, other current financial assets are as follows:

(ThCh$)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Advances to employees | **14,697** | 974 |
| Interest Accrued on investments | **1,151** | 5 |
| **Total** | **15,848** | 979 |

## (E) Trade payables

Trade and other payables are recognized at their nominal amount, since their average payment term is short and there is no significant difference when compared to their fair value.

As of December 31, 2022 and 2021, trade and other payables are detailed as follows:

(ThCh$)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade payables | **86,678** | 40,917 |
| Accounts payable due to related parties | **5,365** | 7,624 |
| **Total** | **92,043** | 48,441 |

## (F) Payables due to related entities

As of December 31, 2022 and 2021, non-current other financial liabilities are detailed as follows:

(ThCh$)

| Taxpayer ID No. | Company | Relationship | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|---|
| 76.385.060-9 | Tata Consultancy Services Chile S.A. (Ex BPO) | Subsidiary | **-** | 127,768 |
| **Total** | | | **-** | 127,768 |

## (G) Equity disclosures

### (a) Subscribed, fully-paid capital and number of shares

As of December 31, 2022, and 2021, the Company's share capital is composed of the following:

(ThCh$)

| Series | Subscribed capital | Paid-in capital |
|---|---|---|
| Single | 15,290,305 | 15,290,305 |

Capital management is intended to maximize the value for the shareholders, safeguard business continuity, and support the Company's growth. The Company determines capital requirements based on annual operating plans, long-term investment plans and other strategic investment plans. Financing requirements are met through capital and cash flows from operating activities generated. The Company is not subject to any capital requirement imposed externally.

## Notes to the Separate Financial Statements

**(H) Financial assets and financial liabilities**

As of December 31, 2022, the carrying amount of financial instruments by category is as follows:

(ThCh$)

| **2022** | **Amortized cost** | **Total carrying amount** |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **1,236,298** | **1,236,298** |
| Trade and other receivables | **740,382** | **740,382** |
| Other financial assets | **15,848** | **15,848** |
| **Total** | **1,992,528** | **1,992,528** |
| **Financial liabilities** | | |
| Trade payables | **92,043** | **92,043** |
| Payables due to related entities, non-current | **-** | **-** |
| **Total** | **92,043** | **92,043** |

As of December 31, 2021, the carrying amount of financial instruments by category is detailed as follows:

(ThCh$)

| **2021** | **Amortized cost** | **Total carrying amount** |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 284,797 | 284,797 |
| Trade and other receivables | 983,686 | 983,686 |
| Other financial assets | 979 | 979 |
| **Total** | 1,269,462 | 1,269,462 |
| **Financial liabilities** | | |
| Trade payables | 48,441 | 48,441 |
| Payables due to related entities, non-current | 127,768 | 127,768 |
| **Total** | 176,209 | 176,209 |

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables (prior year: unbilled revenue), and trade payables as of December 31, 2022 and 2021, approximate their fair value. The difference between carrying amounts and fair values of bank deposits, cash in banks, other financial assets, other financial liabilities and subsequent loans measured at amortized cost is not significant for each period presented.

**Fair value hierarchy**

Fair value hierarchy is based on valuation techniques used to measure the fair value of observable and unobservable inputs, and includes the following three levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values are determined totally or in part using a valuation model based on assumptions that are not supported by market transaction prices currently observable in the same instrument or based on available market data.

**(I) Financial risk management**

The Company is mainly exposed to variations in foreign exchange rates, credit, liquidity and interest rate risks that may negatively affect the fair value of its financial instruments. The Company has a risk management policy that covers the risks associated with financial assets and financial liabilities. The risk management policy is approved by the Board of Directors. The approach applied by the risk management committee is to assess the unforeseeability of the financial environment and mitigate the potential negative effects on the Company's financial performance.

*(a) Market risk*

The Company is exposed to market risk related to the risk of fluctuations in the fair value or future cash flows from a financial instrument because of changes in market prices. Such changes in the value of financial instruments may arise from movements in foreign currency exchange rates, interest rate, credit, liquidity and other changes in the market. The exposure to market risk relates mainly to the currency risk.

*(b) Currency risk*

The fluctuation of foreign currency exchange rate differences may have a potential effect in the statement of profit or loss and other comprehensive income, where any transaction refers to one or more currencies when assets / liabilities are denominated in a currency that is different from the entity's functional currency.

Considering the economic environment of the country in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in such country. The risks mainly relate to the fluctuations in U.S. dollar against the Company's functional currency.

The exchange rate sensitivity is calculated by adding the net exposure to currency risk and a simultaneous change of parallel exchange rates of all currencies by 10% compared to the Company's functional currency.

The analysis below has been prepared based on the Company's net exposure at the reporting date that may affect the statements of profit or loss and other comprehensive income and equity.

As of December 31, 2022, the information related to the exposure to the currency risk is detailed as follows:

(ThCh$)

| **2022** | **USD** | **UF** |
|---|---|---|
| Net financial assets | **858,636** | **-** |
| Net financial liabilities | **77,174** | **762,223** |

The appreciation / depreciation of 10% of related foreign currencies with respect to the functional currency of the Company would result in a decrease / increase in profit before taxes of approximately ThCh$ 19,239 for the year ended December 31, 2022.

As of December 31, 2021, the information related to the exposure to currency risk is as follows:

(ThCh$)

| **2021** | **USD** | **UF** |
|---|---|---|
| Net financial assets | 1,211,774 | - |
| Net financial liabilities | 827,019 | 451,843 |

The appreciation / depreciation of 10% of related foreign currencies with respect to the functional currency of the Company would result in a decrease / increase in profit before taxes of approximately ThCh$3(67,088) for the year ended December 31, 2021.

*(c) Interest rate risk*

The Company is not exposed to interest rate risk.

*(d) Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual terms or obligations. Credit risk includes the direct risk of default and impairment of credit quality, as well as the concentration of risks. Credit risk is controlled by the analysis of credit limits and the credit capability of customers on an ongoing basis that have been obtained the credit after receiving the authorizations required.

Financial instruments subject to concentrations of credit risk include mainly trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and other financial assets. As of December 31, 2022, cash and cash equivalents include ThCh$1,236,298 held in a bank located in Chile with a high quality credit rating exceeding individually 10% or more of the Company's total cash and cash equivalents as of December 31, 2022. None of the Company's other financial instruments result in a significant concentration of credit risk.

## Notes to the Separate Financial Statements

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. As of December 31, 2022 and 2021, the maximum credit exposure amounted to ThCh$1,992,528 and ThCh$1,269,462, respectively, which corresponds to total carrying amount of cash in banks, bank deposits, trade receivables, unbilled revenue, other financial assets and investments.

**Trade receivables and contract assets**

The exposure to credit risk with respect to trade receivables and contract assets is mainly influenced by individual features of each customer in connection with the practices in the industry and the economic environment in which they operate. The entity limits its exposure to credit risk of trade receivables by establishing a maximum payment period of 272 days for its customers. Subsequent to this, the customers are at default (impaired loan). To manage this risk, the Company has a strong credit management process. The Company has adopted a policy to engage operations only with solvent counterparties. The counterparties' exposure is monitored on a regular basis, and changes to the credit conditions are made as required. The carrying amount of financial assets represents the maximum credit exposure. The Company has derecognized no customer balances, and only a few balances have impaired at the reporting date.

As of December 31, 2022 and 2021, the Company's exposure to customer is diversified; however, certain customers concentrate more than 10% of trade receivables and unbilled revenue:

(ThCh$)

| | As at December 31, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|
| | Total receivables and provisions for revenue | percent | Total receivables and provisions for revenue | percent |
| Customer A | **424,531** | **57** | 537,813 | 55 |
| Customer B | **97,260** | **13** | 112,413 | 11 |

*(e) Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. Liquidity risk management is intended to maintain sufficient liquidity and ensure that funds are available for use as per the requirements.

On a regular basis, the Company generated sufficient cash flows from operations to meet its financial obligations as they mature.

(ThCh$)

| **As of December 31, 2022** | Expired in 1st year | Expired in 2nd year | Expired between the 3rd and 5th year | Expired in 5th year | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | **92,043** | **-** | **-** | **-** | **92,043** |
| Payables due to related parties, non-current | **-** | **-** | **-** | **-** | **-** |
| **Total** | **92,043** | **-** | **-** | **-** | **92,043** |
| **As of December 31, 2021** | | | | | |
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | 48,441 | - | - | - | 48,441 |
| Payables due to related parties, non-current | - | 127,768 | - | - | 127,768 |
| **Total** | 48,441 | 127,768 | - | - | 176,209 |

## 5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

### (A) Balances and transactions with related parties

#### (a) Receivables

(ThCh$)

| | | | Current | |
|---|---|---|---|---|
| Tax ID | Company | Relationship | As at December 31, 2022 | As at December 31, 2021 |
| 76.385.060-9 | Tata Consultancy Services Chile S.A. | Subsidiary | **44,251** | 66,951 |
| Foreign | TCS SOLUTION CENTER S.A. | Common shareholders | **24,728** | 32,835 |
| Foreign | Tata Consultancy Services de Mexico SA de CV | Common shareholders | **424,531** | 537,813 |
| Foreign | TCS Colombia S.A. | Common shareholders | **66,314** | 112,413 |
| Foreign | Tata Consultancy Services Sucursal del Perú | Branch | **32,033** | 49,435 |
| Foreign | TCS Uruguay S.A. | Common shareholders | **96,963** | 83,981 |
| Foreign | TATASOLUTION CENTER S.A. | Subsidiary | **44,005** | 86,234 |
| Foreign | Tata Consultancy Services Limited | Parent | **7,557** | 14,024 |
| **Total** | | | **740,382** | 983,686 |

#### (b) Payables

(ThCh$)

| Tax ID | Company | Relationship | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|---|
| 76.385.060-9 | Tata Consultancy Services Limited | Parent | **5,365** | 7,624 |
| Total | | | **5,365** | 7,624 |

#### (c) Interests payable

(ThCh$)

| Tax ID | Company | Relationship | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|---|
| 76.385.060-9 | Tata Consultancy Services Chile S.A. | Subsidiary | **(57)** | 18,156 |
| **Total** | | | **(57)** | 18,156 |

## Notes to the Separate Financial Statements

### (d) Other non-current financial liabilities

(ThCh$)

| Tax ID | Company | Relationship | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|---|
| 76.385.060-9 | Tata Consultancy Services Chile S.A. | Subsidiary | - | 127,768 |
| **Total** | | | **-** | 127,768 |

Transactions among the Company and its related parties correspond to customary operations in terms of their objective and conditions.

Balances receivable and payable are mainly expressed in U.S. dollars and for interest-bearing loans of an approximate annual average rate ranging from 4% to 6% not associated with a repayment schedule, the classification is based on the expected collection period of such accounts receivable.

### B. Significant transactions and their effect on profit or loss

(ThCh$)

| | | | | For the year ended December 31, 2022 | | For the year ended December 31, 2021 | |
|---|---|---|---|---|---|---|---|
| **Taxpayer ID No.** | **Company** | **Relationship** | **Transaction description** | **Amount** | **Credit/ (Debit) to profit or loss** | **Amount** | **Credit/ (Debit) to profit or loss** |
| Foreign | Tata Solution Center S.A. | Common shareholders | Revenue | **235,926** | **235,926** | 311,168 | 311,168 |
| Foreign | Tata Solution Center S.A. | Common shareholders | Dividends received | **41,700** | **41,700** | 56,819 | 56,819 |
| 76.385.060-9 | Tata Consultanct Services Chile S.A. | Subsidiary | Revenue | **223,116** | **223,116** | 259,889 | 259,889 |
| 76.385.060-9 | Tata Consultanct Services Chile S.A. | Subsidiary | Repayment of financing | **127,768** | **-** | - | - |
| 76.385.060-9 | Tata Consultanct Services Chile S.A. | Subsidiary | Interest Expense | **2,590** | **2,590** | 12,267 | (12,267) |
| 76.385.060-9 | Tata Consultanct Services Chile S.A. | Subsidiary | Dividends received | **7,800,614** | **7,800,614** | 8,648,889 | 8,648,889 |
| Foreign | TCS Iberoamerica S.A. | Parent | Dividends paid | **7,843,702** | **7,843,702** | 8,704,280 | - |
| Foreign | Tata Consultancy Services Sucursal del Perú | Branch | Revenue | **161,020** | **161,020** | 186,472 | 186,472 |
| Foreign | Tata Consultancy Services de Mexico SA de CV | Common shareholders | Revenue | **2,076,377** | **2,076,377** | 1,910,315 | 1,910,315 |
| Foreign | Tata Consultancy Services Colombia S.A. | Common shareholders | Revenue | **381,803** | **381,803** | 403,850 | 403,850 |
| Foreign | TCS Solution Center S.A. (Uruguay) | Common shareholders | Revenue | **124,322** | **124,322** | 126,975 | 126,975 |

(ThCh$)

| | | | | For the year ended December 31, 2022 | | For the year ended December 31, 2021 | |
|---|---|---|---|---|---|---|---|
| Taxpayer ID No. | Company | Relationship | Transaction description | Amount | Credit/ (Debit) to profit or loss | Amount | Credit/ (Debit) to profit or loss |
| Foreign | TCS Uruguay S.A. | Common shareholders | Revenue | **330,696** | **330,696** | 300,587 | 300,587 |
| Foreign | TCS Uruguay S.A. | Common shareholders | Profit distribution | **1** | **1** | 1 | 1 |
| Foreign | Tata Consultancy Services Limited | Parent | Expense reimbursement | **106,319** | **(106,319)** | 97,860 | (97,860) |
| Foreign | Tata Sons Private Limited | Common shareholders | Use of brand | **-** | **-** | 71 | (71) |

## 6. NON-FINANCIAL ASSETS AND LIABILITIES

### A. Furniture and equipment

On the date of transition to International Financial Reporting Standards, the Company elected to define deemed cost as the alternative for maintaining the assets measured at their acquisition cost adjusted and discounted for accumulated depreciation, where applicable, under Chilean standards applied until the date of adoption of IFRS.

The cost of items of furniture and equipment comprises their acquisition cost plus any other costs directly attributable to bringing the assets to a working condition for their intended use as foreseen by Management and the initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located. Financial cost is capitalized in accordance with IAS 23.

Repair, preservation and maintenance expenses are expensed in profit or loss in the period in which they are incurred. Note that certain items of furniture and equipment of TCS Inversiones Chile LTDA. require regular reviews. In this sense, the items that are replaced are recognized separately from the rest of the asset and with a disaggregation level which allows their amortization in the period between the present and next repair.

Expansion, modernization and improvement costs that represent an increase in productivity, capacity or efficiency, or an increase in the useful life, are capitalized as an increase in the value of the assets.

The gain or loss from selling or retirement of an asset is calculated as the difference between the price obtained from the sale and the carrying amount in the accounting records with a debit or credit to profit or loss for the period.

Depreciation Items of furniture and equipment are depreciated using the straight-line method by distributing the acquisition cost of the assets less their estimated residual value over the estimated useful lives of assets.

The residual value and useful life of items of furniture and equipment are reviewed on an annual basis, and depreciation starts when assets are brought to working condition for their intended use.

The main items of property, plant and and their related useful lives are shown below:

| | Useful life (years) |
|---|---|
| Furniture | 5 |
| Machinery and computer equipment | 4 |
| Electrical and air conditioning equipment | 10 |
| Storage facilities | 10 |

## Notes to the Separate Financial Statements

**Depreciation**

Land is recognized separately from the buildings or facilities that may stand on them, it has an indefinite useful life and, accordingly, it is not depreciated.

TCS Inversiones Chile Ltda., at least annually, assesses the existence of a possible impairment of assets in furniture and equipment. Any reversal of the impairment loss is recognized in profit or loss, where applicable.

**Impairment**

Furniture and equipment with a limited useful life are assessed to recover them as long as there is any indication that their carrying amount may not be recoverable. Should such indication exist, the recoverable amount (i.e. the higher of its fair value less costs to sell and its value in use) is determined based on an individual asset, unless such asset generates no cash inflows that are largely independent from other assets. In such cases, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is lower than its carrying amount, then the asset's carrying amount (or CGU) is reduced to its recoverable amount. Impairment losses are recognized in profit or loss.

**a. Detail**

The detail by class of furniture and equipment at each year-end, net and gross, is as follows:

**Classes of furniture and equipment, net**

(ThCh$)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| IT equipment | **3,674** | 4,007 |
| Office equipment | **834** | 2,054 |
| **Total furniture and equipment, net** | **4,508** | 6,061 |

**Classes of furniture and equipment, gross**

(ThCh$)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| IT equipment | **8,009** | 7,324 |
| Office equipment | **6,100** | 6,100 |
| **Total furniture and equipment, gross** | **14,109** | 13,424 |

Accumulated depreciation by class of furniture and equipment at each year-end is as follows:

**Types of accumulated depreciation and impairment of furniture and equipment**

(ThCh$)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| IT equipment | **4,335** | 3,317 |
| Office equipment | **5,266** | 4,046 |
| **Total accumulated depreciation and impairment of furniture and equipment** | **9,601** | 7,363 |



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**b. Movements**

Accounting movements in net furniture and equipment for the years ended December 31, 2022 and 2021 are as follows:

(ThCh$)

| | IT equipment | Office equipment | Furniture and equipment, net |
|---|---|---|---|
| **Opening balance as of January 1, 2022 (net of accumulted depreciation)** | **4,008** | **2,053** | **6,061** |
| Acquisitions | **1,795** | **-** | **1,795** |
| Sales and disposals | **(118)** | **-** | **(118)** |
| Depreciation expense | **(2,010)** | **(1,220)** | **(3,230)** |
| Other increases/(decreases) | **-** | **-** | **-** |
| **Total net property, plant and equipments as of December 31, 2022** | **3,675** | **833** | **4,508** |
| | **IT equipment** | **Office equipment** | **Furniture and equipment, net** |
| **Opening balance as of January 1, 2021 (net of accumulted depreciation)** | 4,283 | 3,273 | 7,556 |
| Acquisitions | 1,333 | - | 1,333 |
| Sales and disposals | (993) | - | (993) |
| Depreciation expense | (615) | (1,220) | (1,835) |
| Other increases/(decreases) | - | - | - |
| **Total net property, plant and equipments as of December 31, 2021** | 4,008 | 2,053 | 6,061 |

The total depreciation expense for 2022 and 2021 amounts to ThCh$3,230and ThCh$2,827, respectively, and is classified within the caption Depreciation expense in the separate statements of comprehensive income per nature.

Accounting movements in the cost of gross furniture and equipment, for the years ended December 31, 2022, and 2021 are as follows:

(ThCh$)

| | IT equipment | Office equipment | Furniture and equipment, net |
|---|---|---|---|
| **Opening balance as of January 1, 2022 (gross)** | **7,324** | **6,100** | **13,424** |
| Acquisitions | **1,795** | **-** | **1,795** |
| Other increases / (decreases) | **(1,110)** | **-** | **(1,110)** |
| **Total gross property, plant and equipments as of December 31, 2022** | **8,009** | **6,100** | **14,109** |
| | **IT equipment** | **equipment** | **equipment, net** |
| **Opening balance as of January 1, 2021 (gross)** | 5,991 | 6,100 | 12,091 |
| Acquisitions | 1,333 | - | 1,333 |
| Other increases / (decreases) | - | - | - |
| **Total gross property, plant and equipments as of December 31, 2021** | 7,324 | 6,100 | 13,424 |

## Notes to the Separate Financial Statements

(ThCh$)

| | IT equipment | Office equipment | Furniture and equipment, net |
|---|---|---|---|
| **Opening balance of accumulated depreciation as of January 1, 2022** | **(3,317)** | **(4,046)** | **(7,363)** |
| Acquisitions | **-** | **-** | **-** |
| Sales and disposals | **-** | **-** | **-** |
| Depreciation expense | **(2,033)** | **(1,220)** | **(3,253)** |
| Other increases/(decreases) | **1,015** | **-** | **1,015** |
| **Total accumulated depreciation as of December 31, 2022** | **(4,335)** | **(5,266)** | **(9,601)** |
| **Opening balance of accumulated depreciation as of January 1, 2021** | (1,709) | (2,826) | (4,535) |
| Acquisitions | - | - | - |
| Sales and disposals | - | - | - |
| Depreciation expense | (1,608) | (1,220) | (2,828) |
| Other increases/(decreases) | - | - | - |
| **Total accumulated depreciation as of December 31, 2021** | (3,317) | (4,046) | (7,363) |

### B. Payable due to related entities

As of December 31, 2022, and 2021, there are no payable due to related party are detailed as follows:

(ThCh$)

| Taxpayer ID No. | Company | Relationship | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|---|
| Foreign | Tata Consultancy Services Limited | Parent | **-** | 9 |
| **Total** | | | **-** | 9 |

## 7. INCOME TAX AND DEFERRED TAXES

Income tax expense comprises the current income tax expense and net variation in the deferred income tax asset or liability during the year. Current taxes and deferred taxes are recognized in profit or loss, except when they relate to items recognized in other comprehensive income or directly recognized in equity, in which case they are also recognized in other comprehensive income or directly in equity, respectively.

### Current income taxes

Current income tax is based on the tax profit for the year, and is calculated using the tax rates enacted at the reporting date.

Prepaid taxes and current income tax provisions are recognized in the statement of financial position upon offsetting such prepaid taxes and income tax provisions generated from the same tax jurisdiction and where the relevant tax payment unit is aimed at settling the asset and liability on a net tax basis.

**Deferred income taxes**

The Company recognizes deferred income taxes using the statement of position method. Deferred taxes are obtained from temporary differences between the tax base of assets and liabilities, and their reported amounts in the financial statements.

Deferred tax assets and liabilities are measured using substantially enacted tax rates or rates expected to be applied on taxable income in the years the Company expects to receive them or the temporary differences are settled. Deferred tax assets and liabilities are offset when they relate to the income taxes collected by the same tax authority and the relevant company intends to settle its assets and liabilities on a net tax basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and discounted to the extent that it is not probable that sufficient taxable profit will be available to allow the use of a portion or all that deferred tax asset.

**(A) Income tax recognized in profit or loss for the year**

(ThCh$)

| Income tax expense | Accumulated for the period from January through December | |
|---|---|---|
| | **As at December 31, 2022** | **As at December 31, 2021** |
| Income tax from prior periods | **(5,157)** | 981 |
| Other current tax income/(expenses) | **(215,375)** | (79,402) |
| Current tax expense | **(220,532)** | (78,421) |
| Deferred tax income/(expense) related to the generation and reversal of temporary differences for current tax | **99,781** | 22,733 |
| Income tax expense, net | **(120,751)** | (55,688) |

**(B) Reconciliation of accounting profit or loss to taxable profit or loss**

(ThCh$)

| Income tax expense | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Net gain | **8,331,439** | 8,948,199 |
| Effective tax rate | **27,0%** | 27,0% |
| Tax expense using the legal rate | **(2,249,489)** | (2,416,014) |
| Adjustment of income tax recorded in prior periods | **13,900** | (14,773) |
| Non-taxable income | **(5,157)** | 982 |
| Other adjustments to net taxable income | **2,106,166** | 2,335,200 |
| Tax expense using the effective rate | **13,829** | 38,917 |
| **Total** | **(120,751)** | (55,688) |

## Notes to the Separate Financial Statements

On September 29, 2014, Law No. 20.780 was enacted in Chile, establishing a permanent change in the corporate income tax rate of 21% starting from 2014, up to a 27% starting from 2019.

On January 27, 2016, the Act that simplifies the tax reform was passed, which is intended to simplify the income tax system in force from 2017; make adjustments to the value-added tax; as well as to the anticircumvention rules. Concerning tax system, the proposed amendment considers that Shareholders' corporations (openly and closely held), as in the case of the Company should always be taxed according to the partially-integrated system. Later, this system will be the general taxation regime for companies beginning from the commercial year 2017.

### (C) Deferred taxes

As of December 31, 2022, and 2021, the detail of accumulated balances of deferred tax assets and liabilities is as follows:

(ThCh$)

| Recognized deferred tax assets related to: | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Accrued vacations | **97,639** | 88,621 |
| Other | **209,539** | 118,776 |
| **Total deferred taxes** | **307,178** | 207,397 |

### (D) Movements in Deferred taxes

As of December 31, 2022 and 2021, the detail of movements in deferred tax assets and liabilities is as follows:

(ThCh$)

| Movements | Balance as of January 1, 2022 | Effects recognized in profit or loss | Balance as of December 31, 2022 |
|---|---|---|---|
| **Recognized deferred tax assets related to:** | | | |
| Accrued Vacations | **88,621** | **9,017** | **97,639** |
| Other | **118,776** | **90,763** | **209,539** |
| **Total deferred tax assets** | **207,397** | **99,780** | **307,178** |

(ThCh$)

| Movements | Balance as of January 1, 2021 | Effects recognized in profit or loss | Balance as of December 31, 2021 |
|---|---|---|---|
| **Recognized deferred tax assets related to:** | | | |
| Accrued Vacations | 24,427 | 64,194 | 88,621 |
| Other | 160,237 | (41,461) | 118,776 |
| **Total deferred tax assets** | 184,664 | 22,733 | 207,397 |

## 8. EMPLOYEE BENEFITS

### (A) Obligations for employee benefits

As of December 31, 2022 and 2021, this caption is detailed as follows:

(ThCh$)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Provision performance awards | **778,836** | 438,095 |
| Accrued vacations | **335,355** | 328,225 |
| Provision for bonuses (Gems) | **555** | 294 |
| **Total** | **1,114,746** | 766,614 |

### (B) Movements in employee benefitss

(ThCh$)

| | Accrued vacations | Provision performance awards | Other | Total |
|---|---|---|---|---|
| **Opening balance** | **328,225** | **438,095** | **294** | **766,614** |
| Movements in provisions: | | | | |
| Additional obligations | **154,197** | **1,223,856** | **6,209** | **1,384,262** |
| Obligations used | **(147,067)** | **(883,115)** | **(5,948)** | **(1,036,130)** |
| **Total movements in provisions** | **7,130** | **340,741** | **261** | **348,132** |
| **Balances as of December 31, 2022** | **335,355** | **778,836** | **555** | **1,114,746** |

(ThCh$)

| | Accrued vacations | Share of profit or loss | Other | Total |
|---|---|---|---|---|
| **Opening balance** | 229,075 | 453,390 | 1,196 | 683,661 |
| Movements in provisions: | | | | |
| Additional obligations | 171,663 | 660,691 | - | 832,354 |
| Obligations used | (72,513) | (675,986) | (902) | (749,401) |
| **Total movements in provisions** | 99,150 | (15,295) | (902) | 82,953 |
| **Balances as of December 31, 2021** | 328,225 | 438,095 | 294 | 766,614 |

## 9. OPERATING PROFIT

The Company obtains revenue from providing personnel solutions associated with loan staff to its customers (which are related parties), associated with different customers' operating areas.

The Company has a single performance obligation which is providing labour services to its customers. Revenue is recognized when services are provided to customers for an amount that reflects the consideration the Company expects to receive in exchange for such services, using the expected cost plus a margin approach, in accordance with the terms of the underlying agreement. Invoices are issued according to contractual terms entered into with the related party, which are usually monthly.

The Company has applied the practical expedient for recognizing service revenue in proportion to the amount it is entitled to invoice to customers in accordance with the terms of the agreement.



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## Notes to the Separate Financial Statements

Revenue excludes taxes collected from customers.

All revenue is obtained from customers located in Latin America

(ThCh$)

| | Accumulated | |
|---|---|---|
| | As at December 31, 2022 | As at December 31, 2021 |
| Consulting services and administrative support | **3,533,260** | 3,499,241 |
| **Total Revenue** | **3,533,260** | 3,499,241 |

## 10. OTHER OPERATING EXPENSES

As of December 31, 2022 and 2021, other operating expenses are as follows:

(ThCh$)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Data circuits (communications) | **9,530** | 8,503 |
| Installations | **5,712** | 4,416 |
| Travel expenses | **257,551** | 63,891 |
| Expenses for consulting | **27,232** | 28,919 |
| Other expenses | **67,880** | 74,359 |
| **Total** | **367,905** | 180,088 |

## 11. EXPENSES BY FUNCTION

As of December 31, 2022 and 2021, expenses by function are detailed as follows:

(ThCh$)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Employee benefit | **(2,926,698)** | (3,079,247) |
| Other operating expenses | **(367,905)** | (180,088) |
| Depreciation and amortization expenses | **(3,230)** | (2,827) |
| **Total** | **(3,297,833)** | (3,262,162) |

## 12. DIVIDENDS RECEIVED FROM SUBSIDIARIES

As of December 31, 2022 and 2021, dividends received from the subsidiary Tata Solution Center S.A. (Ecuador) are detailed as follows:

(ThCh$)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Dividends received | **7,842,313** | 8,705,708 |
| **Total** | **7,842,313** | 8,705,708 |

## 13. FOREIGN CURRENCY TRANSACTION DIFFERENCES

(ThCh$)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Receivables due from/Payables due to related parties | **(30,487)** | (14,872) |
| Other | **264,764** | 31,102 |
| **Total** | **234,277** | 16,230 |

## 14. LAWSUITS AND CONTINGENCIES

As of December 31, 2022, the Company is not aware of any contingency or commitment that could affect the interpretation and the accompanying separate financial statements.

## 15. SUBSEQUENT EVENTS

Between January 1, 2023 and the date when separate financial statements were authorized for issue, there are no additional subsequent events that could affect the Company's financial position and/or profit or loss or which require disclosure in the notes to the separate financial statements.

# TATA CONSULTANCY SERVICES CHILE S.A.

## (And Independent Auditors' Report)

**Separate Financial Statements
as of December 31, 2022 and 2021
and for the years then ended**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022





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# INDEPENDENT AUDITOR'S REPORT

**TO THE PRESIDENT, BOARD OF DIRECTORS AND STOCKHOLDERS OF TATA CONSULTANCY SERVICES CHILE S.A.**

We have audited the accompanying separate financial statements of Tata Consultancy Services Chile S.A., which comprise the separate statement of financial position as of December 31, 2022 and 2021, and the related separate statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the separate financial statements.

## Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the International Financial Reporting Standards. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Chile generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of Tata Consultancy Services Chile S.A. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

## Emphasis of matter

The accompanying separate financial statements have been prepared to reflect the individual financial position of Tata Consultancy Services Chile S.A. before consolidating, on a line-by-line basis, with the financial statements of its subsidiaries. Accordingly, for proper interpretation purposes, these separate financial statements need to be read and analyzed along with the consolidated financial statements of Tata Consultancy Services Limited.

## Other Matters

The above translation of the auditors' report is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been done solely for the convenience of non-Spanish readers.

Luis Velásquez Molina

Partner

Grant Thornton Auditoría y Servicios Limitada

February 16, 2023 Santiago, Chile

## Separate Statements of Financial Position As of December 31, 2022 and 2021

(ThCh$)

| ASSETS | Note | 2022 | 2021 |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 4A | **5,452,792** | 5,342,083 |
| Trade receivables | | | |
| Billed | 4.C | **6,691,343** | 5,222,104 |
| Unbilled | 4.C | **1,283,198** | 2,143,429 |
| Other current financial assets | 4.D | **634,035** | 634,790 |
| Income tax assets, net | 6.A | **-** | 348,200 |
| Other current assets | 7.E | **794,847** | 687,178 |
| **Total current assets** | | **14,856,215** | 14,377,784 |
| **Non-current assets:** | | | |
| Other financial assets | 4.D | **-** | 127,768 |
| Non-current income tax assets, net | 6.B | **1,070,431** | 366,344 |
| Investments | 4.B | **10,680,565** | 10,642,688 |
| Goodwill | 7.B | **17,720,950** | 17,720,950 |
| Furniture and equipment, net | 7.A | **1,915,795** | 1,108,604 |
| Righ-of-use assets | 8 | **1,743,411** | 2,566,274 |
| Other non current assets | 7.C | **36,897** | 29,558 |
| Deferred tax assets | 9.C | **1,263,862** | 862,251 |
| **Total non-current assets** | | **34,431,911** | 33,424,437 |
| **Total assets** | | **49,288,126** | 47,802,221 |
| **LIABILITIES AND EQUITY** | | | |
| Current liabilities: | | | |
| Trade payables | 4.E | **1,510,656** | 1,004,743 |
| Current lease liabilities | | **664,075** | 849,996 |
| Other financial liabilities | 4.F | **361,789** | 212,789 |
| Unearned and deferred revenue | 11 | **977,445** | 346,548 |
| Employee benefit obligations | 10 | **2,640,072** | 2,166,813 |
| Income tax Liabilities | 6 | **693,843** | - |
| **Other non-financial liabilities** | 7.F | **945,015** | 842,221 |
| **Total current liabilities** | | **7,792,895** | 5,423,110 |
| **Non-current liabilities:** | | | |
| Non-current lease liabilities | | **1,256,031** | 1,920,107 |
| Total non-current liabilities | | **1,256,031** | 1,920,107 |
| **Total liabilities** | | **9,048,926** | 7,343,217 |
| **EQUITY:** | | | |
| Share Capital | 4.H | **16,997,134** | 16,997,134 |
| Retained earnings | | **23,242,066** | 23,461,870 |
| **Total equity** | | **40,239,200** | 40,459,004 |
| **TOTAL LIABILITIES AND EQUITY** | | **49,288,126** | 47,802,221 |

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS**

## Separate Statements of Comprehensive Income, per Nature of the Expense
## For the years ended December 31, 2022 and 2021

(ThCh$)

| | Note | Acumulated for the period from January 01 to December 31 | |
|---|---|---|---|
| | | **2022** | **2021** |
| **REVENUES** | 13 | **47,693,968** | 38,194,404 |
| **Total revenue** | | **47,693,968** | 38,194,404 |
| **EXPENSES:** | | | |
| Salaries and employee benefits | | **34,604,713** | 26,897,608 |
| Other operating expenses | 15 | **7,489,633** | 6,597,044 |
| Depreciation and amortization expenses | | **1,369,746** | 1,188,837 |
| **Total expenses** | 16 | **43,464,092** | 34,683,489 |
| **TOTAL OPERATING PROFIT (LOSS)** | | **4,229,876** | 3,510,915 |
| **OTHER INCOME:** | | | |
| Finance and other income | 14 | **4,341,922** | 5,693,386 |
| Foreign currency translation, difference | 17 | **(55,259)** | 1,067,071 |
| Other non-operating expenses, net | | **(149,732)** | (148,516) |
| **Total other income, net** | | **4,136,931** | 6,611,941 |
| **Profit before tax** | | **8,366,807** | 10,122,856 |
| **INCOME TAX BENEFIT (EXPENSES)** | 9A | **(785,345)** | (1,582,499) |
| Profit from continuing operations after tax | | **7,581,462** | 8,540,357 |
| Profit for the period | | **7,581,462** | 8,540,357 |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | **-** | - |
| Profit for the period | | **7,581,462** | 8,540,357 |
| Other comprehensive income (loss) | | **(634)** | - |
| **TOTAL COMPREHENSIVE INCOME** | | **7,580,828** | 8,540,357 |

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS**

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## Separate Statements of Changes in Equity

(ThCh$)

| 2022 | Note | Number of shares | Share capital | Retained earnings | Total Equity |
|---|---|---|---|---|---|
| | | For the years ended December 31, 2022 and 2021 | | | |
| **Opening balance as of January 1, 2022** | | **431,926** | **16,997,134** | **23,461,870** | **40,459,004** |
| Adjusted opening balances as of January 1, 2022 | | **431,926** | **16,997,134** | **23,461,870** | **40,459,004** |
| **Comprehensive income** | | | | | |
| Profit for the year | | | | **7,581,462** | **7,581,462** |
| Other comprehensive income/(loss) | 4B | | | **(634)** | **(634)** |
| **Total comprehensive income** | | **-** | **-** | **7,580,828** | **7,580,828** |
| Dividends distributed to the shareholders | 12 | **-** | **-** | **(7,800,632)** | **(7,800,632)** |
| Changes in equity | | **-** | **-** | **(219,804)** | **(219,804)** |
| **Closing balance as of December 31, 2022** | | **431,926** | **16,997,134** | **23,242,066** | **40,239,200** |

| 2021 | Note | Number of shares | Share capital | Retained earnings | Total Equity |
|---|---|---|---|---|---|
| Opening balance as of January 1, 2021 | | 431,926 | 16,997,134 | 23,570,422 | 40,567,556 |
| Adjusted opening balances as of January 1, 2021 | | 431,926 | 16,997,134 | 23,570,422 | 40,567,556 |
| Comprehensive income | | | | | |
| Profit for the year | | - | | 8,540,357 | 8,540,357 |
| Total comprehensive income | | - | - | 8,540,357 | 8,540,357 |
| Dividends distributed to the shareholders | 12 | - | - | (8,648,909) | (8,648,909) |
| Changes in equity | | - | - | (108,552) | (108,552) |
| **Closing balance as of December 31, 2021** | | 431,926 | 16,997,134 | 23,461,870 | 40,459,004 |

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENT**



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## Separate Statements of Cash Flows, Indirect Method for the years ended December 31, 2022 and 2021

(ThCh$)

| | Note | For the period from January 1 to December 31 | |
|---|---|---|---|
| | | **2022** | **2021** |
| **CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:** | | | |
| Profit for the year | | **7,581,462** | 8,540,357 |
| Adjustments to reconcile profit for the year: | | | |
| Other Comprehensive income (loss) | | **(634)** | - |
| Income tax | 9A | **785,345** | 1,582,499 |
| Depreciation and amortization | | **1,369,746** | 1,188,837 |
| Effect of foreign currency translation difference | | **55,259** | 31,363 |
| **Total cash flows before changes in working capital** | | **2,209,716** | 2,802,699 |
| **INCREASE/(DECREASE) IN WORKING CAPITAL:** | | | |
| Trade receivables | | | |
| Billed | | **(1,469,239)** | (1,464,542) |
| Unbilled | | **860,231** | (667,737) |
| Other financial assets | | **4,559** | (122,212) |
| Other assets | | **(115,010)** | (258,119) |
| Trade payables | | **363,910** | 86,331 |
| Other current financial liabilities | | **149,000** | (64,402) |
| Deferred income | | **630,897** | (452,377) |
| Provision for employee benefits | | **473,260** | 177,799 |
| Other current liabilities | | **102,795** | (25,570) |
| **Total net increase in working capital** | | **1,000,423** | (2,790,831) |
| **Interest Paid** | | **35,212** | 203 |
| **Income tax paid** | | **(797,488)** | (139,537) |
| **Net cash from operating activities** | | **10,029,324** | 8,412,891 |
| **CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:** | | | |
| Investment in Equity shares | | **(37,878)** | - |
| Acquisition of furniture and equipment | | **(1,354,074)** | (472,634) |
| **Net cash used in investing activities** | | **(1,391,952)** | (472,634) |
| **CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:** | | | |
| Cash receipts for loans granted to related parties | | **123,965** | 188,290 |
| Dividend payment | | **(7,800,632)** | (8,648,909) |
| Payment of lease liabilities | | **(849,997)** | (817,923) |
| **Net cash used in financing activities** | | **(8,526,664)** | (9,278,542) |
| Net increase/(decrease) in cash and cash equivalents | | **110,709** | (1,338,286) |
| Cash and cash equivalents at January 1 | | **5,342,083** | 6.680.369 |
| **Cash and cash equivalents at December 31** | | **5,452,792** | 5,342,083 |

TATA CONSULTANCY SERVICES CHILE S.A

**Notes forming part of the Financial Statements**

## 1. Overview of the Company

On October 18, 2005, Tata Consultancy Services (TCS) Chile Limitada was incorporated via public deed.

On December 1, 2006, the shareholders agreed to incorporate the Company as a closely-held shareholders' corporation in conformity with Articles No. 96 and 97 of Law No. 18.046 (the Public Company Act). The Company is referred to as Tata Consultancy Services BPO Chile S.A.

On December 28, 2006, Tatasolution Center S.A. (a subsidiary of Tata Consultancy Services Chile S.A.), was incorporated in Ecuador and commenced its operations on June 1, 2007. It is mainly engaged in providing IT services, software development and maintenance, and administrative and operating processes (BPO) primarily to financial institutions.

On December 29, 2006, Tata Consultancy Services BPO Chile S.A. (formerly - Tata Consultancy Services (TCS) Chile Limitada) acquired 100% of shares of its subsidiary Tata Consultancy Services BPO Chile S.A. (formerly - Comicrom S.A.). Consequently, such subsidiary was dissolved by operation of law.

On February 15, 2010, the foreign subsidiary "Tata Consultancy Services Sucursal Perú" was incorporated via public deed.

At Extraordinary Shareholders' Meeting held on July 30, 2010, the shareholders agreed on the merger through absorption of Tata Consultancy Services BPO Chile S.A. by Tata Consultancy Services Chile S.A., and accordingly, at such meeting the company's name was changed from Tata Consultancy Services BPO Chile S.A. to Tata Consultancy Services Chile S.A.

In Chile, the Company began operations in 2003 and currently has 1,223 employees in offices located in Santiago (Head office), Valparaíso, Concepción and Buin, having operations throughout Chile through its Technical Service and Regional Exchange areas to provide services to more than 100 customers from several industries, e.g. Bank and Financial Services, Retail, Insurance, Telecommunications, Manufacturing, Governance, Mining and Transportation

These separate financial statements have to be read and analyzed in conjunction with the consolidated financial statements of Tata Consultancy Services Limited.

## 2. Basis for the Preparation of Financial Statements

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value or amortized cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows have been prepared using indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional currency of the Company is the Chilean pesos (Thch$). Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes

## Basis of presentation of the separate financial statements

### (a) Use of estimates and judgments

The preparation of these separate financial statements in conformity with the recognition and measurement principles under IFRS, requires that Management make estimates and judgments which have an impact on the reported balances of assets and liabilities, the disclosures of contingent liabilities at the reporting date, and the balance of income and expenses for the reporting periods.

The underlying estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised and any future periods affected.

The key source of estimation uncertainty at the reporting date, which may result in a material adjustment to the carrying amounts of assets and liabilities within the subsequent financial year, relates to the impairment of goodwill, useful lives of items of furniture and equipment, valuation of deferred tax assets, provisions and contingent liabilities, as detailed below. The main key sources of estimation uncertainty related to revenue recognition, employee benefits, and fair value measurement of financial instruments, have been assessed based on the applicable policies.

**Revenue recognition**

- The Company's contracts with customers may include multiple goods or services promised to customers. The Company assesses the goods / services promised in a contract and identifies distinct performance obligations in it. The identification of a different performance obligation implies judgment to determine the deliverables involved and the customer's ability to benefit from the good or service, independently of such deliverables.

- In addition, the Company is required to apply judgment to determine the transaction price of the contract. The transaction price could be a fixed amount of customer consideration, or a variable consideration including elements such as volume discounts, service level credits, performance bonuses, price concessions, and incentives. In addition, the transaction price is adjusted for the effects of the time value of money if the contract contains a significant financing component. Any consideration payable to the customer is adjusted at the transaction price, unless it relates to a payment for a different good or service of the customer. The estimated amount of the variable consideration is adjusted in the transaction price only to the extent that it is highly probable that that there will be no significant reversal of the retained earnings recognized, and it is reassessed at each reporting period. The Group allocates the elements of variable considerations to all performance obligations of the contract, unless there is observable evidence that such elements relate to one or more different performance obligations.

- The Company applies judgment to determine the appropriate stand-alone selling price for a performance obligation. Regularly, the Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of the separate goods or service promised in the contract. When the stand-alone selling price is not observable, the Company uses the expected cost plus a margin approach to allocate the transaction price to each separate performance obligation.

- The Company applies judgment to determine whether a performance obligation is satisfied at a point in time or over time. It takes into account indicators such as the manner in which the customer consumes the benefits as services are rendered or who controls the asset as it is created, or whether the Company has an enforceable right to payment for performance completed through the present date and the alternative use of such product or service, the transfer of significant risks and rewards to the customer, the acceptance of delivery by the customer, etc.

- Revenue from fixed-price contracts is recognized using the percentage of completion method. The Company applies judgment to estimate the future cost until completion of the contracts and it uses judgment to determine the progress towards complete satisfaction of the performance obligation.

- The costs incurred in complying with the contracts are generally recorded as expenses incurred, except for certain software license costs which comply with capitalization criteria. Such costs are amortized over the lower of the contract term or the license useful life. The assessment of this criterion requires judgment, particularly when considering whether the costs create or enhance resources that will be used in satisfying performance obligations, and whether such costs are expected to be recovered.

**Impairment of goodwill**

The Company estimates the value in use of cash generating units (CGU) based on future cash flows after taking into account current economic conditions and trends, estimated future operating profit or loss, growth rate, and estimated future economic and regulatory conditions The Company estimates cash flows using internal forecasts. The discount rates used for the CGUs represent the weighted average cost of principal based on the historic market performance of comparable companies.

**Useful lives of items of furniture and equipment.**

The Company reviews the carrying amount of items of furniture and equipment at the end of each reporting period. This reassessment may result in changes to the depreciation expense for future periods.

**Measurement of deferred tax assets.**

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

**Provisions and contingent liabilities**

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Contingent liabilities are not recognized in the financial statements. Contingent assets are not recognized or disclosed in the financial statements.

**Fair value measurement of financial instruments.**

When the Company is not able to measure the fair value of financial assets and financial liabilities in the statement of financial position based on quoted prices in active markets, the fair value is measured using valuation techniques which include the discounted cash flow model. Inputs to these models are obtained from observable markets where possible, otherwise a degree of judgment is required to establish fair values. The judgments include considering inputs such as liquidity risk, credit risk and volatility.

Changes in the assumptions with respect to these factors could affect the reported fair value of financial instruments. The policy has been explained in further detail in Note 4.

**Leases**

The Company assesses whether an agreement is classified as a lease as per the requirements of IFRS 16. Identifying a lease requires significant judgment. The Company uses significant judgment to assess the lease term (including early renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both: periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

In general, the discount rate is based on the specific incremental interest rate for the lease under assessment or a lease portfolio with similar characteristics.

**B. Statement of compliance**

These separate financial statements of Tata Consultancy Services Chile S.A. (hereinafter the "Company"), for the year ended December 31, 2022, are presented in Chilean pesos and have been prepared in accordance with IAS 27, "Separate Financial Statements" included in International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (hereinafter the "IASB"), applying the exception described in paragraph 4 of IFRS 10, Consolidated Financial Statements. Likewise, these financial statements are exempt from disclosure provisions contained in IFRS 12.

The information contained in the separate financial statements is the responsibility of the Company's Management which expressly states it has applied all the principles and criteria included in IAS 27 and IFRS; the separate financial statements have been approved by the Board of Directors on February 13, 2023.

The translation of these financial statements is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

**C. Historical cost basis**

The separate financial statements have been prepared on the historical cost basis. Generally, the historical cost is based on the fair value of the consideration paid in exchange for goods and services. The fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants on the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. For purposes of measurement and/or disclosure in these separate financial statements, fair value is determined as described above, except for the determination of value in use under IAS 36, which has been measured at market value.

**D. Separate financial statements**

**(a) Separate statements of financial position**

In the separate statements of financial position of Tata Consultancy Services Chile S.A., balances are classified on the basis of their maturities; i.e., as current when they have maturities of 12 months or less, and non-current when the maturity exceeds 12 months. If any obligations exist which maturity is less than 12 months, but according to the Company, its long-term refinancing is secured through credit contracts available unconditionally with long-term maturities, they are classified as long-term liabilities.

**(b) Separate statements of comprehensive income**

Tata Consultancy Services Chile S.A. has opted to present its statements of income classified by nature.

**(c) Separate statements of cash flows**

Tata Consultancy Services Chile S.A. has opted to present its statements of cash flows using the indirect method.

**E. Reporting period**

These separate financial statements of Tata Consultancy Services Chile S.A. were prepared as of December 31, 2022 and 2021 and for the years then ended.

**F. Currency**

The functional currency of Tata Consultancy Services Chile S.A. is the Chilean peso.

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

**G. Basis of translation**

Balances of assets and liabilities in UF (inflation-adjusted units), U.S. dollars and other foreign currencies have been translated to Chilean pesos at the exchange rates in force at the closing date of the separate financial statements. At the reporting date, the effective exchange rates are detailed as follows:

(ThCh$)

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| US Dollar | **855,56** | 844,69 |
| Inflation- adjusted units (UF) | **35,110.98** | 30.991,74 |

Foreign currency translation differences and adjustments are debited or credited to profit or loss, as applicable, in accordance with IFRS. The exchange rates used by the Company at the reporting date do not significantly differ from those currently in force.

**H. Classification of balances (current and non-current)**

In the accompanying statement of financial position, balances are classified according to their maturities, i.e. as current those with maturities of 12 months or less and non-current those with maturities exceeding 12 months.

**I. Statement of cash flows**

For the preparation of the statement of cash flows, the Company uses the following definitions:

Cash and cash equivalents relates to cash on hand, cash in bank current accounts, time deposit and highly-liquid fixed income mutual fund deposits held in financial entities with original maturities of up to three months and insignificant risk of loss of value.

The statement of cash flows considers the following account categories:

**(a) Operating activities**

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

**(b) Investing activities**

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

**(c) Financing activities**

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

## 3. Summary of significant accounting policies

The entity has consistently applied the following accounting policies to all periods presented in these separate financial statements.

The accounting policies set out below have been used in the preparation of these separate financial statements. As required by IFRS 1, these policies have been defined considering the IFRS effective as of December 31, 2022.

**A. Provisions and contingent liabilities**

A provision is a liability of uncertain timing or amount. Provisions are recognized in the balance sheet when the following requirements are met in a copulative manner:

- The Company has a present legal or constructive obligation as a result of a past event.
- It is probable that at the reporting date an outflow of economic benefits will be required to settle the obligation.
- The obligation can be estimated reliably.

A contingent asset or liability is an obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**B. Employee benefits**

The Company recognizes accrued vacation expenses using the accrual method. Such benefit is applicable to all personnel and relates to a fixed amount according to each employee's contract, which is recorded at its nominal value.

**C. Offsetting of balances and transactions**

Generally, in the separate financial statements there is no offsetting of assets or liabilities or revenue and expenses, except for those cases where offsetting is required or permitted by any standard and such presentation is the reflection of the substance of the transaction.

Revenues and expenses generated by transactions which contractually or mandatorily because of the enactment of a law include the possibility of offsetting, are those for which the Company intends either to settle the obligations on a net basis, or to realize the asset and settle the liability simultaneously.

**D. Recent accounting standards**

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities (2) |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies (2) |
| Amendments to IAS 8 | Definition of Accounting Estimates (2) |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction (2) |

(1) Effective for annual periods beginning on or after January 1, 2022.

(2) Effective for annual periods beginning on or after January 1, 2023.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group will evaluate the impact, if any, in its financial statements.

In May 2020, IASB issued an amendment to Illustrative Example 13 accompanying IFRS 16, as part of its Annual Improvements to IFRS Standards - 2018-2020, which removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. The amendment is only as regards the Illustrated Example, therefore, no effective date is stated. The Group does not expect the amendment to have any significant impact in its financial statements.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or reduce the fair value of financial assets or financial liabilities in the initial recognition.

**Notes forming part of the Financial Statements**

## 4. Financial assets and financial liabilities, and equity instruments

**Financial assets**

**Cash and cash equivalents**

The Company classifies as cash and cash equivalents all highly-liquid financial instruments, which are readily convertible into known amounts of cash subject to an insignificant risk of changes in value, with maturities of three months or less from the date of acquisition. Cash and cash equivalents comprise cash in banks not restricted for withdrawal and use.

**Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if those financial assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income.**

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has adopted the irrevocable option of presenting the subsequent changes in the fair values of capital investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit and loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortized cost or at fair value through other comprehensive income at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or assumption of financial liabilities at fair value through profit or loss are immediately recognized in the interim condensed statement of profit or loss.

**Financial liabilities**

Other financial liabilities are measured at amortized cost using the effective interest method.

**Equity securities**

Equity securities are contracts which establish a residual interest on the Company's assets after deducting all its liabilities. Equity securities issued by the Company are recognized at the amount of the income received net of direct cost of issue.

**Impairment of financial assets (not measured at fair value)**

At each reporting date, the Company assesses whether a financial asset or group of financial assets is impaired. IFRS 9 requires that expected credit losses are measured through a loss allowance. The Company recognizes lifetime expected credit losses for all its contract assets and/or trade receivables that do not contain a significant financing component. To determine the allowance for doubtful accounts, the Company has used a practical expedient for the calculation of the allowance for expected credit losses of trade receivables using an allowance matrix. The allowance matrix considers the historical credit loss experience and is adjusted for prospective information. The allowance for expected credit losses is based on the maturity of accounts receivable past due and the rates used in the allowance matrix. For the remaining financial assets, expected credit losses are measured at an amount equal to 12-month expected credit losses or an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

### A. Cash and cash equivalents

As of December 31, 2022 and 2021, this caption is composed of the following:

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Cash on hand | **1,530** | 3,866 |
| Time deposits | **4,529,244** | 3,955,366 |
| Cash in banks | **922,018** | 1,382,851 |
| **Total** | **5,452,792** | 5,342,083 |

As of December 31, 2022 and 2021, cash in banks is as follows:

[ThCh$]

| **Bank** | **Type of currency** | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| Banco Santander | Chilean pesos | **702,930** | 1,134,915 |
| Banco Santander | U.S. dollar | **210,237** | 226,357 |
| Banco Scotiabank Chile (ex BBVA) | Chilean pesos | **8,851** | 21,579 |
| **Total** | | **922,018** | 1,382,851 |

Cash and cash equivalents have no availability restrictions.

The Company has made no investing or financing transactions that do not require the use of cash and cash equivalents.

### Deposits

As of December 31, 2022 and 2022, cash in deposits is as follows:

| Bank Name / Counterparty Name | Placement date | Maturity date | Currency | Total Days | Closing Amount |
|---|---|---|---|---|---|
| Banco Santander | 28-Dec-22 | 4-Jan-23 | CLP | 7 | 2,100,000 |
| Scotiabank | 13-Dec-22 | 12-Jan-23 | CLP | 30 | 888,000 |
| Scotiabank | 29-Dec-22 | 23-Jan-23 | CLP | 25 | 65,000 |
| Banco Santander | 23-Dec-22 | 9-Jan-23 | USD | 17 | 926,244 |
| Scotiabank | 22-Dec-22 | 23-Jan-23 | CLP | 32 | 370,000 |
| Scotiabank | 27-Dec-22 | 26-Jan-23 | CLP | 30 | 180,000 |
| | | | | | **4,529,244** |

As of December 31, 2022 and 2021, cash in deposits is as follows:

## Notes forming part of the Financial Statements

| Bank Name / Counterparty Name | Placement date | Maturity date | Currency | Total Days | Closing Amount |
|---|---|---|---|---|---|
| Banco Santander | 24-Dec-21 | 03-Jan-22 | CLP | 10 | 1,000,000 |
| Banco Santander | 22-Dec-21 | 06-Jan-22 | USD | 15 | 2,555,366 |
| Scotiabank | 22-Dec-21 | 06-Jan-22 | CLP | 15 | 400,000 |
| | | | | | **3,955,366** |

**B. Investments**

Investment in equity shares at fair value through other comprehensive income

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

For the investment in equity shares, the company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income which would otherwise be measured at fair value through profit or loss.

Investment in equity shares recognized at fair value through other comprehensive income is:

[ThCh$]

| Name | 2022 | 2021 |
|---|---|---|
| Fully paid Equity shares | 38,511 | - |
| Less: Changes in fair value of Investment | 634 | - |
| Investment in Equity shares | 37,877 | - |

**Investments in subsidiaries held at cost**

For the preparation of the separate financial statements the Company has used the exemption described in paragraph 4 of IFRS 10, which allows not using the equity method of accounting to recognize investments in subsidiaries in which the entity has control and significant influence provided that certain conditions are met. The Company meets each and every of such conditions as of December 31, 2022 and 2021. The Company's shareholders have authorized the preparation of the separate financial statement because the Company's financial information is included in the consolidated financial statements of its ultimate Parent, Tata Consultancy Services Limited (India), which have been prepared and presented in accordance with IFRS as issued by the IASB, and can be found at the web site: https://www.tcs.com/investor-relations. Investments in subsidiaries are recognized at cost and relate to:

Investments in subsidiaries are recognized at cost and relate to:

| Subsidiary | Country | Shares % | Address |
|---|---|---|---|
| | | % | |
| TATASOLUTION CENTER S.A. | Ecuador | **99.00** | **Francisco Salazar N°10-6 Quito** |
| Tata Consultancy Services Sucursal del Peru | Peru | **100.00** | **Av Nicolas Ayllon 2941, 3er Piso, El Agustino, Lima10 - Peru** |

The Company determines whether it is necessary to recognize an impairment loss in the subsidiaries. The Company determines at each reporting date whether there is objective evidence that the investment in the subsidiary is impaired; if this is the case, the Company calculates the impairment amount as the difference between the higher of the value in use and fair value of the subsidiary and the acquisition cost and recognizes the amount in the statement of profit or loss.

This caption includes investments in subsidiaries held at cost by the Company. The detail is as follows:

[ThCh$]

| | | | Ownership interest | | Carrying amount of the investment | |
|---|---|---|---|---|---|---|
| Taxpayer ID | Company's Name | Country | 2022 Ownership interest % | 2021 Ownership interest % | 2022 Carrying amount | 2021 Carrying amount |
| Foreign | TATA SOLUTION CENTER S.A. | Ecuador | **99.0000** | 99.0000 | **5,535,701** | 5,535,701 |
| Foreign | Tata Consultancy Services Sucursal del Peru | Peru | **100.0000** | 100.0000 | **5,106,987** | 5,106,987 |
| | **Total** | | | | **10,642,688** | 10,642,688 |

Balances of assets and liabilities in U.S. dollars and Peruvian nuevo sol are translated into Chilian pesos at the exchange rates in force at the closing date U.S. dollar 2022 (851.789) and 2021 (844.69), Peruvian Nuevo sol 2021 (213.56) and 2020 (211.88).

Changes in investments in subsidiaries held at cost by the Company are as follows:

[ThCh$]

| 2022 | | | | | | |
|---|---|---|---|---|---|---|
| Taxpayer ID | Company s Name | Country | Carrying amounts of the investment as of 01-01-2022 | Aquisitions | Disposals | Carrying amounts of the investment as of 31-12-2022 |
| **Foreign** | **TATA SOLUTION CENTER S.A.** | **Ecuador** | **5,535,701** | **-** | **-** | **5,535,701** |
| **Foreign** | **Tata Consultancy Services Sucursal del Peru** | **Peru** | **5,106,987** | **-** | **-** | **5,106,987** |
| | **Total** | | **10,642,688** | **-** | **-** | **10,642,688** |

[ThCh$]

| 2021 | | | | | | |
|---|---|---|---|---|---|---|
| Taxpayer ID | Company s Name | Country | Carrying amounts of the investment as of 01-01-2021 | Aquisitions | Disposals | Carrying amounts of the investment as of 31-12-2021 |
| Foreign | TATA SOLUTION CENTER S.A. | Ecuador | 5,535,701 | - | - | 5,535,701 |
| Foreign | Tata Consultancy Services Sucursal del Peru | Peru | 5,106,987 | - | - | 5,106,987 |
| | **Total** | | 10,642,688 | - | - | 10,642,688 |

As of December 31, 2022 and 2021, the financial information contained in the financial statements of the companies over which the Company has control is detailed as follows:

## Notes forming part of the Financial Statements

**At 31.12.2022**

[ThCh$]

| Taxpayer | Company's name | Country | Assets | Liabilities | Equity | Profit or loss |
|---|---|---|---|---|---|---|
| Foreign | TATA SOLUTION CENTER S.A. | Ecuador | 23,004,661 | 12,236,230 | 10,768,431 | 4,460,742 |
| Foreign | Tata Consultancy Services Sucursal del Peru | Peru | 12,213,003 | 9,064,054 | 3,148,949 | 841,649 |

**At 31.12.2021**

[ThCh$]

| Taxpayer | Company's name | Country | Assets | Liabilities | Equity | Profit or loss |
|---|---|---|---|---|---|---|
| Foreign | TATA SOLUTION CENTER S.A. | Ecuador | 22,400,247 | 11,862,564 | 10,537,683 | 6,356,283 |
| Foreign | Tata Consultancy Services Sucursal del Peru | Peru | 10,169,577 | 7,973,099 | 2,196,478 | 795,730 |

### C. Trade and other receivables, current

**(a) Trade receivables are detailed as follows:**

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade receivables - Billed | **6,119,608** | 4,501,000 |
| Receivables due from related parties - Billed | **571,735** | 721,104 |
| **Total** | **6,691,343** | 5,222,104 |

The fair value of trade receivables corresponds to the same business amounts net of the related allowance for doubtful accounts.

**(b) Trade receivables past due, unpaid but not impaired are detailed as follows**

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Up to 30 days | **6,583,891** | 4,781,366 |
| 31 to 60 days | **104,479** | 226,704 |
| 61 to 180 days | **5,011** | 63,024 |
| Over 180 days | **289,715** | 319,478 |
| Impairment | **(291,754)** | (168,468) |
| **Total** | **6,691,342** | 5,222,104 |

**(c) Unbilled trade receivables are detailed as follows:**

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade receivables - Unbilled | **1,220,993** | 2,047,132 |
| Trade receivables from related parties - Unbilled | **62,205** | 96,297 |
| **Total** | **1,283,198** | 2,143,429 |

Fair value of unbilled trade receivables corresponds to the same business amounts net of the related allowance for doubtful accounts.

**D. Other financial assets**

**(a) As of December 31, 2022 and 2021, other current financial assets are as follows:**

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Accrued interest on loans to related parties | **603,654** | 617,753 |
| Cash advances and loans to employees | **28,774** | 15,345 |
| Loans to related companies | **-** | - |
| Other financial assets | **1,612** | 1,612 |
| Other financial assets from related parties | **(5)** | 80 |
| **Total** | **634,035** | 634,790 |

**(b) As of December 31, 2022 and 2021, other non-current financial assets are detailed as follows:**

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Loans to related companies | **-** | 127,768 |
| **Totales** | **-** | 127,768 |

Loans granted to related parties have on-demand maturities and annual simple interest rate between 4% and 6%.

**E. Trade payables**

As of December 31, 2022 and 2021, trade and other payables are detailed as follows:

**Current**

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade payables | **532,204** | 398,768 |
| Payables due to related parties | **976,749** | 601,754 |
| Other payables | **1,703** | 4,221 |
| **Total** | **1,510,656** | 1,004,743 |

**Notes forming part of the Financial Statements**

### F. Other financial liabilities

As of December 31, 2022 and 2021, other current non-financial liabilities are detailed as follows:

**Current**

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Liabilities for contracts with customers | **-** | 24,566 |
| Liabilities for contracts with related companies | **12,653** | 7,039 |
| Other employee benefits | **243,619** | 181,184 |
| Other financial liabilities | **105,517** | - |
| **Total** | **361,789** | 212,789 |

### G. Other non-financial liabilities

As of December 31, 2022 and 2021, other current non-financial liabilities are detailed as follows:

**Current**

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Employee withholdings | **650,687** | 513,669 |
| Payroll tax with holdings | **77,986** | 65,917 |
| VAT fiscal debit, net | **194,730** | 250,490 |
| Other payables | **21,612** | 12,145 |
| **Total** | **945,015** | 842,221 |

### H. Equity disclosures

Subscribed, fully-paid capital and number of shares

As of December 31, 2022 and 2021, the Company's share capital is composed of the following:

**Number of shares**

[ThCh$]

| Series | No. Subscribed | No. Of paid shares | No. Of shares with voting rights |
|---|---|---|---|
| **Single** | **431,926** | **431,926** | **431,926** |

**Capital**

[ThCh$]

| Series | Subscribed capital | Share capital |
|---|---|---|
| Single | 16,997,134 | 16,997,134 |

Capital management is intended to maximize the value for the shareholders, safeguard business continuity, and support the Company's growth. The Company determines capital requirements based on annual operating plans, long-term investment plans and other strategic investment plans. Financing requirements are met through capital and cash flows from operating activities generated. The Company is not subject to any capital requirement imposed externally.

**I. Financial assets and financial liabilities**

As of December 31, 2022, the carrying amount of financial instruments by category is as follows:

**2022**

[ThCh$]

| | Amortized cost | Total carrying amount |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **5,452,792** | **5,452,792** |
| Trade Receivables | | |
| Billed | **6,691,343** | **6,691,343** |
| Unbilled | **1,283,198** | **1,283,198** |
| Other current & non-current financial assets | **634,035** | **634,035** |
| **Total** | **14,061,368** | **14,061,368** |
| **Financial liabilities** | | |
| Trade payables | **1,510,656** | **1,510,656** |
| Other financial liabilities | **361,789** | **361,789** |
| **Total** | **1,872,445** | **1,872,445** |

As of December 31, 2021, the carrying amount of financial instruments by category is detailed as follows:

**2021**

[ThCh$]

| | Amortized cost | Total carrying amount |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 5,342,083 | 5,342,083 |
| Trade Receivables | | |
| Billed | 5,222,104 | 5,222,104 |
| Unbilled | 2,143,429 | 2,143,429 |
| Other current & non-current financial assets | 634,790 | 634,790 |
| **Total** | 13,342,406 | 13,342,406 |
| **Financial liabilities** | | |
| Trade payables | 1,004,743 | 1,004,743 |
| Other financial liabilities | 212,789 | 212,789 |
| **Total** | 1,217,532 | 1,217,532 |

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables (prior year: unbilled revenue), and trade payables as of December 31, 2022 and 2021, approximate their fair value. The difference between carrying amounts and fair values of bank deposits, cash in banks, other financial assets, other financial liabilities and subsequent loans measured at amortized cost is not significant for each period presented.

**Fair value hierarchy**

Fair value hierarchy is based on valuation techniques used to measure the fair value of observable and unobservable inputs, and includes the following three levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair values are determined totally or in part using a valuation model based on assumptions that are not supported by market transaction prices currently observable in the same instrument or based on available market data.

**J. Financial risk management**

The Company is mainly exposed to variations in foreign exchange rates, credit, liquidity and interest rate risks that may negatively affect the fair value of its financial instruments. The Company has a risk management policy that covers the risks associated with financial assets and financial liabilities. The risk management policy is approved by the Board of Directors. The approach applied by the risk management committee is to assess the unforeseability of the financial environment and mitigate the potential negative effects on the Company's financial performance.

**(a) Market risk**

The Company is exposed to market risk related to the risk of fluctuations in the fair value or future cash flows from a financial instrument because of changes in market prices. Such changes in the value of financial instruments may arise from movements in foreign currency exchange rates, interest rate, credit, liquidity and other changes in the market. The exposure to market risk relates mainly to the currency risk.

**(b) Currency risk**

The fluctuation of foreign currency exchange rate differences may have a potential effect in the statement of profit or loss and other comprehensive income, where any transaction refers to one or more currencies when assets / liabilities are denominated in a currency that is different from the entity's functional currency.

Considering the economic environment of the country in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in such country. The risks mainly relate to the fluctuations in U.S. dollar against the Company's functional currency.

The exchange rate sensitivity is calculated by adding the net exposure to currency risk and a simultaneous change of parallel exchange rates of all currencies by 10% compared to the Company's functional currency.

The analysis below has been prepared based on the Company's net exposure at the reporting date that may affect the statement of profit or loss and other comprehensive income.

As of December 31, 2022, the information related to the exposure to the currency risk is detailed as follows:

| 2022 | USD | MXN | UF | COP |
|---|---|---|---|---|
| **Financial assets, net** | **1,572,872** | **33,975** | **253,111** | **747** |
| **Financial liabilities, net** | **963,581** | **-** | **199,211** | **-** |

The appreciation / depreciation of 10% of related foreign currencies with respect to the functional currency of the Company would result in a decrease / increase in profit before taxes of approximately ThCh$ 697,14 for the year ended December 31, 2022.

As of December 31, 2021 the information related to the exposure to currency risk is as follows:

| 2021 | USD | MXN | UF | EUR | COP |
|---|---|---|---|---|---|
| Financial assets, net | 5,980,353 | 46,328 | 734,601 | (14,473) | 51,225 |
| Financial liabilities, net | 972,871 | - | 146,824 | - | - |

The appreciation / depreciation of 10% of related foreign currencies with respect to the functional currency of the Company would result in a decrease / increase in profit before taxes of approximately ThCh$ 5,678 for the year ended December 31, 2021.

**(c) Interest rate risk**

The Company is not exposed to interest rate risk.

**(d) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual terms or obligations. Credit risk includes the direct risk of default and impairment of credit quality, as well as the concentration of risks. Credit risk is controlled by the analysis of credit limits and the credit capability of customers on an ongoing basis that have been obtained the credit after receiving the authorizations required.

Financial instruments subject to concentrations of credit risk include mainly trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and other financial assets. As of December 31, 2022, cash and cash equivalents include ThCh$5,452,792 held in a bank located in Chile with a high quality credit rating exceeding individually 10% or more of the Company's total cash and cash equivalents. None of the Company's other financial instruments result in a significant concentration of credit risk.

**Exposure to liquidity risk**

The carrying amount of financial assets represents the maximum credit exposure. As of December 31, 2022 and 2021, the maximum credit exposure amounted to ThCh$ 14.758 and ThCh$14.051, respectively, which corresponds to total carrying amount of cash in banks, bank deposits, trade receivables, unbilled revenue, other financial assets and investments.

**Trade receivables and contract assets**

The exposure to credit risk with respect to trade receivables and contract assets is mainly influenced by individual features of each customer in connection with the practices in the industry and the economic environment in which they operate. The entity limits its exposure to credit risk of trade receivables by establishing a maximum payment period of 272 days for its customers. Subsequent to this, the customers are at default (impaired loan). To manage this risk, the Company has a strong credit management process. The Company has adopted a policy to engage operations only with solvent counterparties. The counterparties' exposure is monitored on a regular basis, and changes to the credit conditions are made as required. The carrying amount of financial assets represents the maximum credit exposure. The Company has derecognized no customer balances, and only a few balances have impaired at the reporting date.

As of December 31, 2022 and 2021, the Company's exposure to customer is diversified; however, certain customers concentrate more than 10% of trade receivables and unbilled revenue:

[ThCh$]

| | As of December 31, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|
| | **Total receivables and provisions for revenue** | **%** | **Total receivables and provisions for revenue** | **%** |
| Customer A | **1,128,048** | **13%** | 1,021,088 | 13% |
| Customer B | **982,853** | **11%** | 968,394 | 12% |

**Geographical concentration of credit risk.**

The geographical concentration of trade receivables (gross and net of provisions) and unbilled revenue are detailed as follows:

## Notes forming part of the Financial Statements

| Geographic concentration of credit | 2022<br>% | 2021<br>% |
|---|---|---|
| Ibero-america | **93%** | 92% |
| Other | **7%** | 8% |

Geographical concentration of trade receivables and unbilled revenue are assigned by the customer location.

The Company uses a provision matrix to measure the expected credit loss from receivables from customers. The expected credit loss is based on credit maturity dates and is detailed as follows:

[ThCh$]

| 31-12-2022 | Weighted -average loss rate | Gross carrying amount | Loss allowance | Credit-impaired |
|---|---|---|---|---|
| No Due | **0%** | **5,649** | **(1)** | **No** |
| 1-90 | **0%** | **478** | **(1)** | **No** |
| 91-180 | **1%** | **-** | **-** | **No** |
| 181-272 | **28%** | **-** | **-** | **No** |
| >273 | **100%** | **-** | **-** | **Yes** |

[ThCh$]

| 31-12-2021 | Weighted -average lotss rate | Gross carrying amount | Loss allowance | Credit-impaired |
|---|---|---|---|---|
| No Due | 0% | 3,731 | - | No |
| 1-90 | 0% | 514 | - | No |
| 91-180 | 0% | 77 | - | No |
| 181-272 | 0% | - | - | No |
| >273 | 100% | - | - | Yes |

* The gross carrying amount excludes intercompany receivables

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. Liquidity risk management is intended to maintain sufficient liquidity and ensure that funds are available for use as per the requirements.

On a regular basis, the Company generated sufficient cash flows from operations to meet its financial obligations as they mature.

The Company addresses no significant liquidity risk related to its lease liabilities, because current assets are sufficient to comply with obligations related to lease liabilities when they mature.

The detail of the contractual maturities of significant financial liabilities is included in the tables below:

[ThCh$]

| 2022 | Expired in 1st year | Expired in 2nd year | Expired in 3rd and 5th year M& | Expired more than 5th year | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| **Trade payables** | **1,510,656** | **-** | **-** | **-** | **1,510,656** |
| **Lease liabilities** | **664,075** | **1,256,031** | **-** | **-** | **1,920,106** |
| **Other financial liabilities** | **361,789** | **-** | **-** | **-** | **361,789** |
| **Total** | **2,536,519** | **-** | **-** | **-** | **3,792,551** |

[ThCh$]

| 2021 | Expired in 1st year | Expired in 2nd year | Expired in 3rd and 5th year M& | Expired more than 5th year | Total |
|---|---|---|---|---|---|
| Non-derivative financial liabilities: | | | | | |
| Trade payables | 1,004,743 | - | - | - | 1,004,743 |
| Lease liabilities | 849,996 | 723,603 | 1,196,504 | - | 2,770,103 |
| Other financial liabilities | 212,789 | - | - | - | 212,789 |
| Total | 2,067,528 | 723,602 | 1,303,311 | - | 3,796,635 |

## 5. Balances and transactions with related parties

### A. Balances and transactions with related parties

**(a) Trade receivables – Billed**

**Current**

[ThCh$]

| Taxpayer ID | Company s Name | Relationship | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|---|
| Foreign | Tata Consultancy Services De Mexico S.A., De C.V. | Common shareholder | **(1,557)** | 23,369 |
| Foreign | Tata Consultancy Services Colombia | Common shareholder | **687** | 87,568 |
| Foreign | Tata Consultancy Services Limited (india) | Ultimate Parent | **572,605** | 610,167 |
| | **Total** | | **571,735** | 721,104 |

## Notes forming part of the Financial Statements

### (b) Payables

**Current** [ThCh$]

| Taxpayer ID | Company's Name | Relationship | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|---|
| Foreign | Tata Consultancy Services Limited | Ultimate Parent | **499,914** | 174,362 |
| 77.879.360-1 | TCS Inversiones Chile Limitada | Common shareholder | **44,251** | 66,951 |
| Foreign | Tata Consultancy Services de México S.A | Common shareholder | **180,049** | 107,013 |
| Foreign | MGDC S.A. | Common shareholder | **2,616** | 2,598 |
| Foreign | Tata Consultancy Services Sucursal del Perú | Branch | **88,686** | 143,942 |
| Foreign | TCS Solution Center Sucursal Colombia | Common shareholder | **3,920** | 22,950 |
| Foreign | Tata Sons Private Limited. | Common shareholder | **152,595** | 74,848 |
| Foreign | TCS Solution Center S.A. | | **4,717** | 9,911 |
| | **Total** | | **976,749** | 601,574 |

### (c) Trade receivables – Unbilled

**Current** [ThCh$]

| Taxpayer ID | Company s Name | Relationship | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|---|
| Foreign | Tata Consultancy Services Limited | Ultimate Parent | **28,230** | 55,841 |
| 77.879.360-1 | Tata Consultancy Services de México S.A. | Common shareholder | **33,975** | 22,959 |
| Foreign | Tata Consultancy Services de Colombia | Common shareholder | **-** | 17,497 |
| | **Total** | | **62,205** | 96,297 |

### (d) Unearned trade receivables

**Current** [ThCh$]

| Taxpayer ID | Company's Name | Relationship | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|---|
| Foreign | Tata Consultancy Services Limited | Ultimate Parent | **67,407** | 32,810 |
| | **Total** | | **67,407** | 32,810 |

**(e) Loans receivable**

[ThCh$]

| | | | Current | | Non Current | |
|---|---|---|---|---|---|---|
| **Taxpayer ID** | **Company's Name** | **Relationship** | **As of December 31, 2022** | **As at December 31, 2021** | **As of December 31, 2022** | **As at December 31, 2021** |
| 77.879.360-1 | TCS Inversiones Chile Limitada | Parent | **-** | - | **-** | 127,768 |
| | **Total** | | **-** | - | **-** | 127,768 |

**(f) Interest receivable**

[ThCh$]

| | | | Current | | Non Current | |
|---|---|---|---|---|---|---|
| **Taxpayer ID** | **Company's Name** | **Relationship** | **As of December 31, 2022** | **As at December 31, 2021** | **As of December 31, 2022** | **As at December 31, 2021** |
| 77.879.360-1 | TSC Inversiones Chile Ltda. | Parent | **(57)** | 18,156 | - | - |
| Foreign | Tata Consultancy Services Sucursal del Perú | Branch | **603,711** | 599,597 | - | - |
| | **Total** | | **603,654** | 617,753 | - | - |

**(g) Other current financial assets**

[ThCh$]

| | | | Current | |
|---|---|---|---|---|
| **Taxpayer ID** | **Company's Name** | **Relationship** | **As of December 31, 2022** | **As at December 31, 2021** |
| Foreign | Tata Consultancy Services Limited | Ultimate Parent | **(5)** | 80 |
| | **Total** | | **(5)** | 80 |

## Notes forming part of the Financial Statements

### (h) Other current financial liabilities

[ThCh$]

| | | | Current | |
|---|---|---|---|---|
| **Taxpayer ID** | **Company's Name** | **Relationship** | **As of December 31, 2022** | **As at December 31, 2021** |
| Foreign | Tata Consultancy Services Limited | Ultimate Parent | **12,653** | 7,039 |
| | **Total** | | **12,653** | 7,039 |

Transactions among the Company and its related parties correspond to customary operations in terms of their objective and conditions.

Balances receivable and payable are mainly expressed in U.S. dollars and for interest-bearing loans of an approximate annual average rate ranging from 4% to 6% not associated with a repayment schedule, the classification is based on the expected collection period of such accounts receivable.

For 2022, current receivables mainly relate to trade receivables of ThCh$6,691,343 (services rendered), other current financial assets of ThCh$ 634,035 (loans and interests) while for 2021 this item mainly relates to trade receivables of ThCh$5,222,104 (services rendered), other current financial assets of ThCh$ 634,790 (loans and interests).

Non-current receivables relate to other non-current financial assets of ThCh$ 0 and ThCh$ 127.768 for 2022 and 2021, respectively (loans and interests).

Intercompany payables mainly relate to trade payables of ThCh$831,095 and ThCh$ 651.836for 2022 and 2021, respectively (services rendered).

[ThCh$]

| | | | As of December 31, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|---|---|
| **Company** | **Relationship** | **Transaction description** | **Amount** | **Credt/ (debit) to profit or loss** | **Amount** | **Credt/ (debit) to profit or loss** |
| Tata Consultancy Services Limited | Ultimate Parent | Purchase of services | **754,594** | **(754,594)** | 782,822 | (782,822) |
| | | Expense reimbursement | **208,431** | **(208,431)** | 196,703 | (196,703) |
| | | Overhead services | **756,080** | **(756,080)** | 748,335 | (748,335) |
| | | Revenue from operations | **3,263,860** | **3,263,860** | 2,633,209 | 2,633,209 |
| TCS Inversiones Chile Limitada | Parent | Loan repayment | **123,964** | **(123,964)** | 188,289 | (188,289) |
| | | Interest income | **2,590** | **(2,590)** | 12,267 | (12,267) |
| | | Overhead services | **223,107** | **(223,107)** | 258,226 | (258,226) |
| | | Dividends paid | **7,800,614** | **-** | 8,648,889 | - |
| TCS Iberoamerica S.A. | | Dividends paid | **18** | **-** | 20 | - |

| | | | As of December 31, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|---|---|
| **Company** | **Relationship** | **Purchase of services** | **Amount** | **Credt/ (debit) to profit or loss** | **Amount** | **Credt/ (debit) to profit or loss** |
| Tata Consultancy Services Sucursal del Perú | Sucursal | Purchase of services | **265,197** | **(265,197)** | 138,083 | (138,083) |
| Tata SonsT | Common shareholders | Use of brand | **241,223** | **(241,223)** | 74,849 | (74,849) |
| TCS Solution Center Sucursal Colombia | Common shareholders | Expense reimbursement | **110** | **(110)** | - | - |
| | | Revenue from operations | **192,084** | **192,084** | 153,946 | 153,946 |
| | | Purchase of services | **27,267** | **(27,267)** | 35,307 | (35,307) |
| Tata Consultancy Services de México S.A. de CV | Common shareholders | Revenue from operations | **349,042** | **349,042** | 335,261 | 335,261 |
| | | Expense reimbursement | **-** | **-** | 44 | (44) |
| | | Purchase of services | **367,694** | **(367,694)** | 269,047 | (269,047) |
| Tata Consultancy Services Brasil | Common shareholders | Expense reimbursement | **-** | **-** | - | - |
| Tata Solution Center S.A. | Subsidiary | Dividends Income | **4,128,251** | **4,128,251** | 5,625,081 | 5,625,081 |
| TCS Solution Center S.A. | Common shareholders | Purchase of services | **55,560** | **(55,560)** | 53,464 | (53,464) |

## 6. Income tax assets (net)

### A. As of December 31, 2022 and 2021, current tax assets are as follows:

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Monthly provisional income tax payments | **1,050,031** | 364,789 |
| Credit for training expenses | **-** | - |
| Credit from profits of Perú and other credti | **311,901** | 284,665 |
| Credith from dividends of Ecuador | **1,582,496** | 2,025,029 |
| Provision for income tax | **(2,944,428)** | (2,326,283) |
| **Total** | **-** | 348,200 |

## Notes forming part of the Financial Statements

**B. As of December 31, 2022 and 2021, non-current tax assets are as follows:**

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Remaining balance from prior year | **366,344** | 1,463,055 |
| Provision for income tax | **704,087** | (1,096,711) |
| **Total** | **1,070,431** | 366,344 |

**IFRIC 23 Interpretation Uncertainty over Income Tax Treatment**

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

**Application of IFRIC 23**

The company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no continuous instances of any uncertain tax treatment in the past and on that basis, it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

## 7. Non-financial assets and liabilities

**A. Furniture and equipment**

The cost of items of furniture and equipment comprises their acquisition cost plus any other costs directly attributable to bringing the assets to a working condition for their intended use as foreseen by Management and the initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located. Financial cost is capitalized in accordance with IAS 23.

Repair, preservation and maintenance expenses are expensed in profit or loss in the period in which they are incurred. Note that certain items of furniture and equipment of Tata Consultancy Services Chile S.A. require regular reviews. In this sense, the items that are replaced are recognized separately from the rest of the asset and with a disaggregation level which allows their amortization in the period between the present and next repair.

Expansion, modernization and improvement costs that represent an increase in productivity, capacity or efficiency, or an increase in the useful life, are capitalized as an increase in the value of the assets.

The gain or loss from selling or retirement of an asset is calculated as the difference between the price obtained from the sale and the carrying amount in the accounting records with a debit or credit to profit or loss for the period.

**Depreciation**

Items of furniture and equipment are depreciated using the straight-line method by distributing the acquisition cost of the assets less their estimated residual value over the estimated useful lives of assets.

The residual value and useful life of items of furniture and equipment are reviewed on an annual basis, and depreciation starts when assets are brought to working condition for their intended use.

The main items of property, plant and their related useful lives are shown below:

| | Financial useful life (years) |
|---|---|
| Furniture and supplies | 5 |
| Computers and Equipment | 4 |
| Electrical and air conditioning equipment | 10 |
| Archive installations | 10 |

Land is recognized separately from the buildings or facilities that may stand on them, it has an indefinite life and, accordingly, it is not depreciated.

Tata Consultancy Services Chile S.A., at least annually, assesses the existence of a possible impairment of assets in furniture and equipment. Any reversal of the impairment loss is recognized in profit or loss, where applicable.

**Impairment**

Furniture and equipment with a limited useful life are assessed to recover them as long as there is any indication that their carrying amount may not be recoverable. Should such indication exist, the recoverable amount (i.e. the higher of its fair value less costs to sell and its value in use) is determined based on an individual asset, unless such asset generates no cash inflows that are largely independent from other assets. In such cases, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is lower than its carrying amount, then the asset's carrying amount (or CGU) is reduced to its recoverable amount. Impairment losses are recognized in profit or loss.

### (a) Detail

The detail by class of furniture and equipment at each year-end, net and gross, is as follows:

(ThCh$)

| Classes of furniture and equipment, net | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| IT equipment | **1,015,294** | 492,833 |
| Office equipment | **121,929** | 107,618 |
| Assets under construction | **221,468** | 4,229 |
| Furniture and fixtures | **139,838** | 118,999 |
| Machinery | **25,729** | 43,365 |
| Electrical installations | **41,540** | 39,251 |
| Leasehold improvements | **349,997** | 302,309 |
| **Total furniture and equipment, net** | **1,915,795** | 1,108,604 |

(ThCh$)

| Classes of furniture and equipment, gross | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| IT equipment | **7,860,183** | 6,989,555 |
| Office equipment | **922,595** | 867,500 |
| Assets under construction | **221,468** | 4,229 |
| Furniture and fixtures | **771,056** | 707,720 |
| Machinery | **2,051,753** | 2,051,753 |
| Electrical installations | **211,112** | 202,903 |
| Leasehold improvements | **1,300,777** | 1,161,210 |
| **Total furniture and equipment, gross** | **13,338,944** | 11,984,870 |

## Notes forming part of the Financial Statements

(ThCh$)

| Types of accumulated depreciation and impairment of furniture and equipment | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| IT equipment | **(6,844,889)** | (6,496,722) |
| Office equipment | **(800,666)** | (759,881) |
| Furniture and fixtures | **(631,218)** | (588,721) |
| Machinery | **(2,026,024)** | (2,008,387) |
| Electrical installations | **(169,572)** | (163,654) |
| Leasehold improvements | **(950,780)** | (858,901) |
| **Total accumulated depreciation and impairment of furniture and equipment** | **(11,423,149)** | (10,876,266) |

### (b) Movements

Accounting movements in net furniture and equipment for the years ended December 31, 2022 and 2021 are as follows:

[ThCh$]

| | IT equipment | Office equipment | Assets under construction | Furniture and fixture | Machinery | Electrical installations | Improvements in leased property | Property, plant and equipment, net |
|---|---|---|---|---|---|---|---|---|
| **Opening balance as of January 1, 2022 (net of accumulted depreciation)** | **492,833** | **107,619** | **4,229** | **118,999** | **43,365** | **39,251** | **302,309** | **1,108,604** |
| **Acquisitions** | **870,628** | **55,095** | **217,239** | **63,336** | - | **8,211** | **139,565** | **1,354,074** |
| **Sales and disposals** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Depreciation expense** | **(343,307)** | **(39,452)** | **-** | **(40,847)** | **(17,636)** | **(5,895)** | **(90,022)** | **(537,159)** |
| **Other increases/ (decreases)** | **(4,862)** | **(1,332)** | **-** | **(1,651)** | **-** | **(25)** | **(1,856)** | **(9,726)** |
| **Net property, plant and equipment as of December 31, 2022** | **1,015,292** | **121,930** | **221,468** | **139,837** | **25,729** | **41,542** | **349,996** | **1,915,795** |
| **Total net property, plant and equipments as of December 31, 2022** | **1,015,292** | **121,930** | **221,468** | **139,837** | **25,729** | **41,542** | **349,996** | **1,915,795** |

| | IT equipment | Office equipment | Assets under construc-tion | Furniture and fixture | Machinery | Electrical installa-tions | Improve-ments in leased property | Property, plant and equipment, net |
|---|---|---|---|---|---|---|---|---|
| Opening balance as of January 1, 2021 (net of accumulted depreciation) | 400,200 | 121,340 | 13,567 | 114,217 | 67,194 | 20,899 | 264,527 | 1,001,944 |
| Acquisitions | 302,976 | 24,423 | (9,338) | 39,791 | - | 21,850 | 92,932 | 472,634 |
| Sales ans disposals | - | - | - | - | - | - | - | - |
| Depreciation expense | (209,423) | (37,982) | - | (34,938) | (23,829) | (3,403) | (55,150) | (364,723) |
| Other increases/ (decreases) | (920,000) | (163,000) | - | (71) | - | (96) | 302,309 | (1,250) |
| Net property, plant and equipment as of December 31, 2021 | 492,833 | 107,619 | 4,229 | 118,999 | 43,365 | 39,251 | 302,309 | 1,108,604 |
| Total net property, plant and equipments as of December 31, 2021 | 492,833 | 107,619 | 4,229 | 118,999 | 43,365 | 39,251 | 264,527 | 1,108,604 |

The total depreciation expense for 2022 and 2021 amounts to ThCh$1,369,746 and ThCh$1.188.837, respectively, and is classified within the caption Depreciation expense in the separate statements of comprehensive income per nature.

Accounting movements in gross furniture and equipment for the years ended December 31, 2022 and 2021 are as follows:

[ThCh$]

| | IT equipment | Office equipment | Assets under construction | Furniture and fixture | Machinery | Electrical installations | Improvements in leased property | Property, plant and equipment, net |
|---|---|---|---|---|---|---|---|---|
| **Opening balance as of January 1, 2022,** | **6,989,555** | **867,500** | **4,229** | **707,720** | **2,051,753** | **202,903** | **1,161,210** | **11,984,870** |
| **Acquisitions** | **870,628** | **55,095** | **217,239** | **63,336** | **-** | **8,209** | **139,567** | **1,354,074** |
| **Sales ans disposals** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Depreciation expense** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Other increases/ (decreases)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total of gross property, plant and equipments as of December 31, 2022** | **7,860,183** | **922,595** | **221,468** | **771,056** | **2,051,753** | **211,112** | **1,300,777** | **13,338,944** |

## Notes forming part of the Financial Statements

| | IT equip ment | Office equipment | Assets under construction | Furniture and fixture | Machinery | Electrical installations | Improvements in leased property | Property, plant and equipment, net |
|---|---|---|---|---|---|---|---|---|
| Opening balance as of January 1, 2021 (net of accumulted depreciation) | 6,686,579 | 843,077 | 13,567 | 667,929 | 2,051,753 | 181,053 | 1,068,279 | 11,512,236 |
| Acquisitions | 302,976 | 24,423 | (9,338) | 39,791 | - | 21,850 | 92,932 | 472,634 |
| Sales ans disposals | - | - | - | - | - | - | - | - |
| Depreciation expense | - | - | - | - | - | - | - | - |
| Other increases/ (decreases) | - | - | - | - | - | - | - | - |
| Total of gross property, plant and equipments as of December 31, 2021 | 6,989,555 | 867,500 | 4,229 | 707,720 | 2,051,753 | 202,903 | 1,160,210 | 11,984,870 |

Accounting movements in accumulated depreciation of furniture and equipment for the years ended December 31, 2022 and 2021 are as follows:

[ThCh$]

| | IT Equipment | Office equip-ment | Furniture and fixtures | Machinery | Electrical installations | Leasehold Improve-ments | Property, plant and equipment, net |
|---|---|---|---|---|---|---|---|
| **Opening balance as of January 1, 2022 (accumulted depreciation)** | **6,496,721** | **759,881** | **588,721** | **2,008,388** | **163,653** | **858,902** | **10,876,265** |
| **Acquisitions** | - | - | - | - | - | - | - |
| **Sales ans disposals** | - | - | - | - | - | - | - |
| **Depreciation expense** | **343,307** | **39,452** | **40,847** | **17,636** | **5,895** | **90,022** | **537,159** |
| **Other increases/ (decreases)** | **4,862** | **1,332** | **1,651** | - | **25** | **1,856** | **9,726** |
| **Net property, plant and equipment as of December 31, 2022** | - | - | - | - | - | - | - |
| **Total net property, plant and equipments as of December 31, 2022** | **6,844,890** | **800,665** | **631,219** | **2,026,024** | **169,573** | **950,780** | **11,423,150** |

[ThCh$]

| IT equipment | IT Equipment | Office equipment | Furniture and fixtures | Machinery | Electrical installations | Leasehold Improve-ments | Property, plant and equipment, net |
|---|---|---|---|---|---|---|---|
| Opening balance as of January 1, 2021 (accumulted depreciation) | 6,286,379 | 729,736 | 553,712 | 1,984,559 | 160,154 | 803,752 | 10,510,292 |
| Acquisitions | - | - | - | - | - | - | - |
| Sales ans disposals | - | - | - | - | - | - | - |
| Depreciation expense | 209,423 | (37,982) | 34,938 | 23,829 | 3,403 | 55,150 | 364,723 |
| Other increases/ (decreases) | 920 | 163 | 71 | - | 97 | - | 1,249 |
| **Net property, plant and equipment as of December 31, 2021** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total accumulated depreciation as of December 31, 2021** | 6,496,721 | 759,881 | 588,721 | 2,008,388 | 163,654 | 858,902 | 10,876,265 |

**(c) Additional information**

**(i) Insurance**

The Company has entered into insurance policies to cover the possible risks to which the different elements of furniture and equipment may be exposed to, as well as possible claims that might be presented due to the exertion of its activity; these policies sufficiently cover the risks to which they are exposed to.

**(ii) Depreciation cost**

The depreciation of assets is calculated using the straight-line method during their economic useful life.

Such useful life has been determined based on the expected natural impairment, technical or business obsolescence from changes and/or improvements in production and changes in the market demands of products obtained from operations of such assets.

**(iii) Operating leases**

TCS records properties and equipment leased under operating lease agreements. Most lease agreements include renewal and escalation clauses. Rental expenses from operating leases amounted to MCh$ 16 and MCh$ 25 in fiscal years 2022 and 2021, respectively.

Below there is a summary of future minimum lease rental commitments for operating leases:

| Supplier 2022 | Concept | UF value annual | Beginning date | Completion date | Concept |
|---|---|---|---|---|---|
| **Sociedad lautaro Rios e hijos Ltda.** | **Leasehold of Valparaiso's branch** | **480** | **12-02-2022** | **12-02-2023** | **Automatically renewable for a 1-year period.** |
| **2021** | | | | | |
| Sociedad lautaro Rios e hijos Ltda. | Leasehold of Valparaiso's branch | 480 | 12-02-2021 | 12-02-2022 | Automatically renewable for a 1-year period. |

## Notes forming part of the Financial Statements

Future commitments are as follows:

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Leasehold of properties** | | |
| Upto a year | **15,797** | 14,888 |
| Between a year and five years | **-** | - |
| More than five years | **-** | - |
| **Total** | **15,797** | 14,888 |

### B. Goodwill

Goodwill represents the positive difference between the acquisition cost and the fair value of the identifiable assets acquired, liabilities and contingent liabilities of the acquiree. Goodwill is initially measured at cost and subsequently measured at cost less impairment losses, if any. Goodwill is reviewed annually for the existence of any impairment indications or more frequently if events or changes in circumstances exist indicating that the carrying amount may be impaired.

**Impairment**

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication for impairment. The financial projections basis which the future cash flows have been estimated consider the increase in economic uncertainties due to COVID-19, reassessment of the discount rates, revisiting the growth rates factored while arriving at terminal value and subjecting these variables to sensitivity analysis. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Relates to goodwill generated as a result of the acquisition of Comicrom S.A. in 2005.

On November 7, 2005, Tata Consultancy Services BPO Chile S.A. (formerly, Tata Consultancy Services (TCS) Chile Ltda.) acquired from Opencrom S.A., 99.99% of ownership interest in Comicrom S.A. The initial balance paid amounted to ThCh$12,099,597 (historical amount), generating an initial goodwill of ThCh$8,584,142 (historical amount) at such date.

The Company determined the fair value of assets and liabilities of the acquiree based on the purchase assessment process, requiring the involvement of external professional specialists, who issued a report on March 10, 2006. Such report determined that no significant differences existed between the initial assessment of the fair value of the acquiree's assets and liabilities and the amount reported by the external specialists.

The purchase and sale contract for the property of Comicrom S.A. included price adjustment provisions subject to the compliance with certain financial ratios until 2010, which were part of the final determination of the price paid and goodwill.

As of December 31, 2022 and 2021, goodwill amounting to ThCh$17,720,950 has been allocated to the Tata Consultancy Services Chile S.A. cash-generating unit. The company makes an estimate of the value in use of the Tata Consultancy Services Chile S.A. cash-generating unit based on future cash flows using an annual growth rate of 3% after a forecast of five years considering a discount rate of 8.63%. A sensitivity analysis of changes in measurement parameters (operating margin, discount rate and average long-term growth rate) based on assumptions fairly probable has identified no probable scenario where recoverable amounts of the cash-generating unit may decrease to less than the carrying amount.

## C. Other non-current assets

The other non-current assets as of December 31, 2022 and 2021, respectively, are detailed below:

[ThCh$]

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Security Deposit | **36,897** | 29,558 |
| **Total** | **36,897** | 29,558 |

## D. Other current assets

The detail of other current non-financial assets as of December 31, 2022 and 2021, is as follows:

[ThCh$]

| **Prepayments** | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Prepayments | **135,751** | 105,579 |
| Contractual assets | **659,096** | 581,599 |
| **Total** | **794,847** | 687,178 |

The movement in the contract assets is given below:

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Opening balances as of December 31, 2021** | **581,599** | 453,513 |
| Recognized revenue at the beginning of the period | **(513,184)** | (441,512) |
| Increase due to invoicing during the year, exluding amounts revenue during the year | **576,272** | 558,163 |
| Foreign currency translation differences | **14,409** | 11,435 |
| **Closing balances as of December 31, 2022** | **659,096** | 581,599 |

## E. Other non financial liabilities

The detail of the other current non-financial liabilities as of December 31, 2022 and 2021, is as follows:

**Currents**

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Employee withholdings | **650,687** | 513,669 |
| Payroll tax withholdings | **77,986** | 65,917 |
| VAT fiscal debit, net | **194,730** | 250,490 |
| Other payables | **21,612** | 12,145 |
| **Total** | **945,015** | 842,221 |

## 8. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**As a lessee**

- The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component based on the stand-alone price related to the lease component and the aggregate stand-alone price of non-lease components.
- The Company recognizes the right-of-use asset that represents its right to use the underlying asset during the lease term on the commencement date of the lease. The cost of the right-of-use asset measured at inception shall comprise the amount of the initial measurement of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are subsequently measured at cost less any accumulated depreciation or accumulated impairment losses, if any, and are adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated using the straight-line method starting from the commencement date over the shorter of the lease term or the useful life of the right-of-use asset. Estimated useful lives of right-of-use assets are determined on the same basis as those of furniture and equipment. Right-of-use assets are tested for impairment when there is evidence that the carrying amount may not be recoverable. Impairment losses, if any, are recognized in profit or loss.
- The Company measure the lease liability at the present value of lease payments that are not paid at the commencement date of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If this rate cannot be readily determined, the Company shall use its incremental borrowing rate. For leases with reasonably similar characteristics, the Company may adopt, on a lease-by-lease basis, the incremental borrowing rate specific for the lease or the incremental borrowing rate for the portfolio as a whole. Lease payments will include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option if the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.
- The lease liability is subsequently remeasured increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognizes the amount of the remeasurement of the lease liability due to the modification as an adjustment to the right-of-use asset and profit or loss, depending on the nature of the modification. When the carrying amount of the right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.
- The Company has elected not to apply the requirements of IFRS 16 to leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use assets owned by the Company are detailed as follows:

[ThCh$]

| | Acquisitions for 2022 | Net carrying amount for 2022 | Acquisitions for 2021 | Net carrying amount for 2021 |
|---|---|---|---|---|
| Leased land | **-** | **-** | - | - |
| Buildings | **-** | **1,743,411** | - | 2,566,274 |
| Leasehold improvements | **-** | **-** | - | - |
| Computer equipment | **-** | **-** | - | - |
| Furniture, fixtures, office equipment and other assets | **-** | **-** | - | - |
| **Total** | **-** | **1,743,411** | - | 2,566,274 |

The depreciation of the right-of-use asset is as follows:

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Leased land | - | - |
| Buildings | **822,863** | 822,863 |
| Computer equipment | - | - |
| Furniture, fixtures, office equipment and other assets | - | - |
| **Total** | **822,863** | 822,863 |

**Amounts recognized in the statement of profit or loss**

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Depreciation | **822,863** | 822,863 |
| Interest on the lease liability | **89,441** | 121,524 |
| Expenses related to short-term leases and leases of low value assets | **36,391** | 28,074 |
| Income from subleases of right-of-use assets | - | - |

**Amounts recognized in the statement of cashflows**

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Total cash outflows for leases** | **1,127,487** | 939,442 |

The leasing contracts entered into by the Company mainly refer to buildings leased to carry out its business in the ordinary course. The Company has no lease restrictions and commitment to equities under the contract.

Current and non-current lease liabilities are detailed as follows:

| Supplier | Currency | Rate | Beginning date | Termination date | Carrying amount |
|---|---|---|---|---|---|
| Bello Monte | Ch$ | 3,89% | **Nov-17** | Dec-25 | 1,848,384 |
| Orinoco 150 | Ch$ | 3,78% | **Apr-18** | Mar-23 | 12,366 |
| Orinoco 720 | Ch$ | 3,78% | **Apr-18** | Mar-23 | 59,355 |
| | **Total** | | | | 1,920,105 |

## 9. Income tax and deferred taxes

Income tax expense comprises the current income tax expense and net variation in the deferred income tax asset or liability during the year. Current taxes and deferred taxes are recognized in profit or loss, except when they relate to items recognized in other comprehensive income or directly recognized in equity, in which case they are also recognized in other comprehensive income or directly in equity, respectively.

## Notes forming part of the Financial Statements

**Current income taxes**

Current income tax is based on the tax profit for the year, and is calculated using the tax rates enacted at the reporting date.

Prepaid taxes and current income tax provisions are recognized in the statement of financial position upon offsetting such prepaid taxes and income tax provisions generated from the same tax jurisdiction and where the relevant tax payment unit is aimed at settling the asset and liability on a net tax basis.

**Deferred taxes**

The Company recognizes deferred taxes using the statement of position method. Deferred taxes are obtained from temporary differences between the tax base of assets and liabilities, and their reported amounts in the financial statements.

Deferred tax assets and liabilities are measured using substantially enacted tax rates or rates expected to be applied on taxable income in the years the Company expects to receive them or the temporary differences are settled. Deferred tax assets and liabilities are offset when they relate to the income taxes collected by the same tax authority and the relevant company intends to settle its assets and liabilities on a net tax basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and discounted to the extent that it is not probable that sufficient taxable profit will be available to allow the use of a portion or all that deferred tax asset.

### A. Income tax recognized in profit or loss for the year

[ThCh$]

| **Income tax (expenses) benefit** | **As of December 31, 2022** | **As at December 31, 2021** |
|---|---|---|
| Adjustment to prior period current tax | **124,478** | 55,093 |
| Other current tax income/(expenses) | **(1,311,433)** | (1,538,114) |
| **Current tax expenses** | **(1,186,955)** | (1,483,021) |
| Deferred tax income/expenses related to the generation an reversal of temporary differences for current tax | **-** | - |
| Deferred tax income/(expenses) | **401,610** | (99,478) |
| **Total** | **(785,345)** | (1,582,499) |

### B. Reconciliation of accounting profit or loss to taxable profit or loss

[ThCh$]

| **Reconciliation of tax expenses using the legal rate to tax expenses using the effective rate** | **As of December 31, 2022** | **As at December 31, 2021** |
|---|---|---|
| Profit before tax | **8,366,173** | 10,122,856 |
| Effective tax rate | **27%** | 27% |
| Tax expense using the legal rate | **(2,258,867)** | (2,733,171) |
| Income with tax credit from foreign source | **291,501** | 261,804 |
| Adjustment of prior year tax determination | **124,478** | 55,092 |
| Change in deferred taxes | **(318,541)** | (401,505) |
| Dividends received from foreign source | **1,376,084** | 1,235,281 |
| **Tax income using the effective rate** | **(785,345)** | (1,582,499) |

On September 29, 2014, Law No. 20.780 was enacted in Chile, establishing a permanent change in the corporate income tax rate of 21% starting from 2014, up to a 27% starting from 2019.

On January 27, 2016, the Act that simplifies the tax reform was passed, which is intended to simplify the income tax system in force from 2017; make adjustments to the value-added tax; as well as to the anti-circumvention rules. Concerning tax system, the proposed amendment considers that Shareholders' corporations (openly and closely held), as in the case of the Company should always be taxed according to the partially-integrated system. Later, this system will be the general taxation regime for companies beginning from the commercial year 2017.

**C. Deferred taxes**

As of December 31, 2022 and 2021, the detail of accumulated balances of deferred tax assets and liabilities is as follows:

[ThCh$]

| | 2022 | 2021 |
|---|---|---|
| **Recognized deferred tax liabilities related to:** | | |
| Accrued vacations | **706,188** | 576,769 |
| Adoption of IFRS 16 | **47,708** | 55,035 |
| Other | **633,861** | 337,178 |
| **Total deferred taxes** | **1,387,757** | 968,982 |
| **Recognized deferred tax liabilities related to:** | | |
| Furniture and equipment | **(123,895)** | (106,731) |
| **Net amount** | **1,263,862** | 862,251 |

**D. Movement in deferred taxes**

As of December 31, 2022 and 2021, the detail of movements in deferred tax assets and liabilities is as follows:

[ThCh$]

| **2022** | Opening balance | Effects recognized in profit or loss | Closing balance |
|---|---|---|---|
| Recognized deferred tax assets related to: | | | |
| Goodwill from inventories | - | - | - |
| Accrued vacations | **576,769** | **129,419** | **706,188** |
| Adoption of IFRS 16 | **55,035** | **(7,327)** | **47,708** |
| Other | **337,178** | **296,683** | **633,861** |
| **Total deferred tax assets** | **968,982** | **418,775** | **1,387,757** |
| Recognized deferred tax liabilities related to: | | | |
| Furniture and equipment | **(106,731)** | **(17,164)** | **(123,895)** |
| **Net balance as of December 31, 2022** | **862,251** | **401,611** | **1,263,862** |

## Notes forming part of the Financial Statements

[ThCh$]

| 2021 | Opening balance | Effects recognized in profit or loss | Closing balance |
|---|---|---|---|
| Recognized deferred tax assets related to: | | | |
| Goodwill from inventories | - | - | - |
| Accrued vacations | 521,809 | 54,960 | 576,769 |
| Adoption of IFRS 16 | 53,700 | 1,335 | 55,035 |
| Other | 484,191 | (147,013) | 337,178 |
| **Total deferred tax assets** | 1,059,700 | (90,718) | 968,982 |
| Recognized deferred tax liabilities related to: | | | |
| Furniture and equipment | (97,971) | (8,760) | (106,731) |
| **Net balance as of December 31, 2021** | 961,729 | (99,478) | 862,251 |

## 10. Employee benefits

### A. Provision for employee benefits

As of December 31, 2022 and 2021, this caption is detailed as follows:

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Vacations | **2,615,511** | 2,136,180 |
| Others | **24,561** | 30,633 |
| **Total** | **2,640,072** | 2,166,813 |

### B. Movements in employee benefits

[ThCh$]

| 2022 | Other assingments | Accrued vacations | Total |
|---|---|---|---|
| Opening balance | **30,633** | **2,136,180** | **2,166,813** |
| Movements: | | | |
| Additional obligations | **324,760** | **1,845,706** | **2,170,466** |
| Obligations used | **(330,831)** | **(1,366,376)** | **(1,697,207)** |
| **Total movements** | **(6,071)** | **479,330** | **473,259** |
| **Closing balance as of December 31, 2022** | **24,562** | **2,615,510** | **2,640,072** |

[ThCh$]

| 2021 | Other assingments | Accrued vacations | Total |
|---|---|---|---|
| Opening balance | 56,390 | 1,932,624 | 1,989,014 |
| Movements: | | | |
| Additional obligations | 28,412 | 1,428,231 | 1,456,643 |
| Obligations used | (54,169) | (1,224,675) | (1,278,844) |
| **Total movements** | (25,753) | 203,556 | 177,799 |
| **Closing balance as of December 31, 2021** | 30,633 | 2,136,180 | 2,166,813 |

## 11. Deferred revenue

As of December 31, 2022 and 2021, deferred revenue as follows:

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Services invoiced in advance | **910,038** | 313,738 |
| Services invoiced in advance from related parties | **67,407** | 32,810 |
| **Total** | **977,445** | 346,548 |

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Opening balance as of December 31, 2021 | **346,548** | 798,925 |
| Recognized revenue at the beginning of the period | **(273,521)** | (602,698) |
| Increase due to invoicing during the year, excluding amounts recognized as revenue during the year. | **894,813** | 197,821 |
| Foreign currency translation differences | **9,605** | (47,500) |
| Closing balance as of December 31, 2022 | **977,445** | 346,548 |

## 12. Dividends paid

The distribution of dividends to the shareholders is recognized as a liability at the end of each year in the separate financial statements, based on the dividend policy established in the by laws and by the shareholders at the Ordinary General Shareholders' Meeting.

Dividends of ThCh$ 7,800,632 relate to dividends paid with a debit to retained earnings as of December 31, 22.

Dividends of ThCh$ 8,648,909 relate to dividends paid with a debit to retained earnings as of December 31, 21.

## 13. Operating profit

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.

In respect of other fixed-price contracts, revenue is recognized using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.

Revenue from the sale of distinct internally developed software and manufactured systems and third-party software is recognized upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customization services rendered significantly modifies or customizes the software, these services and software are accounted for as a single performance obligation and revenue is recognized over time on a POC method.

Revenue from the sale of distinct third-party hardware is recognized at the point in time when control is transferred to the customer.

**Notes forming part of the Financial Statements**

The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third-party products is recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there are billings in excess of revenues.

The billing schedules agreed with customers include periodic performance-based payments and / or milestone-based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognizes an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The disaggregation of revenue per nature is as follows:

| [ThCh$] | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Consulting services | **47,693,968** | 38,096,097 |
| Sale of equipment and software licences | **-** | 98,307 |
| **Total** | **47,693,968** | 38,194,404 |

The disaggregation of revenue per industry is as follows:

| **Industry vertical's** | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Banking, finance and insurance | **39,082,285** | 29,559,202 |
| Manufacture | **1,080,648** | 1,220,442 |
| Retail and consumer products | **2,017,626** | 2,260,823 |
| Communication, Media and Technology | **3,828,062** | 3,025,147 |
| Other | **1,685,347** | 2,128,790 |
| **Total** | **47,693,968** | 38,194,404 |

[ThCh$]

The disaggregation of revenue per geography is as follows:

| **Geographic location** | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Ibero-America | **47,693,968** | 38,194,404 |
| **Total** | **47,693,698** | 38,194,404 |

[ThCh$]

Geographical revenue is allocated based on customers' location.

Although the Company discloses the aggregate amount of the transaction price not yet recognized as revenue for unsatisfied (or partially satisfied) performance obligations, along with the expected time to recognize revenue, the Company has applied the practical expedient included in IFRS 15.

Accordingly, the Company has not disclosed the aggregated transaction price allocated to the unsatisfied (or partially satisfied) performance obligations that relate to contracts in which recognized revenue corresponds to the value transferred to the client that generally involves time and materials, result-based contracts and events.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors, such as terminations, changes in the scope of the contract, periodic revalidation of estimates, economic factors (changes in the exchange rates, tax laws, etc.). The aggregated amount of the transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ThCh$ 8,536,426 from which 70 % is expected to be recognized as revenue in the next year and subsequent balance. All considerations related to contracts with customers are included in the aforementioned amount.

Changes in unearned and deferred revenue are disclosed in Note 11.

**Notes forming part of the Financial Statements**

## 14. Finance income and other income

As of December 31, 2022 and 2021, finance income and other income is as follows:

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Interest from loans granted to related parties and other | **2,590** | 2,267 |
| Interest on deposits with Banks | **125,087** | 4,832 |
| Interest on Income Tax Refunds | **85,994** | 51,153 |
| Interest on Loans – Other | **-** | 53 |
| Dividend from Subsidiar y parties | **4,128,251** | 5,635,081 |
| **Total** | **4,341,922** | 5,693,386 |

## 15. Other operating expenses

As of December 31, 2022 and 2021, other operating expenses are as follows:

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Leases | **196,840** | 87,328 |
| Data transmissions circuits (communications) | **914,710** | 745,493 |
| Facilities expenses | **607,340** | 466,337 |
| Marketing and advertising | **31,447** | 26,908 |
| Office and other expenses | **3,578,532** | 3,224,783 |
| Subcontractors expenses | **1,578,386** | 1,629,098 |
| Travel expeneses | **170,310** | 105,652 |
| Notary and municipal expenses | **126,493** | 116,292 |
| Advisory services expeneses | **110,329** | 92,694 |
| Bad debts and advances written off, allowances for doubtful trade receivable and advances (Net) | **117,379** | - |
| Other expeneses | **57,867** | 102,459 |
| **Totals** | **7,489,633** | 6,597,044 |

## 16. Expenses by function

As of December 31, 2022 and 2021, expenses by function are detailed as follows:

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Salaries and employee benefits | **34,604,713** | 26,897,608 |
| Other operating expenses | **7,489,633** | 6,597,044 |
| Depreciation and amortization expenses | **1,369,746** | 1,188,837 |
| **Total** | **43,464,092** | 34,683,489 |

## 17. Foreign currency translation difference

[ThCh$]

| | As of December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Receivables due from/payables due to related parties | **16,984** | 38,195 |
| Other foreign currency translation differences | **(72,243)** | 1,028,876 |
| **Total** | **(55,259)** | 1,067,071 |

Other differences generated by cash available, receivables and payables in foreign currency.

## 18. Guarantees committed with third parties

As of December 31, 2022, collaterals and commitments relate to performance bonds issued by Scotiabank Chile (Formerly - BBVA) and Santander, which are detailed as follows:

| Customer | Currency | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|
| **Agencia de Calidad de la educacion** | **CLP** | **-** | **190,262,775** | **-** | **190,262,775** |
| **Banco de Chile** | **UF** | **4,371** | **-** | **-** | **4,371** |
| **Banco del Estado de Chile** | **CLP** | **-** | **-** | **7,756,076** | **7,756,076** |
| **Banco del Estado de Chile** | **UF** | **12,597** | **517** | **327** | **13,441** |
| **Banco Santander Chile** | **UF** | **3,389** | **-** | **-** | **3,389** |
| **CAT Administradora de Tarjetas S.A.** | **UF** | **915** | **-** | **-** | **915** |
| **Celulosa Arauco y Constitución S.A.** | **UF** | **2,489** | **-** | **-** | **2,489** |
| **Santander Consumer Chile S.A.** | **UF** | **-** | **2,003** | **-** | **2,003** |
| **Santander Consumer finance Ltda** | **UF** | **-** | **256** | **-** | **256** |
| **SCOTIABANK CHILE** | **UF** | **2,308** | **-** | **-** | **2,308** |
| **Telefónica Chile S.A.** | **UF** | **1,026** | **-** | **-** | **1,026** |
| **TRANSBANK S.A.** | **UF** | **7,132** | **-** | **-** | **7,132** |

## 19. Lawsuits and Contingencies

During the year 2022 the company maintain 3 cases of Laboral claims, as per in the opinion of the lawyers does not represent a risk for the company.

The Company has contractually committed (net prepayment) ThCh$232.015 as of December 31, 2022 and MCh$55.504 as of December 31, 2021 for the acquisition of furniture and equipment.

## 20. Subsequent events

Between January 1, 2023 and the date when financial statements were authorized for issue, there are no additional subsequent events that could affect the Company's financial position and/or profit or loss or which require disclosure in the notes to the financial statements.

# TATA SOLUTION CENTER S.A.

## FINANCIAL STATEMENTS

**For the year ended**
**December 31, 2022**

**With Independent Auditors' Report Thereon**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

# INDEPENDENT AUDITORS' REPORT

**TO THE SHAREHOLDERS OF**
**TATASOLUTION CENTER S. A.**

## Opinion

We have audited the financial statements of TATA SOLUTION CENTER S.A., which comprise the statement of financial position as of December 31, 2022, 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 present fairly, in all material respects, the financial position of TATA SOLUTION CENTER S.A as of December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of the Code of Ethics for Public Accountants issued by the International Ethics Standards Board (IESBA) together with relevant ethical requirements for our audit of the financial statements in force in the Republic of the Ecuador and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained provides a sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of management and those charged with governance with respect to the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for overseeing the Company's financial reporting process of the TATASOLUTION CENTER S.A.

## Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit 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 auditor's 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 the accounting policies used and the reasonableness of the 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 auditor's 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 auditor's report. How ever, 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 Company's managers and directors in relation to, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiency in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

Separately, we issue the opinion on Compliance with the Company's Tax Obligations as of December 31, 2022.

March 16, 2023

Quito, Ecuador

Franklin Pinta Benítez
CPA No.17.107
RNAE No. 322

## Statement of Financial Position

(In thousand of USD)

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 8 (a) | **21,717** | 21,887 |
| Trade receivables | | | |
| Billed | 8 (b) | **448** | 475 |
| Unbilled | 8 (c) | **1,495** | 1,106 |
| Other financial assets | 8 (d) | **704** | 576 |
| Other assets | 10 (c) | **697** | 696 |
| **Total current assets** | | **25,061** | 24,740 |
| **Non-current assets** | | | |
| Other financial assets | 8 (d) | **-** | 41 |
| Deferred tax assets | 15 | **572** | 331 |
| Property, plant and equipment | 10 (a) | **684** | 380 |
| Right-of-use assets | 9 | **558** | 805 |
| Other assets | 1 0 (c) | **4** | 2 |
| **Total non-current assets** | | **1,818** | 1,559 |
| **TOTAL ASSETS** | | **26,879** | 26,299 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 8 (e) | **1,487** | 1,181 |
| Lease liabilities | | **124** | 129 |
| Other financial liabilities | 8 (f) | **1,906** | 2,619 |
| Unearned and deferred revenue | 12 | **458** | 415 |
| Employee benefit obligations | 15 (a) | **482** | 655 |
| Income tax payable (net) | 14 | **1,391** | 1,530 |
| Other liabilities | 10 (d) | **2,226** | 2,289 |
| **Total current liabilities** | | **8,074** | 8,818 |
| **Non-current liabilities** | | | |
| Lease liabilities | | **438** | - |
| Employee benefit obligations | 15 (b) | **5,785** | 5,111 |
| **Total non-current liabilities** | | **6,223** | 5,111 |
| **TOTAL LIABILITIES** | | **14,297** | 13,929 |
| **Equity** | | | |
| Share Capital | 8 (j) | **3,001** | 3,001 |
| Legal Reserves | 5 | **1,506** | 1,506 |
| Retained Earnings | 5 | **8,075** | 7,863 |
| **TOTAL EQUITY** | | **12,582** | 12,370 |
| **TOTAL LIABILITIES AND EQULLY** | | **26,879** | 26,299 |

**Demian Astorga**
**General Manager**

**Jhonatan Fonseca**
**General Accountant**

**SEE NOTES TO ACCOMPANYING FINANCIAL STATEMENTS**

## Statement of Profit or Loss and Other Comprehensive Income

(In thousand of USD)

| | Note | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|---|
| **Revenues** | 11 | | |
| Consultancy services | | **56,034** | 61,353 |
| Sale of equipment and software licences | | **219** | 767 |
| **TOTAL REVENUES** | | **56,253** | 62,120 |
| **Operating expenses** | | | |
| Employee benefits expenses | 15 | **40,135** | 41,243 |
| Depreciation expense | | **1,122** | 945 |
| Other operating expenses | 12 | **8,676** | 10,320 |
| **TOTAL OPERATING EXPENSES** | | **49,933** | 52,508 |
| **Operating profit (loss)** | | **6,320** | 9,612 |
| **Other income** | | | |
| Finance and other income | 13 (a) | **937** | 879 |
| Finance costs | 13 (b) | **(82)** | (202) |
| Other gains (losses), net | 13 (c) | **27** | 523 |
| **OTHER INCOME (NET)** | | **882** | 1,200 |
| **Profit / (Loss) before income taxes** | | **7,202** | 10,812 |
| Income tax expense | 14 | **(1,907)** | (3,350) |
| **Profit / (Loss) for the year** | | **5,295** | 7,462 |
| **OTHER COMPREHENSIVE INCOME (OCI)** | | | |
| **Items that will not be reclassified subsequently to profit or loss:** | | | |
| Remeasurement of defined employee benefit plans | 15 | **(83)** | 141 |
| **TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR** | | **5,212** | 7,603 |

**Demian Astorga**
**General Manager**

**Jhonatan Fonseca**
**General Accountant**

**SEE NOTES TO ACCOMPANYING FINANCIAL STATEMENTS**

## Statement of Changes in Equity

(In thousand of USD)

| | Note | Share capital | Legal reserves | Retained earnings | Adoption of IFRS | Total Retained Earnings | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance as of December 31, 2020** | | 3,001 | 1,506 | 7,400 | (140) | 7,260 | 11,767 |
| Profit for the year | | - | - | 7,462 | - | 7,462 | 7,462 |
| Other comprehensive income | 16 | - | - | 141 | - | 141 | 141 |
| Dividends | | - | - | (7,000) | - | (7,000) | (7,000) |
| **Balance as of December 31, 2021** | | 3,001 | 1,506 | 8,003 | (140) | 7,863 | 12,370 |
| Profit for the year | | **-** | **-** | **5,295** | **-** | **5,295** | **5,295** |
| Other comprehensive income | **16** | **-** | **-** | **(83)** | **-** | **(83)** | **(83)** |
| Dividends | | **-** | **-** | **(5,000)** | **-** | **(5,000)** | **(5,000)** |
| **Balance as of December 31, 2022** | | **3,001** | **1,506** | **8,215** | **(140)** | **8,075** | **12,582** |

Loss of US$ -83 thousand and Gain of US$ 141 thousand on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for the year ended December 31, 2022 and 2021, respectively.

**Demian Astorga**
**General Manager**

**Jhonatan Fonseca**
**General Accountant**

**SEE NOTES TO ACCOMPANYING FINANCIAL STATEMENTS**

## Statement of Cash Flows

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Profit for the year** | **5,295** | 7,462 |
| **Adjustments to reconcile net income to net cash provided by operating activities:** | | |
| Depreciation expense | **1,122** | 945 |
| Allowances for doubtful trade receivables and bad debts written off | **-** | 45 |
| Income tax expense | **1,907** | 3,350 |
| Net gain on disposal of property and equipment | **-** | (2) |
| **Net change in** | | |
| Trade receivables | | |
| Billed | **27** | (315) |
| Unbilled | **(389)** | (958) |
| Other financial assets (current and non-current) | **(87)** | (242) |
| Other current assets | **-** | (446) |
| Other non-current assets | **(2)** | (2) |
| Trade and other payables | **306** | (322) |
| Other financial liabilities (current) | **(713)** | 776 |
| Unearned and deferred revenues | **42** | 384 |
| Employee benefit obligations | **(173)** | 126 |
| Other liabilities current | **(64)** | 365 |
| Other non current liabilities - employee benefit obligations | **591** | 600 |
| **Cash provided from operations** | **7,861** | 11,765 |
| Taxes paid (net of refunds) | **(2,287)** | (1,877) |
| **Net cash provided by operating activities** | **5,573** | 9,888 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payment for Purchase of property, plant and equipment | **(527)** | (98) |
| Proceeds from disposal of property, plan and equipment | **-** | 2 |
| **Net cash (used in) investing activities** | **(527)** | (96) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Dividends paid | **(5,000)** | (7,000) |
| Repayment of lease liabilities | **(217)** | (131) |
| **Net cash (used in) financing activives** | **(5,217)** | (7,131) |
| **Net increase in cash** | **(171)** | 2,661 |
| Cash and cash equivalents, beginning of the year | **21,888** | 19,226 |
| **Cash and cash equivalents, end of the year** | **21,717** | 21,887 |
| **Supplementary Cash flow Information** | | |
| Interest paid | **35** | 3 |
| Interest received | **911** | 849 |

**Demian Astorga**
**General Manager**

**Jhonatan Fonseca**
**General Accountant**

**SEE NOTES TO ACCOMPANYING FINANCIAL STATEMENTS**

## Notes forming part of the Financial Statements

### 1. GENERAL INFORMATION

Tatasolution Center S.A., a subsidiary of Tata Consultancy Services Chile S.A., was incorporated in Ecuador on December 28, 2006 and began operations on June 1, 2007. The Company's principal activity is the provision of IT services, software development and management services and Business Processing Operations (BPO), principally to financial sector institutions.

The principal client of Tatasolution Center S.A. is Banco Pichincha C.A., representing approximately 89% of its total revenues. Among the most significant services provided to the bank are software development services and maintenance and business processing operations (BPO).

At December 31, 2022 (and 2021), the Company employed a total of 1,518 and 1,502 employees, respectively.

Information included in these financial statements is the responsibility of Company´s management.

### 2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB).

### 3. BASIS OF PREPARATION

The financial statements have been prepared on historical cost basis except for certain financial instruments and defined benefits plans which are measured at fair value or amortized cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the company has considered an operating cycle of 12 months.

Cash flows have been prepared using indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional currency of the Company is the United States of America dollar (U.S. dollar). The functional currency of the company is the currency of the primary economic environment in which the entity operates. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

### 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the recognition and measurement principles of International Financial Reporting Standards (IFRS) requires management to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

The company uses the following critical accounting estimates in preparation of its financial statements:

**a. Revenue recognition**

Revenue for fixed-price contracts are recognized using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**b. Useful lives of property, plant and equipment**

The company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**c. Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**d. Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**e. Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**f. Employee benefits**

The present value of employee benefit provisions depends on various factors that are determined using an actuarial calculation based on various assumptions. The assumptions used in determining the net cost of the benefits include a discount rate. Any change in assumptions impacts the carrying amount of the employee benefit provisions.

The actuary contracted by the Company to perform the actuarial calculation uses the discount rate, the mortality rate and the turnover rate at the end of each year as reported by Company management. The discount rate is the interest rate to be used to determine the present value of estimated expected future cash flows that will be required to comply with the benefit obligation, which is determined by reference to market yields, at the end of the year, corresponding to high quality corporate bonds in the currency in which the profits will be paid.

The accounting of employee benefit plans in the nature of defined benefit requires the company to use assumptions. These assumptions have been explained under employee benefits note.

**g. Leases**

The company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

## Notes forming part of the Financial Statements

The company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is reasonably certain not to exercise that option. In assessing whether the company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### 5. NATURE AND PURPOSE OF RESERVES

**a. Legal Reserve**

The Companies' Law requires that at least 10 percentage of annual income be appropriated as a legal reserve until such reaches a minimum of 50 percentage of share capital. This reserve is not available for payment of dividends but may be capitalized in its entirety.

**b. Retained Earnings**

A summary of retained earnings is as follows:

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Retained earnings - distributable | **8,215** | 8,003 |
| Accumulated Losses(*) | **(140)** | (140) |
| | **8,075** | 7,863 |

*Generated on first time adoption of IRFS

Accumulated earnings from first-time adoption of IFRS - include amounts resulting from adjustments arising from first-time adoption of IFRS. The debt balance may be absorbed by accumulated earnings and those of the previous terminated year, if any, in accordance with the Resolution issued by the Superintendence of Companies on October 14, 2011.

### 6. OFFSETTING BALANCES AND TRANSACTIONS

As a general rule neither assets and liabilities nor income and expenses are offset in the financial statements, except in those cases in which compensation is required or permitted under a standard and such presentation reflects the essence of the transaction.

Income and expenses originating in transactions that, contractually or by statute, provide for the possibility of offset and that the Company has the intention of settling for their net amount or realizing the assets and proceeding to pay the liability simultaneously are presented net in profit and loss.

### 7. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[2] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and liabilities arising from a Single transaction[1] |
| Amendments to IFRS 16 | Lease Liability in a sale and Leaseback[2] |
| Amendments to IAS 1 | Non-current Liabilities with Covenants[2] |

[1] Effective for annual periods beginning on or after January 1, 2023.

[2] Effective for annual periods beginning on or after January 1, 2024.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

**IFRS 16- Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 1 – Non-current Liabilities with Covenants**

In October 2022, IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Company does not expect the amendments to have any significant impact on its classification of non-current liabilities in its statement of financial position.

The company has applied IFRIC 23 effective for annual periods beginning on or after January 1, 2019 as below:

**IFRIC 23 Interpretation Uncertainty over Income Tax Treatment**

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

## Notes forming part of the Financial Statements

**Application of IFRIC 23**

The company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no continuous instances of any uncertain tax treatment in the past and on that basis, it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

### 8 FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The company derecognizes financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortized cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recognized at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction.

In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

### a) Cash and Cash Equivalents

As shown in the statement of cash flows, cash and cash equivalents may be reconciled with related items in the statement of financial position as follows:

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Current account balances with banks | **51** | 94 |
| Cash on hand | **2** | 2 |
| Deposits with banks (1) | **21,664** | 21,791 |
| **Total** | **21,717** | 21,887 |

(1) At December 31, 2022, Deposit with banks correspond to certificates of deposit and sweep account with local financial institutions maturing up to January and February 2023 (up to January and March 2022 for year 2021) with an average interest rate of 6.20 percentage and 6.56 percentage and 3.78 percentage respectively (3.77 percentage and 3.78 percentage for year 2021).

### b) Trade Receivables Billed

(In thousand of USD)

| **Trade Receivables billed current** | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Trade receivables billed | **1,106** | 1,132 |
| Less: Allowance for doubtful trade receivables | **(658)** | (657) |
| **Total** | **448** | 475 |

Trade receivables include balances with related parties (Refer Note 17)

### c) Trade Receivables Unbilled

(In thousand of USD)

| **Trade receivables Unbilled current** | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Trade receivables - Unbilled | **1,495** | 1,106 |
| **Total** | **1,495** | 1,106 |

Trade receivables include balances with related parties (Refer Note 17)

## Notes forming part of the Financial Statements

### d) Other Financial Assets

Other financial assets consist of the following:

**Other financial assets - Current**

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Restricted Cash (1) | **483** | 483 |
| Employee advances | **71** | 26 |
| Deposits for premises | **58** | 2 |
| Accrued Interest | **91** | 65 |
| Others | **1** | - |
| **Total** | **704** | 576 |

(1) Restricted cash comprises of Deposits with lien.

**Other financial assets – Non Current**

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Deposits for premises | **-** | 41 |
| **Total** | **-** | 41 |

### e) Trade and Other Payables

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Trade payables | **816** | 432 |
| Accrued expenses | **671** | 749 |
| **Total** | **1,487** | 1,181 |

Trade and Other payables include balances with related parties (Refer Note 17)

### f) Other financial liabilities - Current

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Profit sharing | **1,300** | 1,937 |
| Social benefits | **421** | 418 |
| Other employee accounts payable | **172** | 250 |
| Payable for volume discount | **8** | 12 |
| Capital Creditors | **5** | 2 |
| Security deposits | **-** | - |
| **Total** | **1,906** | 2,619 |

**Employee profit-sharing** - In accordance with current legislation, workers are entitled to a 15 percentage share in a company's profits applicable to accounting for pre-tax profits. Movements in the provision for employee profit-sharing were as follows:

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Balances, beginning of year | **1,937** | 1,226 |
| Provision for the year (1) | **1,271** | 1,908 |
| Payment made | **(1,908)** | (1,197) |
| Balances, end of year | **1,300** | 1,937 |

(1) Year 2021 include a provision of profit sharing in relation with tax assessment for 2015 of US$ 11 thousand.

## g) Financial instruments by category

The carrying value of financial instruments by categories as at December 31, 2022 is as follows:

(In thousand of USD)

| | Amortized cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **21,717** | **21,717** |
| Earmarked balances with banks | **483** | **483** |
| Trade receivables | | |
| Billed | **448** | **448** |
| Unbilled | **1,495** | **1,495** |
| Other financial assets | **220** | **220** |
| **Total** | **24,363** | **24,363** |
| **Financial liabilities** | | |
| Trade and other payables | **1,487** | **1,487** |
| Lease liabilities | **562** | **562** |
| Other financial liabilities | **1,906** | **1,906** |
| **Total** | **3,955** | **3,955** |

## Notes forming part of the Financial Statements

The carrying value of financial instruments by categories as at December 31, 2021 is as follows:

(In thousand of USD)

| | Amortized cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 21,887 | 21,887 |
| Earmarked balances with banks | 483 | 483 |
| Trade receivables | | |
| Billed | 475 | 475 |
| Unbilled | 1,106 | 1,106 |
| Other financial assets | 134 | 134 |
| **Total** | 24,085 | 24,085 |
| **Financial liabilities** | | |
| Trade and other payables | 1,181 | 1,181 |
| Lease liabilities | 129 | 129 |
| Other financial liabilities | 2,619 | 2,619 |
| **Total** | 3,929 | 3,929 |

Carrying amounts of cash and cash equivalents, trade receivables, and trade payables as at December 31, 2022 and 2021 approximate the fair value. Difference between carrying amounts and fair values of earmarked balances with banks, other financial assets and other financial liabilities subsequently measured at amortized cost is not significant in each of the periods presented. Fair value measurement of lease liabilities is not required.

### h) Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

### i) Financial risk management

The Company is exposed primarily to credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments.

***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

  The Company is not exposed to foreign currency exchange rate risk.

- **Interest rate risk**

  The company's investments are primarily in fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

***Credit risk***

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, and other financial assets. Cash and cash equivalents include an amount of 21,714 thousand USD held with a Bank in Ecuador having high quality credit rating which are individually in excess of 10% or more of the Company's total cash and cash equivalents as at 31st December' 2022. None of the other financial instruments of the Company result in material concentration of credit risk.

- **Exposure to credit risk**

  The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was US$ 24,613 thousand and US$ 24,290 thousand as at December 31, 2022 and 2021, respectively, being the total of the carrying amount of balances with banks, trade receivables, contract assets and other financial assets.

(In thousand of USD)

| | As at December 31, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|
| | Trade receivable, Unbilled receivable & Contract assets | Percentage | Trade receivable, Unbilled receivable & Contract assets | Percentage |
| Customer A | **1,569** | **72%** | 951 | 53% |
| Customer B | **414** | **19%** | 475 | 27% |
| Customer D | **-** | **-** | 173 | 10% |

## Notes forming part of the Financial Statements

### Geographic concentration of credit risk

Geographic concentration of trade receivables (gross and net of allowances) and contract assets is as follows:

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| | **%** | % |
| Iberoamerica | **95** | 94 |
| Americas | **5** | 6 |

Geographical concentration of trade receivables and contract assets is allocated based on the location of the customers.

The allowance for lifetime expected credit loss on trade receivables for the years ended Dec 31, 2022 and 2021 was US$ 658 thousand and US$ 657 thousand respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

(In thousand of USD)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Balance at the beginning of the year | **657** | 612 |
| Charge to Profit and Loss | **1** | 45 |
| **Closing balance** | **658** | 657 |

### Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(In thousand of USD)

| **December 31, 2022** | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade and other payables | **1,487** | **-** | **-** | **-** | **1,487** |
| Lease liabilities | **144** | **144** | **323** | **-** | **610** |
| Other financial liabilities | **1,906** | **-** | **-** | **-** | **1,906** |
| **Total** | **3,536** | **144** | **323** | **-** | **4,003** |

(In thousand of USD)

| December 31, 2021 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade & other payables | 1,181 | - | - | - | 1,181 |
| Lease liabilities | 132 | - | - | - | 132 |
| Other financial liabilities | 2,619 | - | - | - | 2,619 |
| **Total** | 3,932 | - | - | - | 3,932 |

**j) Equity instruments**

Paid-in share capital comprises 3,000,800 shares with a nominal value of US$1.00.

Fully paid equity shares, which have a par value of US$3,000,800 (US$ 1) each carry one vote per share and have a right to dividend. In the event of liquidation of the Company, the holders of shares are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

(In thousand of USD)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Authorised** | | |
| Equity shares of $1 each | **3,001** | 3,001 |
| (3,000,800 shares) | | |
| | **3,001** | 3,001 |
| **Issued, Subscribed and Fully paid up** | | |
| Equity shares of $1 each | **3,001** | 3,001 |
| (3,000,800 shares) | | |
| | **3,001** | 3,001 |

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

## Notes forming part of the Financial Statements

## 9. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

***Company as a lessee***

The company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in profit or loss.

The company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the company uses incremental borrowing rate. For leases with reasonably similar characteristics, the company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognizes the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the company recognizes any remaining amount of the re-measurement in profit or loss.

The company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The details of the right-of-use asset held by the company is as follows:

(In thousand of USD)

| | Additions for the year ended December 31, 2022 | Net carrying amount as on December 31, 2022 |
|---|---|---|
| Buildings | **652** | **558** |
| Total | **652** | **558** |



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(In thousand of USD)

| | Additions for the year ended December 31, 2021 | Net carrying amount as on December 31, 2021 |
|---|---|---|
| Buildings | 156 | 805 |
| Total | 156 | 805 |

Depreciation on right-of-use asset is as follows:

(In thousand of USD)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Buildings | **897** | 801 |
| Total | **897** | 801 |

Interest on lease liabilities is US$ 21 thousand and US$ 3 thousand for the years ended on December 31, 2022 and 2021, respectively.

The Company incurred US$ 17 thousand and US$ 43 thousand for the years ended December 31, 2022 and 2021, respectively, towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow for leases is US$ 256 thousand and US$ 177 thousand for the years ended December 31, 2022 and 2021, respectively, including cash outflow for short-term leases and leases of low-value assets.

Lease contracts entered by the company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The company does not have any lease restrictions and commitment towards variable rent as per the contract.

## 10. NON-FINANCIAL ASSETS AND LIABILITIES

### a) Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of Asset | Method | Useful life (in years) |
|---|---|---|
| Freehold building | Striaght line | 20 |
| Computer equipment | Striaght line | 4 |
| Leasehold improvements | Striaght line | Lease period |
| Furniture, fixtures, office equipment | Striaght line | 5 and 10 |
| Autommobiles | Striaght line | 5 |

## Notes forming part of the Financial Statements

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognized in profit or loss.

Property, plant and equipment consist of the following:

(In thousand of USD)

| | Leasehold improvements | Computer equipments | Furniture and fixtures | Office equipments | Plant and machinery | Total |
|---|---|---|---|---|---|---|
| **Gross block as of Dec 31, 2021** | **16** | **2,416** | **63** | **432** | **400** | **3,327** |
| Purchases | **116** | **213** | **62** | **88** | **-** | **480** |
| Disposals | **-** | **(88)** | **-** | **(2)** | **-** | **(90)** |
| **Gross block as of Dec 31, 2022** | **132** | **2,541** | **125** | **518** | **400** | **3,717** |
| **Accumulated depreciation as of Dec 31, 2021** | **7** | **2,079** | **61** | **400** | **400** | **2,947** |
| Disposals | **-** | **(88)** | **-** | **(2)** | **-** | **(90)** |
| Depreciation for the year | **27** | **176** | **5** | **16** | **-** | **224** |
| **Accumulated depreciation as of Dec 31, 2022** | **34** | **2,167** | **66** | **414** | **400** | **3,081** |
| **Net carrying amount as of Dec 31, 2022** | **98** | **374** | **59** | **104** | **-** | **636** |
| Capital work-in-progress (including capital advances) | | | | | | **49** |
| **Total** | | | | | | **684** |

(In thousand of USD)

| | Leasehold improve-ments | Computer equipments | Furniture and fixtures | Office equipments | Plant and machinery | Total |
|---|---|---|---|---|---|---|
| **Gross block as of Dec 31, 2020** | 4 | 2,347 | 61 | 436 | 400 | 3,248 |
| Adjustments* | | | | | | - |
| Purchases | 12 | 72 | 2 | 12 | - | 98 |
| Disposals | - | (3) | - | (16) | - | (19) |
| **Gross block as of Dec 31, 2021** | 16 | 2,416 | 63 | 432 | 400 | 3,327 |
| **Accumulated depreciation as of Dec 31, 2020** | 4 | 1,955 | 58 | 404 | 400 | 2,821 |
| Adjustments* | 1 | - | - | - | - | 1 |
| Disposals | - | (3) | - | (16) | - | (19) |
| Depreciation for the year | 2 | 127 | 3 | 12 | - | 144 |
| **Accumulated depreciation as of Dec 31, 2021** | 7 | 2,079 | 61 | 400 | 400 | 2,947 |
| **Net carrying amount as of Dec 31, 2021** | 9 | 337 | 2 | 32 | | 380 |
| Capital work-in-progress (including capital advances)** | | | | | | - |
| **Total** | | | | | | 380 |

*Adjustments relate to recategorization of gross block of certain items of property, plant and equipment along with the respective balance of accumulated depreciation.

**b) Other intangible assets**

Intangible assets purchased including acquired in business combination, are measured at cost as at the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences and customer-related intangibles.

Following table summarises the nature of intangibles and their estimated useful lives:

| Type of Asset | Usefule lives |
|---|---|
| Rights under licensing agreement and software licences | Lower of licence period and 2-5 years |
| Customer-related intangibles | 3 years |

Intangible assets are amortized on a straight line basis over the period of its economic useful life.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognized in profit or loss.

## Notes forming part of the Financial Statements

### c) Other Assets

**Other assets - current**

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Prepaid expenses | **415** | 488 |
| Advance to suppliers | **29** | 3 |
| Contract assets | **250** | 205 |
| Contract fulfillment costs | **3** | - |
| **Total** | **697** | 696 |

**Other assets - non current**

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Prepaid expenses | **4** | 2 |
| **Total** | **4** | 2 |

Contract fulfillment costs of US$ NIL and US$ NIL for the years ended December 31, 2022 and 2021, respectively, have been amortized in the profit or loss. Refer note 11 for changes in contract assets.

### d) Other Current Liabilities

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Indirect tax payable and other statutory liabilities | **1,793** | 1,855 |
| Advance received from customers | **433** | 433 |
| **Total** | **2,226** | 2,288 |

## 11. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognized using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognized upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognized over time on a POC method.

- Revenue from the sale of distinct third party hardware is recognized at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there is billings in excess of revenues.

The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognizes an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or

transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals, and geography.

## Notes forming part of the Financial Statements

Revenue disaggregation by nature of services is as follows:

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Consultancy services | **56,034** | 61,353 |
| Sale of equipment and software licenses | **219** | 767 |
| **Total** | **56,253** | 62,120 |

Revenue disaggregation by industry vertical is as follows:

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Banking, Financial & Insurance | **54,825** | 60,386 |
| Retail and Consumer products | **144** | 279 |
| Manufacturing | **47** | 47 |
| Consumer, Media & Technology | **1,085** | 1,050 |
| Others | **152** | 358 |
| **Total** | **56,253** | 62,120 |

Revenue disaggregation by geography is as follows:

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Ibero America | **56,060** | 61,721 |
| America | **194** | 399 |
| **Total** | **56,253** | 62,120 |

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price

allocated to unsatisfied (or partially satisfied) performance obligations is US$ 1782 thousand out of which 99.27% is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows :

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Opening balance as on January 1, 2021 | **205** | 87 |
| + Revenue recongnized during the year | **250** | 205 |
| - Invoices raised during the year | **(205)** | (87) |
| +/- Translation | **-** | - |
| **Closing balances as on December 31, 2022** | **250** | 205 |

Changes in unearned and deferred revenue are as follows:

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Opening balance as on January 1, 2021 | **415** | 31 |
| Revenue recongnized that was included in the | | |
| - contract liability nalance at the beginning of the period | **(337)** | - |
| Increase due to invoices during the year | | |
| + excluding amounts recognized as revenue during the year | **380** | 384 |
| +/- Translation | **-** | - |
| **Closing balances as on December 31, 2022** | **458** | 415 |

## 12. COST RECOGNITION

Costs and expenses are recognized when incurred and have been classified according to their nature in the following categories:

The costs of the Company are broadly categorized into employee benefits expenses, depreciation and other operating expenses. Employee benefits expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licenses, communication expenses, bad debts, and other expenses.

**Other Operating expenses**

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Bad Debts | **1** | 46 |
| Communication | **293** | 507 |
| Cost of equipment and software licenses | **-** | 16 |
| Facility Running Expenses | **1,072** | 981 |
| Fees to External consultants | **3,545** | 4,574 |
| Other Expenses | **3,522** | 3,975 |
| Travel Expenses | **243** | 221 |
| **Total** | **8,676** | 10,320 |

## Notes forming part of the Financial Statements

Details of costs and expenses by their function are as follows:

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Cost of revenue | **36,088** | 39,340 |
| Selling, general and administrative expenses | **13,846** | 13,168 |
| **Total** | **49,934** | 52,508 |

## 13. OTHER INCOME

### a. Finance and other income

Interest income is recognized using effective interest method.

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Interest on bank balances and bank deposits | **936** | 878 |
| Others | **1** | 1 |
| **Total** | **937** | 879 |

### b. Finance costs

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Interest on lease liabilities | **21** | 3 |
| Interest on tax matters | **60** | 199 |
| **Total** | **81** | 202 |

### c. Other gains (net)

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Net gain/ (loss) on disposal of property, plant and equipment | **-** | 2 |
| Sales incentive | **-** | 462 |
| Others | **27** | 59 |
| **Total** | **27** | 523 |

## 14. TAXES

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

**Current tax** - The tax currently payable is based on taxable profit for the year. Taxable profit differs from reported profit because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates enacted at the end of the reporting period.

**Deferred taxes** - Deferred tax is recognized on temporary 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. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that the Company will have taxable profits available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Company offsets deferred tax assets against deferred tax liabilities when, and only when, there is a legally enforceable right to set off from the taxation authority amounts recognized in these items, and when they relate to income taxes levied and the Company intends to settle its current tax assets and liabilities on a net basis.

**Current and deferred taxes**

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to a transaction or event that is recognized outside profit or loss, whether in profit and loss or directly in equity, in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination.

**Current year assets and liabilities:** A summary of current asset and liability taxes is as follows:

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| **Current tax liabilities:** | | |
| Value Added Tax - VAT payable and withholdings | **337** | 248 |
| Income tax payable | **1,391** | 1,530 |
| Income tax withholdings at source payable | **486** | 438 |
| Contribution and other taxes paybles | **209** | 405 |
| | **2,423** | 2,621 |

**Tax reconciliation - current income tax** - A reconciliation between profit (loss) according to the financial statements and the current income tax expense is as follows:

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Profit (loss) according to the financial statements, before income tax | **7,202** | 10,812 |
| Non deductible expenses | **427** | 2,041 |
| **Taxable income** | **7,631** | 12,854 |
| Income tax 25% (1) | **1,908** | 3,213 |
| Prior Period Income Tax (2) | **-** | 137 |
| **Income tax charged to profit and loss:** | | |
| Current | **2,149** | 3,476 |
| Deferred | **(242)** | (126) |
| | **1,907** | 3,350 |
| **Effective tax rate** | **26%** | 31% |

## Notes forming part of the Financial Statements

In accordance with current legislation, income tax was determined using a rate of 25 percentage on profits subject to distribution (25 percentage for 2022) and 15 percentage on reinvested profits for some industries.

(1) The Company recorded US$ 1,907 thousand and US$ 3,350 thousand respectively in the income statement, corresponding to the income tax caused.

(2) For year 2021, it pertains to income tax adjustment for 2014 and 2015 assessment.

Tax returns for years 2019, 2020 and 2021 are subject to revision.

**Movement in the provision for income tax (tax credit)**- Movements in the provision for income tax (tax credit) were as follows:

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| **Balances, beginning of year** | **-** | 1,244 |
| Provision for the year | **(1,721)** | (3,320) |
| Payment made | **1,721** | 2,076 |
| **Balances, end of year** | **-** | - |

**Payments made:** Comprise withholdings at source and payment of the income tax balance due at beginning of year.

**Deferred tax balances:** Movements for deferred tax assets were as follows:

(In thousand of USD)

| **Year 2022:** | Balances at beginning of year | Recognized in profit and loss | Balances at end of year |
|---|---|---|---|
| **Deferred tax assets in relation to:** | | | |
| Provision for bonuses | **28** | **5** | **33** |
| Provision for bonuses (Giftcards to employees) | **11** | **3** | **14** |
| Retirement benefits | **263** | **250** | **514** |
| Other provisions | **28** | **(16)** | **12** |
| | **330** | **242** | **572** |

| **Year 2021:** | Balances at beginning of year | Recognized through retained earnings | Recognized in profit and loss |
|---|---|---|---|
| **Deferred tax assets in relation to:** | | | |
| Provision for bonuses | 19 | 9 | 28 |
| Provision for bonuses (Gifcards to employees) | 7 | 4 | 11 |
| Provision for operative losses | 12 | (12) | - |
| Retirement benefits | 143 | 120 | 263 |
| Other provisions | 24 | 4 | 28 |
| | 205 | 125 | 330 |

***Direct tax contingencies***

**(a) Year 2007 Income Tax Assessment**

On September 30, 2011, the Regional Director of the Internal Revenue Service (SRI) issued an Assessment Order for year 2007, requiring the Company to pay additional income tax of US$363,500.

On June 25, 2020, the DTLC ruled the case. The main objections of the IRS were rejected (US$320.428,16) and, consequently, the amount claimed was reduced to US$43.072,80 plus interest. Tata accepted the DTLC´s ruling; therefore, a payment of US$120.267,02 is pending (US$43.072,80 plus interest). The IRS has filed a cassation appeal before the NCJ to challenge the ruling issued by DTLC. TATA filed a response to the cassation appeal on June 10, 2021.

As of December 31, 2022, the Company has generated a guarantee for US$36,350

**(b) Year 2014 Income Tax Assessment**

On October 31, 2018, the Regional Director of the Internal Revenue Service (SRI) issued a Determination Order for year 2014, requiring the Company to pay additional income tax of US$ 2,358,564

On July 14, 2021, the District Tax Litigation Court - DTLC ruled the case. All of TATA´s claims were accepted by the DTLC. Consequently, the amount not claimed by TATA before the DTLC would be outstanding once the process ends, this amount would be US$593,993.79 (US $288.257,56 plus interest). On August 31, 2022, the payment of the $591,782.46 was made. The IRS has filed a cassation appeal before the National Court of Justice - NCJ to challenge the ruling issued by the DTLC. If the cassation appeal is admitted to procedure, TATA will be required to file a response before the NCJ.

As of December 31, 2022, the Company has generated a guarantee for US$ 244,088.

**(c) Year 2015 Income Tax Assessment**

On March 13, 2020, the Regional Director of the Internal Revenue Service (SRI) issued a Determination Order for year 2015, requiring the Company to pay additional income tax of US$ 3,056,075.

On April 24, 2021, TATA filed a lawsuit before the DTLC against the income tax assessment of 2015. On June 7, 2021, DTLC suspended all effects of the income tax assessment. On July 19, 2021, IRS filed its response.

On August 24, 2022, the preliminar hearing took place.

As of December 31, 2022, the Company has generated a guarantee for US$ 202,466.

**Transfer Pricing**

In accordance with current legislation, taxpayers subject to income tax and that have performed operations with overseas and/or local related parties within the same fiscal period for an accumulated amount exceeding US$15 million are obliged to file a Transfer Pricing study to verify that such operations have been undertaken at arm's length prices.

Company operations with overseas related parties during the years 2022 and 2021, did not exceed the referred amount.

The Company Management based on the preliminary diagnosis performed together with its tax advisors for 2022 transactions, does not expect any adjustment to the expense or current tax liability, however, once said study is finished it may be determined if operations with related parties for the year ended at December 31, 2022, have met the arm's length principle.

## 15. EMPLOYEE BENEFIT OBLIGATION

**Defined benefits: Retirement and severance -** For defined benefits (retirement and severance), the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

The service cost is recognized in profit and loss for the year in which such is generated, as well as the financing interest generated on the defined benefit obligation.

## Notes forming part of the Financial Statements

The new measurements, which include actuarial gains and losses, are recognized in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur.

Recognition of actuarial gains and losses in other comprehensive income is recognized immediately in accumulated earnings and is not reclassified to profit or loss for the period.

**Employee profit-sharing -** The Company recognizes a liability and an expense for employee profit-sharing in Company income. This benefit is calculated based on 15 percentage of pre-tax income in accordance with current legislation.

**Executive bonuses -** The Company recognizes an expense for bonuses paid to its principal executives and commercial area personnel. Bonus calculations are paid based on goals and compliance with key performance indicators.

***Short-term employee benefits***

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognized for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

***Compensated absences***

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as undiscounted liability at the date of statement of financial position.

**Employee benefit expenses consist of the following:**

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Salaries, incentives and allowances | **29,904** | 31,303 |
| Contributions to provident and other funds | **8,692** | 8,707 |
| Staff welfare | **1,539** | 1,234 |
| | **40,135** | 41,244 |

**a) Employee benefit obligation - Current**

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Compensated absenses | **443** | 633 |
| Other employee benefit obligations | **39** | 22 |
| | **482** | 655 |

**Other employee benefit obligation:** Company provisioned US$ 39 thousand at the end of December 2022 (US$ 22 thousand at the end of December 2021) to be paid as long service awards and start of the month recognition according to corporate policies.

**b) Employee benefit obligation - Non-Current**

**Defined Benefit Obligations**

(In thousand of USD)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Retirement | **3,670** | 3,195 |
| Severance | **2,115** | 1,916 |
| | **5,785** | 5,111 |

**Retirement -** In accordance with the Labor Code, employees with twenty-five or more years' continuous or interrupted service are entitled to receive pensions from their employers without prejudicing their right as affiliates to receive pensions from the Ecuadorian Social Security Institute.

Movements in the present value of the retirement obligation were as follows:

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| **Balances, beginning of year** | **3,195** | 2,800 |
| Cost of the services | **719** | 679 |
| Cost of interest | **133** | 74 |
| Actuarial losses (gains) Reversal provision | **(226)** | (159) |
| Actuarial losses (gains) current year | **(151)** | (199) |
| **Balances, end of year** | **3,670** | 3,195 |

**Severance** - In accordance with the Labor Code, when an employee's labor contract is terminated either by the employee of the employer, the Company shall pay an amount equivalent to 25 percentage of their last monthly salary for each year of service.

Movements in the present value of the severance obligation were as follows:

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| **Balances, beginning of year** | **1,916** | 1,852 |
| Cost of the services | **115** | 125 |
| Cost of interest | **91** | 52 |
| Actuarial losses (gains) | **186** | 24 |
| Short provision | **282** | 158 |
| Benefits paid | **(475)** | (295) |
| **Balances, end of year** | **2,115** | 1,916 |

## Notes forming part of the Financial Statements

The actuarial calculations for the present value of the accrued defined benefits were performed at December 31, 2022 and 2021 by an independent actuary. The present value of defined benefit obligations (DBO) and the current service cost and the previous service cost were calculated using the projected credit unit method.

Under this method pension benefits must be attributed to the employee's period of service and based on the plan formula so that the same benefit amount is attributed to each year of service based on an actuarial hypothesis to calculate the present value of the referred benefits.

This hypothesis reflects the value in money over time, the salary increases and the probability of paying a pension.

Actuarial gains and losses arising from adjustments for experience and changes in actuarial assumptions are credited or charged to other comprehensive income.

The significant actuarial assumptions used to determine the defined benefit obligations are the discount rate, expected salary increases and mortality.

The principal assumptions used for the actuarial calculations are as follows:

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| | **%** | % |
| Discount rate (s) | **4.74** | 3.01 |
| Expected salary increase rate (s) | **2.50** | 2.50 |
| Turnover rate | **14.86** | 10.99 |

The sensitivity analysis included below has been developed based on reasonably expected changes that may occur at the end of the reference period for the respective assumptions.

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| DBO variance (discount rate - 0.5%) | **247** | 237 |
| DBO variance (discount rate + 0.5%) | **(232)** | (220) |
| DBO variance (salary increase + 0.5%) | **202** | 192 |
| DBO variance (salary increase - 0.5%) | **(192)** | (182) |

The sensitivity analysis presented above may not be representative of a real change in the defined benefit obligation, since it is unlikely that any change in the assumptions would occur in isolation from others (some of the assumptions may be correlated).

Note that the present value of the defined benefit obligation included in the developed sensitivity is calculated using the projected unit credit method, the same used in the calculation of the defined benefit obligation recognized in the statement of financial position.

Amounts recognized in the statement of profit/ loss and other comprehensive income for the referred defined benefit plans are as follows:

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| **Statement of profit and loss** | | |
| Service cost | **834** | 804 |
| Interest cost | **224** | 126 |
| | **1,058** | 930 |
| **Other comprehensive income:** | | |
| Actuarial losses (gains) | **83** | (141) |
| | **1,141** | 789 |

## 16. COMMITMENT AND CONTIGIENCIES

**(a) Capital Commitments -** The company has contractually committed (net of advances) $35 thousands and $111 thousands value as at December 31, 2022 and 2021 respectively, for purchase of property, plant and equipment.

**(b) Contingencies**

**(a) Direct tax matters**

Refer note on direct tax contingencies in Note 14 income taxes

**(b) Indirect tax matters**

There are no contigency in relation to Indirect tax matters.

## 17. RELATED PARTY TRANSACTIONS AND BALANCES

Company's principal related parties consist of its ultimate holding company Tata Consultancy Services Limited and its subsidiaries, affiliates and key managerial personnel. The company's related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

## Notes forming part of the Financial Statements

**Transactions with related parties are as follows:**

(In thousand of USD)

| | | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|---|
| **Revenue from operations** | | | |
| | Tata Consultancy Services Limited | **194** | 399 |
| | **Total** | **194** | 399 |
| **Purchases of goods and services (including reimbursements)** | | | |
| | **Tata Sons Private Limited, its subsidiaries and associates** | | |
| | Titan Company Limited | **-** | 53 |
| | Tata Consulatancy Services Limited | **4,904** | 6,093 |
| | **Subsidiaries of Tata Consultancy Services Limited** | | |
| | Tata Consultancy Services De Mexico S.A.,De C.V. | **142** | 62 |
| | TCS Solutions Center Sucursal Colombia | **61** | 172 |
| | TCS Do Brazil Ltda, | **6** | - |
| | TCS Inversions Chile Ltda | **268** | 396 |
| | **Total** | **5,369** | 6,776 |
| **Brand equity contribution** | | | |
| | **Tata Sons Private Limited, its subsidiaries and associates** | | |
| | Tata Sons Private Limited | **140** | 154 |
| | **Total** | **140** | 154 |
| **Dividend paid** | | | |
| | **Subsidiaries of Tata Consultancy Services Limited** | | |
| | Tata Consultancy Services Chile S.A. | **4,950** | 6,930 |
| | TCS Inversiones Chile Limitada | **50** | 70 |
| | **Total** | **5,000** | 7,000 |
| **Other Income** | | | |
| | **Subsidiaries of Tata Consultancy Services Limited** | | |
| | Tata Consultancy Services De Mexico S.A.,De C.V. | **5** | - |
| | **Total** | **5** | - |

**Balances receivable from related parties are as follows:**

(In thousand of USD)

| | | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|---|
| **Trade receivables and unbilled receivables and contract assets** | | | |
| | Tata Consultancy Services Limited | **102** | 99 |
| | **Subsidiaries of Tata Consultancy Services Limited** | | |
| | Tata America International Corporation | **-** | 0.01 |
| | TCS Solutions Center Sucursal Colombia | **-** | 1.36 |
| | **Total** | **102** | 101 |
| **Loans, other financial assets and other assets** | | | |
| | **Tata Consultancy Services Limited** | **372** | 286.88 |
| | **Subsidiaries of Tata Consultancy Services Limited** | | |
| | Tata Consultancy Services De Mexico S.A.,De C.V. | **1** | 0.30 |
| | **Total** | **373** | 287 |

**Balances payable to related parties are as follows:**

(In thousand of USD)

| | | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|---|
| **Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities** | | | |
| | **Tata Sons Private Limited, its subsidiaries and associates** | | |
| | Tata Sons Private Limited | **103** | 154 |
| | **Tata Consultancy Services Limited** | **581** | 284 |
| | **Subsidiaries of Tata Consultancy Services Limited** | | |

## Notes forming part of the Financial Statements

| | | |
|---|---|---|
| Tata Consultancy Services De Mexico S.A.,De C.V. | **65** | 15 |
| Tata Consultancy Services Inversiones Chile S.A. | **51** | 101 |
| TCS Solutions Center Sucursal Colombia | **20** | 75 |
| **Total** | **820** | 629 |

**Transactions with key management personnel is as follows:**

(In thousand of USD)

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Short Term Benefits | **501** | 472 |
| | **501** | 472 |

The above figures do not include retirement benefits, as separate actuarial valuation are not available.

### 18. SUBSEQUENT EVENT

There were no subsequent events that meet disclosure.

### 19. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2022 were approved by Company Management on 16 March 2023 and will be presented to the Shareholders for approval. In the opinion of Company Management, the financial statements will be approved by the Shareholders without any modification.

# Saudi Desert Rose Holding B.V.

# ANNUAL FINANCIAL STATEMENTS

**For the year ended**

**December 31, 2022**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021





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# INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS**
**SAUDI DESERT ROSE HOLDING B.V.**

## SPECIAL PURPOSE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying special purpose financial statements of Saudi Desert Rose Holding B.V. ('the Company'), which comprise the statement of financial position as of 31st December 2022, and the related statement of profit or loss and other comprehensive income, changes in equity, and cash flow for the year then ended, and the related notes to the special purpose financial statements. The special purpose financial statements have been prepared by the management as described in Note 2 to the Special Purpose financial statements in accordance with the International Financial Reporting Standards (IFRS).

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31st December 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Board.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) generally accepted in India. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Special purpose financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special purpose financial statements under the provisions of the Act and the Rules there under and fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

### Management's Responsibility for special purpose Financial Statements

The Company's management and Board of Directors are responsible for the preparation of these Special purpose financial statements that give a true and fair view of the state of affairs, profit/ loss and (including other comprehensive income), changes in equity cash flows of the Company in accordance with the IFRS. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special purpose financial statements that give a true and fair view and are free from misstatement, whether due to fraud or error.

In preparing these Special purpose financial statements, management and Board of Directors are 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the Special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance but is not a guarantee that an audit conducted in accordance with SAs 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 Special purpose financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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. We are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

  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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue going concern.
- Evaluate the overall presentation, structure 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Restriction on Distribution and Use

Audit of this special purpose financial statements, in accordance with International Financial Reporting Standards of the Company for the year ended 31st December 2022 have been prepared for the limited purpose of consolidated financial statements, to comply with the Section 129(3) of the Companies Act 2013, of TATA Consultancy Services Limited (TCSL). for the year ended 31st December 2022. Our report is strictly intended solely for the information and use by TCSL for the preparation of consolidated financial statements and for the use at their annual general meetings for the information of their members. It is not intended to be and should not be used by anyone other than specified parties.

**For K B J & ASSOCIATES**
(Chartered Accountants)
(ICAI Firm Registration No. 114934W)

**Kaushik B. Joshi**
Proprietor
(ICAI Membership No.48889)

Mumbai,21st April, 2023

## Statement of Financial Position

(Amount in EUR)

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7(a) | **234,039** | 235,232 |
| **Total current assets** | | **234,039** | 235,232 |
| **Non-current assets** | | | |
| Investments | 7(b) | **-** | - |
| **Total non-current assets** | | **-** | - |
| **TOTAL ASSETS** | | **234,039** | 235,232 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade payables | | **-** | - |
| **Total current liabilities** | | **-** | - |
| **TOTAL LIABILITIES** | | **-** | - |
| **Equity** | | | |
| Share captial | 7(e) | **18,000** | 18,000 |
| Share premium | | **78,780** | 78,780 |
| Retained earnings | | **16,585** | 17,778 |
| General Reserve | | **120,674** | 120,674 |
| **Total equity** | | **234,039** | 235,232 |
| **TOTAL LIABILITIES AND EQUITY** | | **234,039** | 235,232 |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-17**

As per our report of even date attache

For **KBJ & Associates**
Chartered Accountants
Firm registration no.114934W

**Kaushik B. Joshi**
Proprietor
Membership number : 48889

Mumbai
Date : 21 April 2023

For and on behalf of the Board of Directors
of Saudi Desert Rose Holding B.V.

**Pradeep Manohar Gaitonde**
Director
Mumbai

**Sapthagiri Chapalapalli**
Director
Frankfurt , Germany

## Statement of Profit or Loss and Other Comprehensive Income

(Amount in EUR)

| | Note | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|---|
| **Operating Income** | 9 | | |
| Dividend Income | | **-** | 4,089,980 |
| **Total operating Income** | | **-** | 4,089,980 |
| Other operating expenses | 10 | **1,194** | 10,410 |
| Impairment expense | | **-** | - |
| **Total operating expenses** | | **1,194** | 10,410 |
| **Profit before taxes** | | **(1,194)** | 4,079,570 |
| Income tax expense | 11 | **-** | 204,500 |
| **Profit for the year** | | **(1,194)** | 3,875,070 |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-17**

As per our report of even date attache

For **KBJ & Associates**
Chartered Accountants
Firm registration no.114934W

**Kaushik B. Joshi**
Proprietor
Membership number : 48889

Mumbai
Date: 21 April, 2023

For and on behalf of the Board of Directors
of Saudi Desert Rose Holding B.V.

**Pradeep Manohar Gaitonde**
Director
Mumbai

**Sapthagiri Chapalapalli**
Director
Frankfurt , Germany

## Statement of Changes in Equity

(Amount in EUR)

| | Issued and paid up share capital | Share premium reserve | Other reserves | Unappropriated result | Total |
|---|---|---|---|---|---|
| **Balance as at January 1, 2021** | 18,000 | 78,780 | 120,674 | (207,292) | 10,162 |
| Movements Retained profit | - | - | - | - | - |
| Share Premium Repayment | - | - | - | - | - |
| Unappropriated result | - | - | - | 3,875,070 | 3,875,070 |
| Dividend paid | | | | (3,650,000) | (3,650,000) |
| **Balance as at December 31, 2021** | 18,000 | 78,780 | 120,674 | 17,778 | 235,232 |
| **Balance as at January 1, 2022** | **18,000** | **78,780** | **120,674** | **17,778** | **235,232** |
| Movements Retained profit | | | | | |
| Share premium repayment | **-** | **-** | **-** | **-** | **-** |
| Unappropriated result | **-** | **-** | **-** | **(1,194)** | **(1,194)** |
| Dividend paid | **-** | **-** | **-** | **-** | **-** |
| **Balance at 31 December 2022** | **18,000** | **78,780** | **120,674** | **16,585** | **234,039** |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

As per our report of even date attache

For **KBJ & Associates**
Chartered Accountants
Firm registration no.114934W

**Kaushik B. Joshi**
Proprietor
Membership number : 48889

Mumbai
Date:21 April, 2023

For and on behalf of the Board of Director
of Saudi Desert Rose Holding B.V.

**Pradeep Manohar Gaitonde**
Director
Mumbai

**Sapthagiri Chapalapalli**
Director
Frankfurt , Germany

## Statements of Cash Flows

(Amount in EUR)

| | Note | For Year ended December 31, 2022 | For Year ended December 31, 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Profit for the year | | **(1,194)** | 3,875,070 |
| **Adjustment to reconcile profit or loss to net cash provided by** | | **-** | |
| Net investment value written off (Refer Note 9) | | **-** | 10,281 |
| Impairment Expense | | **-** | - |
| Tax Expense | | **-** | 204,500 |
| **Operating profit before working capital changes** | | **(1,194)** | 4,089,851 |
| **Net change in working capital** | | | |
| Current Assets | | **-** | (119) |
| Trade Payables | | | - |
| **Cash generated from operating activities** | | **(1,194)** | 4,089,732 |
| Income taxes paid | | **-** | (204,500) |
| **Net cash generated/ (used) in operating activities** | | **(1,194)** | 3,885,232 |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Payment of dividend | | **-** | (3,650,000) |
| Others | | **-** | |
| **Net cash used in financing activities** | | **-** | (3,650,000) |
| **Net change in cash and cash equivalents** | | **(1,194)** | 235,232 |
| Cash and cash equivalents, beginning of the year | | **235,232** | - |
| **Cash and cash equivalents, end of the year** | 1(a) | **234,039** | 235,232 |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-17**

As per our report of even date attache

For **KBJ & Associates**
Chartered Accountants
Firm registration no.114934W

**Kaushik B. Joshi**
Proprietor
Membership number : 48889

Mumbai
Date: 21 April, 2023

For and on behalf of the Board of Director
of Saudi Desert Rose Holding B.V.

**Pradeep Manohar Gaitonde**
Director
Mumbai

**Sapthagiri Chapalapall**
Director
Frankfurt , Germany

## Notes forming part of the Financial Statements

### 1. CORPORATE INFORMATION

Saudi Desert Rose Holding B.V. (the "Company") is a limited liability company, incorporated and domiciled in Netherlnds, where TCS Netherlands B.V. owns 100% of the shares.

The main activities of Saudi Desert Rose Holding B.V. (hereafter 'the Company') are the incorporation of, participation in and to take any other financial interest in companies.

The Company has its statutory seat and office address at the Verlengde Poolseweg 16, 4818 CL, Breda, The Netherlands and is listed under number 59144629 in the trade register ('KvK').

### 2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the international accounting standard board ("IASB") and applicable provisions of Netherlands corporations Law. This special purpose financial statements have been prepared for inclusion of Tata Consultancy Services Limited (Intermediate Holding Company) under the requirement of Section 129(3) of the Companies Act, 2013 ('the Act'). The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented in these financial statements .

### 3. BASIS OF PREPARATION

The financial statements have been prepared on historical cost basis at the end of each reporting period.. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional and presentation currency of the Company is Euro (EUR),

Foreign currency transactions are translated into functional currency at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using exchange rates prevailing on the date of statement of financial position. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are included in profit or loss. Non monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

### 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of these financial statements is in conformity with the recognition and measurement principles of International Financial Reporting Standards (IFRS) which requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and future periods are affected.

The company uses the following critical accounting estimates in preparation of its financial statements:

**a. Revenue recognition**

Dividend income is recorded when the right to receive payment is established.

**b. Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**c. Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**d. Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to assess contingent liabilities. Contingent liabilities are recognised when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

## 5. NATURE AND PURPOSE OF RESERVES

**a. Share Premium reserve:**

The share premium reserve comprises the proceeds from the issue of shares insofar as these exceed the nominal value of the shares (proceeds above par).

**b. Unappropriated result:**

This reserve represents undistributed accumulated earnings of the Company as on the date of statement of financial position.

**c. Other reserve:**

Other reserve has been created for fulfilling various business needs like meeting contingencies, offsetting future losses, enhancing the working capital, paying dividends etc.

## 6. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Amendments to IAS 1 Classification of Liabilities[1]

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies[1]

Amendments to IAS 8 Definition of Accounting Estimates[1]

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1]Effective for annual periods beginning on or after January 1, 2023.

## Notes forming part of the Financial Statements

**IFRS 3 -- Reference to Conceptual Framework**

In May 2020, IASB published Reference to Conceptual Framework, that update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. These changes do not significantly change the requirements of IFRS 3. The Company does not expect the amendment to have any significant impact in its financial

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group will evaluate the impact, if any, in its financial statements.

### 7. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**1. Financial assets, financial liabilities and equity instruments**

**(a) Cash and cash equivalents**

(Amount in EUR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Cash in hand | **-** | - |
| Balances with bank | **-** | - |
| In current account | **234,039** | 235,232 |
| **Total** | **234,039** | 235,232 |



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## Notes forming part of the Financial Statements

### (b) Financial instruments by category

The carrying value of financial instruments by categories as at December 31, 2022 is as follows:

(Amount in EUR)

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **234,039** | 234,039 |
| **Total** | **234,039** | 234,039 |

The carrying value of financial instruments by categories as at December 31, 2021 is as follows:

| | Amortised cost | Total carrying value |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **235,232** | 235,232 |
| **Total** | **235,232** | 235,232 |

Carrying amounts of cash and cash equivalents, other financial assets and trade payables as at December 31, 2021 and December 31, 2021 approximate the fair value.

### (c) Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

### (d) Financial risk management

The Company is exposed primarily to fluctuations in credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

- **Foreign currency exchange rate risk**

  The fluctuation in foreign currency exchange rate may have potential impact on the statement of Profit and Loss, Other comprehensive income and Equity, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than functional currency of the company.

- **Foreign currency exchange rate**

  The Company is not exposed to foreign currency exchange rate risk

- **Interest rate risk**

  The Company is not significantly exposed to interest rate risk.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentration of credit risk principally consist of cash and cash equivalents, and other financial assets.

- **Exposure to credit risk**

  The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was EUR 2,35,232 and EUR NIL as of December 31, 2021 and December 31, 2020, respectively being the total of the carrying amount of balances with bank and other financial assets. Balance with bank are held with banks with high credit ratings.

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

**(e) Equity instruments**

(Amount in EUR)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **Authorised, issued, subscribed and paid up Share capital** | | |
| Authorised: | | |
| 18,000 ordinary shares of EUR 1 each | **18,000** | 18,000 |
| Issued, Subscribed & Fully paid up : | | |
| 18,000 ordinary shares of EUR 1 each | **18,000** | 18,000 |
| Share holding | **Percentage** | Percentage |
| General Electric International (Benelux) B.V. | | |
| Tata Consultancy Services Netherlands BV | **100%** | 100% |

## Notes forming part of the Financial Statements

**Capital management**

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. the company is not subject to any externally imposed capital requirements.

## 8. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

## 9. OPERATING INCOME

(Amount in EUR)

| Dividend Income | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Dividend Income* | - | 4,089,980 |
| **Total** | - | 4,089,980 |

* As per Joint Venture (JV) Scheme with a JV partner, Investments in Tata Consultancy Services Saudi Arabia ('TCS Saudi') held by JV Partner in Saudi Desert Rose Holdings B.V. ('SDR') is to be transferred to its parent company i.e., Tata Consultancy Services Netherlands B.V. and 100% share capital of SDR was to be acquired by the Parent Company. During the year as per the said JV Scheme, 100% share capital of SDR has been acquired by the Parent Company and investment by SDR in TCS Saudi would ultimately be merged with the parent Company. Pending merger, the dividend from TCS Saud has been received by SDR. Since SDR does not hold any beneficial interest in TCS Saudi, net investment value has been written off in the books.

## 10. COST RECOGNITION

The costs of the company are broadly categorised into other operating expenses which mainly include bank charges.

The Company decided to present an analysis of expenses recognized in the Profit or Loss using a classification based on their nature instead of by their function as classification of expenses by nature is considered to provide more reliable and relevant information to users than their classification by function. Information on the nature of expenses is useful in predicting future cash flows. Classification by nature is simple and does not require allocations and involves lesser management judgement. The Company intends to follow this approach on a consistent basis.

(Amount in EUR)

| Other operating expenses | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Net investment value written off (Refer Note 9) | - | 10,281 |
| Other Expenses | **1,194** | 129 |
| **Total** | **1,194** | 10,410 |

## 11. INCOME TAXES

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

## Notes forming part of the Financial Statements

**Current income taxes**

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period. Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

**Deferred income taxes**

There are no material timing difference hence no deffered tax accounted.

The income tax expense consists of the following:

(Amount in EUR)

| **Current tax** | **As at December 31, 2022** | **As at December 31, 2021** |
|---|---|---|
| Current tax expense | - | 204,500 |
| **Total** | - | 204,500 |

The reconciliation of estimated income tax expense at the Statutory income tax rate to income tax expense reported in statement of profit or loss and other comprehensive income is as follows:

## 12. RELATED PARTY TRANSACTIONS

Saudi Desert Rose Holding B.V.principal related parties consist of its holding company Tata Consultancy Services Netherlands B.V. and its subsidiaries, its Associate Tata Consultancy Services Saudi Arabia and its key managerial personnel. The Company routinely enters into transactions with its related parties in the ordinary course of business. Below tables include transactions entered during the year and balances as of December 31, 2022 and 2021.

**Transactions and balances with related parties**

**For the year ended December 31, 2021**

(Amount in EUR)

| **Particulars** | **With Tata Consultancy Services Limited, Holding Company** | **With Tata Consultancy Services Saudi Arabia, Associate Company** | **Total** |
|---|---|---|---|
| Dividend paid | **3,650,000** | **-** | **3,650,000** |
| Dividend received | **-** | **4,089,980** | **4,089,980** |

## 13. SEGMENT

There are no speciic segment to be reported for the year ended Dec 2022. Only trnsactions during the year reported is bank charges.



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## Notes forming part of the Financial Statements

### 14. GOING CONCERN

Management has sufficient resources to continue as a going concern.

### 15. SUBSEQUENT EVENTS

There have been no circumstances of a material nature that have occurred between the financial year end and the date of approval of these financial statements that require adjustment or disclosure in the financial statements.

### 16. COMPARATIVE INFORMATION

The comparative figures presented for the year ended December 31, 2021 and December 31, 2022 has followed the same accounting principles.

### 17. CONSOLIDATION

The following set of financial statements represents the financial statements of the entity. The exemption under IAS27.16(1) has been applied and consolidated financial statements were not prepared. The consolidated financial statements of the parent company are available on demand.

As per our report of even date attache

For **KBJ & Associates**
Chartered Accountants
Firm registration no.114934W

**Kaushik B. Joshi**
Proprietor
Membership number : 48889

Mumbai
Date:21 April, 2023

For and on behalf of the Board of Director
of Saudi Desert Rose Holding B.V.

**Pradeep Manohar Gaitonde**
Director
Mumbai

**Sapthagiri Chapalapall**
Director
Frankfurt , Germany

# Tata Consultancy Services Bulgaria EOOD

**(Registration Number: 206636516)**

# ANNUAL FINANCIAL STATEMENTS

**For the year ended**
**December 31, 2022**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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# DIRECTORS' REPORT

## for the period January 01, 2022 to December 31, 2022

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW INCLUDING PRINCIPAL RISKS AND UNCERTAINTIES

The business purpose of Tata Consultancy Services Bulgaria EOOD ("The Company") is to provide its main customer, Xerox with a range of services across Leasing, Accounting, Pricing and FP&A functions, while also continuing to expand the services Tata Consultancy Services Bulgaria EOOD can offer Xerox across its other capabilities.

The principal key performance indicators used by management to monitor performance are as follows:-

• Actual financial results versus forecasts

• Regulatory filings

• Employee turnover

• Customer satisfaction

• Operational efficiencies

**The principal risks and uncertainties facing the company are as follows:**

• the movement in currency rates between USD and BGN.

• increase in labour costs in the local market.

• Economic impact of war in Ukraine.

**Results and dividends**

Profit on ordinary activities before taxation for the period ended 31 December, 2022 amounted to BGN 4,372,029.09.

The directors do not recommend the payment of a dividend.

**Future developments**

The company is expected to increase its level of operations throughout the year 2023.

**Events since the end of the financial year**

There have been no significant events affecting the company since the balance sheet date.

**Financial Risk Management**

The Company is exposed to financial risk through both its financial assets and liabilities. The most important components of this financial risk for the Company are credit risk, foreign exchange risk, interest rate risk and liquidity risk.

**Risk Management Framework**

The Company's internal organisational and management structure and its system of internal financial reporting to the board of directors is the basis for identifying the predominant source and nature of the differing risks facing the entity.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk is controlled by the Company by ensuring credit limits and the credit worthiness of customers are monitored on an ongoing basis.

The Company has identified the credit risks associated with the cash and deposits it has placed with third party banking institutions.

**Liquidity Risk**

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost, the Company maintains a significant proportion of its funds in liquid form and maintains sufficient liquidity even at unexpected levels of demand.

**Interest Rate Risk**

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in interest rates. Based on current company operations it is not envisaged that the entity is exposed to significant interest rate risk.

**Foreign Exchange Risk**

Tata Consultancy Services Bulgaria EOOD conducts business in foreign countries with certain transactions denominated in currencies other than the functional currency of the Company (BGN). The purpose of the Company's foreign currency management is to manage the effect of exchange rate fluctuations on transactions denominated in foreign currencies (US dollars). The Company has an internal hedging agreement in place to mitigate its exposure, this is used for internal management reporting.

**Accounting Records**

The directors believe that they have complied with the requirements the Companies Act in Bulgaria with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at Sofia Business Park, Building 3, 1st floor, 1766 Sofia Bulgaria.

The names of the persons who were directors for the period ended 31 December, 2022 are set out below:

**1. Amit Kapur**
*(Director)*

**2. Niraj Sanghvi**
*(Director)*

**3. Sapthagiri Chapalapalli**
*(Director)*

**Directors' and secretary's interests**

The directors who held office at 31 December, 2022 had no disclosable interests in the shares, debentures or loan stock of the Company or group companies.

**Political contribtion**

The Company made no political contributions or incurred any political expenditure during the period.

**Directors Compliance Statement**

The directors, in accordance with the Companies Act in Bulgaria, acknowledge that they are responsible for securing the Company's compliance with certain obligations.

The directors confirm that:

• A compliance policy statement has been drawn up setting out the Company's policies with regard to such compliance;

• Appropriate arrangements or structures that are designed to secure material compliance with the Company's relevant obligations have been put in place; and

• A review of the arrangements and structures referred to above has been conducted during the financial period ended 31 December, 2022.

**Relevant audit information**

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

**Going concern**

Management has made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Based on the analysis they have concluded that the Company has sufficient resources to continue as a going concern.

| | | |
|---|---|---|
| For and on behalf of board of directors of | **Amit Kapur** | **Niraj Sanghvi** |
| **Tata Consultancy Services Bulgaria EOOD** | Director | Director |
| Date: 15 May, 2023 | United Kingdom | Germany |

# INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS**
**TATA CONSULTANCY SERVICES BULGARIA EOOD**

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

## Opinion

We have audited the accompanying special purpose financial statements of Tata Consultancy Services Bulgaria EOOD ('the Company'), which comprise the statement of financial position as of 31st Decemeber 2022, and the related statement of profit or loss and other comprehensive income, changes in equity, and cash flow for the period from 01st January 2022 to 31st December 2022, and the related notes to the special purpose financial statements. The special purpose financial statements have been prepared by the management as described in Note 2 to the Special Purpose financial statements in accordance with the International Financial Reporting Standards (IFRS).

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31st December 2022, and its financial performance and its cash flows for the said period then ended in accordance with IFRS as issued by the International Accounting Standard Board.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) generally accepted in India. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Special purpose financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special purpose financial statements under the provisions of the Act and the Rules there under and fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

## Management's Responsibility for special purpose Financial Statements

The Company's management and Board of Directors are responsible for preparation of these Special purpose financial statements that give a true and fair view of the state of affairs, profit/ loss and (including other comprehensive income), changes in equity cash flows of the Company in accordance with the IFRS. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special purpose financial statements that give a true and fair view and are free from misstatement, whether due to fraud or error.

In preparing these Special purpose financial statements, management and Board of Directors are 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the Special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance but is not a guarantee that an audit conducted in accordance with SAs 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 Special purpose financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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. We are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue going concern.

- Evaluate the overall presentation, structure 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. .

**Restriction on Distribution and Use**

Audit of this special purpose financial statements, in accordance with IFRS of the Company for the period ended 31st December 2022 have been prepared for the limited purpose of consolidated financial statements, to comply with the Section 129(3) of the Companies Act 2013, of Tata Consultancy Services Ltd. for the year ended 31st December 2022. Our report is strictly intended solely for the information and use by TCS for the preparation of consolidated financial statements and for the use at their annual general meetings for the information of their members. It is not intended to be and should not be used by anyone other than specified parties.

Place: Mumbai

Date: May, 2023

**For K B J & ASSOCIATES**

(Chartered Accountants)

(ICAI Firm Registration No. 114934W)

**Kaushik B. Joshi**

Proprietor

(ICAI Membership No.48889)

## STATEMENT OF FINANCIAL POSITION

(Amount in BGN)

| | Note | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 8(b) | **2,62,223** | - |
| Right of use assets | 8(a) | **23,80,531** | - |
| Capital work-in-progress | 8(c) | **8,99,802** | 1,86,839 |
| **Total non-current assets** | | **35,42,557** | 1,86,839 |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 7(a) | **5,04,597** | 19,58,312 |
| Trade receivables | 7(b) | **31,85,746** | 2,83,925 |
| Unbilled receivables | 7(h) | **49,36,428** | 18,47,551 |
| Other Financial Assets | 7(c) | **4,267** | - |
| Other assets | 8(d) | **5,73,585** | 3,03,181 |
| **Total current assets** | | **92,04,622** | 43,92,969 |
| **TOTAL ASSETS** | | **1,27,47,179** | 45,79,808 |
| **EQUITY AND LIABILITIES** | | | |
| Equity | | | |
| Share capital | | **2** | 2 |
| Retained earnings | | **49,50,551** | 11,77,006 |
| **Total equity** | | **49,50,553** | 11,77,008 |
| **LIABILITIES** | | | |
| Non Current Liabilities | | | |
| Lease Liability | 7(e) | **20,14,748** | - |
| **Total Non Current liabilities** | | **20,14,748** | - |
| **CURRENT LIABILITIES** | | | |
| Trade payables | 7(d) | **94,973** | (5,011) |
| Lease Liability | 7(f) | **4,19,503** | - |
| Other financial liabilities | 7(g) | **44,08,110** | 31,77,654 |
| Income tax liabilities (net) | | **5,66,915** | 1,30,778 |
| Other liabilities | 8(e) | **2,92,377** | 99,379 |
| **Total current liabilities** | | **57,81,878** | 34,02,800 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,27,47,179** | 45,79,808 |

**SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-19**

As per our report of even date attached.

For and on behalf of the Board of Directors
of Tata Consultancy Services Bulgaria EOOD

**For KBJ & Assoicates**
*Chartered Accountants*
*Firm registration number : 114934W*

**Kaushik B. Joshi**
*Proprietor*
*Membership No: 48889*
*Mumbai*
*Date: 15 May, 2023*

**Amit Kapur**
*Director*
*United Kingdom*

**Niraj Sanghvi**
*Director*
*Germany*

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amount in BGN))

| | Note | For the period January 1, 2022 to December 31, 2022 | For the period August 31, 2021 to December 31, 2021 |
|---|---|---|---|
| **Revenues** | 9 | **1,21,74,793** | 23,67,779 |
| **Operating expenses** | | | |
| Employee cost | 14 | **70,13,002** | 9,02,203 |
| Finance costs | 12 | **76,715** | 12,583 |
| Other operating expenses | 10 | **8,31,829** | 1,31,699 |
| **TOTAL OPERATING EXPENSES** | | **79,21,545** | 10,46,485 |
| **Operating profit** | | **42,53,248** | 13,21,294 |
| **Other income** | | | |
| Other losses (net) | 11 | **41,592** | 13,510 |
| **TOTAL OTHER INCOME** | | **41,592** | 13,510 |
| **Profit before taxes** | | **42,11,656** | 13,07,784 |
| Income tax expense | 13 | **4,38,111** | 1,30,778 |
| **Profit for the period** | | **37,73,545** | 11,77,006 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | **37,73,545** | 11,77,006 |

**SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-19**

As per our report of even date attached.

**For KBJ & Assoicates**
*Chartered Accountants*
*Firm registration number : 114934W*

**Kaushik B. Joshi**
*Proprietor*
*Membership No: 48889*
*Mumbai*
*Date: 15 May, 2023*

For and on behalf of the Board of Directors
of Tata Consultancy Services Bulgaria EOOD

**Amit Kapur**
*Director*
*United Kingdom*

**Niraj Sanghvi**
*Director*
*Germany*

## STATEMENT OF CHANGES IN EQUITY

(Amount in BGN)

| | Share capital | Retained Earnings | Total equity |
|---|---|---|---|
| **Balance as at January 1, 2022** | **2** | **11,77,006** | **11,77,008** |
| Transactions with owners of the company | **-** | **-** | **-** |
| Issue of ordinary shares | **-** | **-** | **-** |
| Total comprehensive income for the period | **2** | **11,77,006** | **11,77,008** |
| Profit for the period | **-** | **37,73,545** | **37,73,545** |
| **Balance as at December 31, 2022** | **2** | **49,50,551** | **49,50,551** |

| | Share capital | Retained Earnings | Total equity |
|---|---|---|---|
| **Balance as at August 31, 2021** | - | - | - |
| Transactions with owners of the company | - | - | - |
| Issue of ordinary shares | 2 | - | 2 |
| Total comprehensive income for the period | 2 | - | 2 |
| Profit for the period | - | 11,77,006 | 11,77,006 |
| **Balance as at December 31, 2021** | 2 | 11,77,006 | 11,77,008 |

**SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-19**

As per our report of even date attached.

**For KBJ & Assoicates**
*Chartered Accountants*
*Firm registration number : 114934W*

**Kaushik B. Joshi**
*Proprietor*
*Membership No: 48889*
*Mumbai*
*Date: 15 May, 2023*

For and on behalf of the Board of Directors
of Tata Consultancy Services Bulgaria EOOD

**Amit Kapur**
*Director*
*United Kingdom*

**Niraj Sanghvi**
*Director*
*Germany*

## STATEMENT OF CASH FLOWS

(Amount in BGN)

| | Note | For the period January 1, 2022 to December 31, 2022 | For the period August 31, 2021 to December 31, 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit for the period | | **37,73,545** | 11,77,006 |
| **Adjustments to reconcile profit or loss to net cash provided by operating activities:** | | | |
| Depreciation | 9(a) | **1,80,970** | - |
| Finance costs | | **76,715** | 12,583 |
| Income tax expense | | **4,38,111** | 1,30,778 |
| Unrealised exchange loss | | **(10,726)** | 2 |
| **Operating profit before working capital changes** | | **44,58,616** | 13,20,370 |
| **Net change in:** | | | |
| Trade receivables | | **(29,01,820)** | (2,83,925) |
| Unbilled receivables | | **(30,88,877)** | (18,47,551) |
| Other Financial assets | | **(4,267)** | - |
| Other assets | | **(2,70,403)** | (3,03,181) |
| Trade paybles | | **99,984** | (5,011) |
| Other financial liabilities | | **7,64,932** | 31,77,654 |
| Other liabilities and provisions | | **1,92,998** | 99,379 |
| **Cash generated from operating activities** | | **(7,48,838)** | 21,57,733 |
| Taxes paid ( net of refunds) | | **(1,975)** | - |
| **Net cash generated from operating activities** | | **(7,50,813)** | 21,57,733 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | **(5,84,707)** | (1,86,839) |
| **Net cash used in investing activities** | | **(5,84,707)** | (1,86,839) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of share capital | | **-** | 2 |
| Repayment of lease liabilities | | **(52,205)** | - |
| Repayment of lease Interest | | **(28,033)** | - |
| Interest paid | | **(48,683)** | (12,583) |
| **Net cash used in financing activities** | | **(1,28,920)** | (12,581) |
| **Net change in cash and cash equivalents** | | **(14,64,441)** | 19,58,313 |
| Cash and cash equivalents at the beginning of the period | | **19,58,311** | - |
| Exchange difference on translation of foreign currency cash and cash equivalents | | **10,726** | (2) |
| **Cash and cash equivalents at the end of the period** | | **5,04,596** | 19,58,311 |

**SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS** 1-19

As per our report of even date attached.

**For KBJ & Assoicates**
*Chartered Accountants*
*Firm registration number : 114934W*

**Kaushik B. Joshi**
*Proprietor*
*Membership No: 48889*
*Mumbai*
*Date: 15 May, 2023*

For and on behalf of the Board of Directors
of Tata Consultancy Services Bulgaria EOOD

**Amit Kapur**
*Director*
*United Kingdom*

**Niraj Sanghvi**
*Director*
*Germany*

## Notes forming part of the Financial Statements

### 1. CORPORATE INFORMATION

Tata Consultancy Services Bulgaria EOOD ("the Company") provides IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions. This is delivered through its unique Location-Independent Agile delivery model recognised as a benchmark of excellence in software development. The Company will provide F&A operations supporting EU region for Xerox for the F&A consolidation /transformation initiative.

The Company was incorporated on 31 August, 2021 in Bulgaria. The registered address of the company is Sofia Business Park, Building 3, 1st Floor, 1766 Sofia, Bulgaria. Tata Consultancy Services Bulgaria EOOD is a 100% subsidiary of Tata Consultancy Services Ireland Limited.

### 2. STATEMENT OF COMPLIANCE

These special purpose financial statements have been prepared in accordance with the International Financial Reporting Standards (referred to as "IFRS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time. for sole purpose of inclusion for Tata Consultancy Services Limited (Intermediate Holding Company) under the requirement of Section 129(3) of the Companies Act, 2013('the Act'). The presentation currency of these financial statements is BGN.

### 3. BASIS OF PREPARATION

These financial statements have been prepared on historical cost basis except for certain financial instrument which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows have been prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional and reporting currency of the Company is Bulgarian lev ("BGN").

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilites that are measured in terms of historical cost in foreign currencies are not retranslated.

### 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of these financial statements is in conformity with the recognition and measurement principles of International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

## Notes forming part of the Financial Statements

**a. Revenue recognition**

Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**b. Useful lives of property, plant and equipment**

The Company reviews the useful lives of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**c. Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**d. Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**e. Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**f. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**g. Employee benefits**

The accounting of employee benefit plans in the nature of defined benefit requires the company to use assumptions. These assumptions have been explained under employee benefits note.

## 5. NATURE AND PURPOSE OF RESERVES

### a. Retained earnings

This reserve represents undistributed accumulated earnings of the Company as on the date of statement of financial position.

## 6. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single transaction[1] |
| Amendments to IFRS 16 | Lease Liability in a sale and Leaseback[2] |
| Amendments to IAS 1 | Non-current Liabilities with Covenants[2] |

[1] Effective for annual periods beginning on or after January 1, 2023.

[2] Effective for annual periods beginning on or after January 1, 2024.

**IAS 16 – Proceeds before intended use**

In May 2020, IASB amended IAS 16, which prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**IAS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

In May 2020, IASB issued Onerous Contracts - Cost of Fulfilling a Contract, which specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**IFRS 3 – Reference to Conceptual Framework**

In May 2020, IASB published Reference to Conceptual Framework, that update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. These changes do not significantly change the requirements of IFRS 3. The Group does not expect the amendment to have any significant impact in its financial statements.

**IFRS 9 – Annual Improvements to IFRS Standards - 2018-2020**

In May 2020, IASB amended IFRS 9 as part of its Annual Improvements to IFRS Standards 2018-2020. The amendment clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**IFRS 16 – Annual Improvements to IFRS Standards - 2018-2020**

In May 2020, IASB issued an amendment to Illustrative Example 13 accompanying IFRS 16, as part of its Annual Improvements to IFRS Standards - 2018-2020, which removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. The amendment is only as regards the Illustrated Example, therefore, no effective date is stated. The Company does not expect the amendment to have any significant impact in its financial statements.

## Notes forming part of the Financial Statements

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group will evaluate the impact, if any, in its financial statements.

### 7. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The company derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortized cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding..

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net of direct issue cost.

***Impairment of financial assets (other than at fair value)***

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**a) Cash and Cash Equivalents**

(Amount in BGN)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Cash in hand | - | - |
| Balances with bank | **5,04,597** | 19,58,312 |
| **Total** | **5,04,597** | 19,58,312 |

**b) Trade Receivables**

Trade receiavbles consist of the following:

(Amount in BGN)

| **Trade receivables - Current** | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade receivables | **31,85,746** | 2,83,925 |
| Less: Allowance for doubtful trade receivables | **-** | - |
| **Total** | **31,85,746** | 2,83,925 |

## Notes forming part of the Financial Statements

### c) Other Financial Asset-Current

(Amount in BGN)

| Other Financial Asset - Current | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Employee advances | 4 ,267 | - |
| **Total** | **4 ,267** | - |

### d) Trade payables

Trade payables consist of the following:

(Amount in BGN)

| Trade payables - Current | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Trade payables | 94,973 | (5,011) |
| **Total** | **94,973** | (5,011) |

(Amount in BGN)

| e) Lease Liability - Non Current | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Lease Liability | 20,14,748 | - |
| **Total** | **20,14,748** | - |

(Amount in BGN)

| f) Lease Liability - Current | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Lease Liability | 4,19,503 | - |
| **Total** | **4,19,503** | - |

### g) Other financial liabilities - current

(Amount in BGN)

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Accrued payroll | 8,03,325 | 1,35,480 |
| Accrued expenses | 2,05,299 | 1,07,800 |
| Capital Creditors | 4,65,525 | - |
| Unsecured Borrowings - loan from related parties | 29,33,961 | 29,34,374 |
| **Total** | **44,08,110** | 31,77,654 |

## h) Financial instruments by category

The carrying value of financial assets and financial liabilities as at December 31, 2022 is as follows:

(Amount in BGN)

| Financial assets | Amortized cost | Total carrying value |
|---|---|---|
| Cash and cash equivalents | **5,04,597** | **5,04,597** |
| Trade receivables | **31,85,746** | **31,85,746** |
| Unbilled receivables | **49,36,428** | **49,36,428** |
| Other financial Assets | **4,267** | **4,267** |
| **Total** | **86,31,037** | **86,31,037** |
| **Financial liabilities** | | |
| Trade payables | **94,973** | **94,973** |
| Lease Liabilities | **24,34,251** | **24,34,251** |
| Other financial liabilities | **44,08,110** | **44,08,110** |
| **Total** | **69,37,334** | **69,37,334** |

The carrying value of financial assets and financial liabilities as at December 31, 2021 is as follows:

(Amount in BGN)

| Financial assets | Amortized cost | Total carrying value |
|---|---|---|
| Cash and cash equivalents | 19,58,312 | 19,58,312 |
| Trade receivables | 2,83,925 | 2,83,925 |
| Unbilled receivables | 18,47,551 | 18,47,551 |
| **Total** | 40,89,788 | 40,89,788 |
| **Financial liabilities** | | |
| Trade payables | (5,011) | (5,011) |
| Other financial liabilities | 31,77,654 | 31,77,654 |
| **Total** | 31,72,643 | 31,72,643 |

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at December 31, 2022 approximate the fair value

## i) Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

## Notes forming part of the Financial Statements

### j) Financial risk management

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rate may have potential impact on the statement of financial statement, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than functional currency of the company. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The risk primarily relate to fluctuation of USD and EUR against the functional currency of the Company.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the functional currency of the company.

The following table sets forth information relating to foreign currency exposure as at December 31, 2022:

| | USD (equivalent BGN) | EUR (equivalent BGN) |
|---|---|---|
| Net financial assets | **86,20,070** | **2,707** |
| Net financial liabilities | **2,92,446** | **55,95,378** |

The following table sets forth information relating to foreign currency exposure as at December 31, 2021:

| | USD (equivalent BGN) | EUR (equivalent BGN) |
|---|---|---|
| Net financial assets | 26,03,635 | 5,221 |
| Net financial liabilities | - | 29,49,743 |

10% depreciation / appreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services Bulgaria EOOD Company would result in decrease / increase in the Company's profit before taxes by approximately BGN 273,495 and BGN 34,089 for the period ended December 31, 2022 and December 31, 2021 respectively.

- **Interest rate risk**

The Company is not exposed to interest rate risk.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, cash and cash equivalents, and other financial assets.

- ***Exposure to credit risk***

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was BGN 8,791,411 and BGN 4,089,788 as of December 31, 2022 and December 31, 2021 respectively, being the total of the carrying amount of balances with bank, bank deposit, trade receivable, unbilled receivables, contract assets and other financial assets.

Tata Consultancy Services Bulgaria EOOD Company's exposure to customers is diversified and single customer contributes to more than 10% of outstanding trade receivables, unbilled receivables and contract assets as at December 31, 2022 and December 31, 2021 respectively.

(Amount in BGN)

| Client Name | As at December 31, 2022 | |
|---|---|---|
| | Amount | Percentage |
| Customer A | **81,22,173** | **100%** |

(Amount in BGN)

| | As at December 31, 2021 | |
|---|---|---|
| | Amount | Percentage |
| Customer A | 23,67,556 | 100% |

- ***Geographic concentration of credit risk***

The Company has a geographic concentration of trade receivables (net of allowances), unbilled receivables and contract assets as given below:

(Amount in BGN)

| | As at December 31, 2022 | |
|---|---|---|
| | Gross | Net |
| UK | **100%** | **100%** |

(Amount in BGN)

| | As at December 31, 2021 | |
|---|---|---|
| | Gross | Net |
| UK | 100% | 100% |

Geographical concentration of trade receivables, unbilled receivables and contract assets is allocated based on the location of the customers.

## Notes forming part of the Financial Statements

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at: .

(Amount in BGN)

| December 31, 2022 | Due in 1st year | Due in 2nd to 5th year | Total |
|---|---|---|---|
| **Financial liabilities** | | | |
| Trade and other payables | **94,973** | **-** | **94,973** |
| Lease Liability | **4,19,503** | **20,14,748** | **24,34,251** |
| Other financial liabilities | **44,08,110** | **-** | **44,08,110** |
| **Total** | **49,22,587** | **20,14,748** | **69,37,334** |

(Amount in BGN)

| December 31, 2021 | Due in 1st year | Due in 2nd to 5th year | Total |
|---|---|---|---|
| **Financial liabilities** | | | |
| Trade and other payables | (5,011) | - | (5,011) |
| Other financial liabilities | 31,77,654 | - | 31,77,654 |
| **Total** | 31,72,643 | - | 31,72,643 |

**k) Equity instruments**

| | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|
| **(a) Authorised** | | |
| 2 ordinary shares of BGN 1 each | **2** | 2 |
| **(b) Issued, Subscribed and Fully paid up** | | |
| 2 ordinary shares of BGN 1 each | **2** | 2 |

| | Percentage | Percentage |
|---|---|---|
| **Share holding** | | |
| Tata Consultancy Services Ireland Limited | **100%** | 100% |

**Capital management**

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated.The Company is not subject to any externally imposed capital requirements.

## 8 NON-FINANCIAL ASSETS AND LIABILITIES

**a. Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

***Company as a lessee***

The company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

## Notes forming part of the Financial Statements

The details of the right-of-use asset held by the Company is as follows:

(Amount in BGN)

| | ROU Building | Total |
|---|---|---|
| **Gross Block as on 01. 01. 2022** | **-** | - |
| Additions | **24,86,456** | 24,86,456 |
| Disposals | **-** | - |
| **Gross Block as on 31. 12. 2021** | **24,86,456** | 24,86,456 |
| Accumulated Depreciation as on 01.01.2022 | **-** | - |
| Elimination on Disposal | **-** | - |
| Depreciation for the year | **1,05,925** | 1,05,925 |
| Accumulated Depreciation as on 31.12.2022 | **1,05,925** | 1,05,925 |
| **Net Carrying Amount as on 31.12.2022** | **23,80,531** | 23,80,531 |

(Amount in BGN)

| | ROU Building | Total |
|---|---|---|
| **Gross Block as on 31. 08. 2021** | **-** | - |
| Purchases | **-** | - |
| Disposals | **-** | - |
| **Gross Block as on 31. 12. 2021** | **-** | - |
| Accumulated Depreciation as on 01.01.2022 | **-** | - |
| Elimination on Disposal | **-** | - |
| Depreciation for the year | **-** | - |
| Accumulated Depreciation as on 31.12.2022 | **-** | - |
| **Net Carrying Amount as on 31.12.2021** | **-** | - |

Interest on lease liabilities are BGN 28032.74 and Nil for the period ended on December 31, 2022 and December 31, 2021 respectively.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

**b. Property, plant and equipment**

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of Asset | Useful Lives |
|---|---|
| Computer equipment | **4 years** |

Depreciation is not recorded on capital work in progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

Property, plant and equipment consist of the following:

(Amount in BGN)

| | Computer Equipment | Total |
|---|---|---|
| **Gross Block as on 01. 01. 2022** | **-** | **-** |
| Purchases | **3,37,268** | **3,37,268** |
| Disposals | **-** | **-** |
| **Gross Block as on 31. 12. 2022** | **3,37,268** | **3,37,268** |
| **Accumulated Depreciation as on 01.01.2022** | **-** | **-** |
| Disposals | **-** | **-** |
| Depreciation for the year | **75,045** | **75,045** |
| **Accumulated Depreciation as on 31.12.2022** | **75,045** | **75,045** |
| **Net Carrying Amount as on 31.12.2022** | **2,62,223** | **2,62,223** |

## Notes forming part of the Financial Statements

(Amount in BGN)

| | Computer Equipment | Total |
|---|---|---|
| **Gross Block as on 31. 08. 2021** | - | - |
| Purchases | - | - |
| Disposals | - | - |
| **Gross Block as on 31. 12. 2022** | - | - |
| **Accumulated Depreciation as on 31.08.2021** | - | - |
| Disposals | - | - |
| Depreciation for the year | - | - |
| **Accumulated Depreciation as on 31.12.2021** | - | - |
| **Net Carrying Amount as on 31.12.2021** | - | - |

**c. Capital work-in-progress**

(Amount in BGN)

| | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| Capital work in progress | **8,99,802** | 1,86,839 |
| **Total** | **8,99,802** | 1,86,839 |

**d. Other assets**

Other assets consist of the following:

(Amount in BGN)

| | As at Dec 31, 2022 | As at Dec 31, 2021 |
|---|---|---|
| **Other assets - Current** | | |
| Advance to suppliers | **14,366** | 2,656 |
| Prepaid expenses - Current | **4,31,643** | 4,204 |
| Tax Credit Entitlements | **1,27,576** | 45,321 |
| Contract assets - Current | **-** | 2,36,080 |
| Other advances, Gross | **-** | 14,920 |
| **Total** | **5,73,585** | 3,03,181 |

**e. Other liabilities.**

Other liabilities consist of the following:

(Amount in BGN)

| **Other liabilities - current** | **As at Dec 31, 2022** | **As at Dec 31, 2021** |
|---|---|---|
| Indirect tax payable and other statutory liabilities | **2,84,244** | 99,379 |
| Other current liabilities - Others | **8,134** | - |
| **Total** | **2,92,377** | 99,379 |

## 9. REVENUE RECOGNITION

The Company earns revenue primarily from providing information technology , consultancy services and business solutions for its customers. The Company offers a consulting-led, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Transaction price attributed in case of contracts with subsidiary is arrived at on the basis of arm's length price. Revenue also excludes taxes collected from customers.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price

## Notes forming part of the Financial Statements

concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

Revenue disaggregation by nature of services is as follows:

(Amount in BGN)

| | For the period Jan 1, 2022 to Dec 31, 2022 | For the period Aug 31, 2021 to Dec 31, 2021 |
|---|---|---|
| Revenue from consultancy services | **1,21,74,793** | 23,67,779 |
| Revenue from sale of equipment and software licences | **-** | - |
| **Total** | **1,21,74,793** | 23,67,779 |

Revenue disaggregation by industry vertical is as follows:

(Amount in BGN)

| **Industry vertical** | For the period Jan 1, 2022 to Dec 31, 2022 | For the period Aug 31, 2021 to Dec 31, 2021 |
|---|---|---|
| Hi-Tech Industry Practice | **1,21,74,793** | 23,67,779 |
| **Total** | **1,21,74,793** | 23,67,779 |

Revenue disaggregation by geography is as follows:

(Amount in BGN)

| Geography | For the period Jan 1, 2022 to Dec 31, 2022 | For the period Aug 31, 2021 to Dec 31, 2021 |
|---|---|---|
| America | **-** | 223 |
| UK | **1,21,74,793** | 23,67,556 |
| **Total** | **1,21,74,793** | 23,67,779 |

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

(Amount in BGN)

| Changes in contract assets is given below: | For the period Jan 1, 2022 to Dec 31, 2022 | For the period Aug 31, 2021 to Dec 31, 2021 |
|---|---|---|
| Opening balance | **2,36,080** | - |
| Add: Revenue recognized during the period | **-** | 2,37,766 |
| Less: Invoices raised during the period | **-** | - |
| Add / (Less): Translation during the year | **(2,36,080)** | (1,686) |
| **Closing balance as at December 31, 2021** | **-** | 2,36,080 |

## 10. COST RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories:

**Cost of revenue**

These costs primarily include employee compensation of personnel engaged in providing services, travel expenses, fees to external consultants, cost of equipment and software licences, depreciation and amortisation of production related equipment and software, facility expenses, communication expenses and other project related expenses.

**Selling, general and administrative expenses.**

Selling costs primarily include employee compensation for sales and marketing personnel, travel expenses, advertising, business promotion expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances, facility expenses for sales and marketing offices and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortisation expenses of non-production equipment and software, facility expenses for administrative offices, communication expenses, fees to external consultants and other general expenses.

## Notes forming part of the Financial Statements

(Amount in BGN)

| Expenses by function | For the period Jan 1, 2022 to Dec 31, 2022 | For the period Aug 31, 2021 to Dec 31, 2021 |
|---|---|---|
| Cost of revenue | **75,47,400** | 9,98,451 |
| Selling, general and administrative expenses | **2,97,429** | 35,450 |
| **Total** | **78,44,830** | 10,33,901 |

Costs and expenses are recognized when incurred and have been classified according to their nature.

(Amount in BGN)

| Expenses by nature | For the period Jan 1, 2022 to Dec 31, 2022 | For the period Aug 31, 2021 to Dec 31, 2021 |
|---|---|---|
| **Other operating expenses** | | |
| Project expenses | **-** | 2,219 |
| Facility running expenses | **1,44,579** | - |
| Fees to external consultants | **2,02,242** | 99,473 |
| Travel expenses | **401** | - |
| Depreciation expenses | **1,80,970** | - |
| Other expenses | **3,03,637** | 30,007 |
| **Total** | **8,31,829** | 1,31,699 |

## 11 . OTHER INCOME

(Amount in BGN)

| Other gains (net) | For the period Jan 1, 2022 to Dec 31, 2022 | For the period Aug 31, 2021 to Dec 31, 2021 |
|---|---|---|
| Net foreign exchange loss | **41,592** | 13,510 |
| **Total** | **41,592** | 13,510 |

## 12 . FINANCE COSTS

Finance costs consist of the following:.

| | For the period Jan 1, 2022 to Dec 31, 2022 | For the period Aug 31, 2021 to Dec 31, 2021 |
|---|---|---|
| Finance costs - Interest on obligations under finance leases | **28,033** | - |
| Interest on bank overdrafts and loans | **48,491** | 12,583 |
| Finance costs - Other interest expense | **192** | - |
| **Total** | **76,715** | 12,583 |

## 13 . INCOME TAXES

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

***Current income taxes***

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period. Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

***Deferred income taxes.***

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The income tax expense consists of the following:

(Amount in BGN)

| **Current tax** | **For the period Jan 1, 2022 to Dec 31, 2022** | **For the period Aug 31, 2021 to Dec 31, 2021** |
|---|---|---|
| Current tax expense for current year | **4,38,111** | 1,30,778 |
| Current tax (benefit) / expense pertaining to prior years | **-** | - |
| **Total** | **4,38,111** | 1,30,778 |

## Notes forming part of the Financial Statements

The reconciliation of estimated income tax expense at the Statutory income tax rate to income tax expense reported in statement of profit or loss and other comprehensive income is as follows:

(Amount in BGN)

| **Current tax expenses** | For the period Jan 1, 2022 to Dec 31, 2022 | For the period Aug 31, 2021 to Dec 31, 2021 |
|---|---|---|
| Income before taxes | **42,11,656** | 13,07,784 |
| Statutory tax rate | **10.00%** | 10.00% |
| Expected income tax expense | **4,21,166** | 1,30,778 |
| Add : Disallowed expense - (Depreciation) | **16,945** | - |
| **Total tax expense** | **4,38,111** | 1,30,778 |

## 14. EMPLOYEE BENEFITS

The Company provides for amount payable to be employees for compensated absences as per the company's policy, which are expected to occur within twelve months after the end of the period in which the employee render the related services are recognised as undiscounted liability at the date of statement of financial position.

Employee cost consist of the following:

(Amount in BGN)

| | For the period Jan 1, 2022 to Dec 31, 2022 | For the period Aug 31, 2021 to Dec 31, 2021 |
|---|---|---|
| Salaries & bonus | **60,36,021** | 7,87,067 |
| Contributions to social security | **8,64,242** | 1,04,160 |
| Staff welfare | **1,12,738** | 10,976 |
| **Total** | **70,13,002** | 9,02,203 |

**Staff numbers**

Average number of persons employed by the company (including directors) is 132 and 82 for year ending on December 31, 2022 and December 31, 2021 respectively.

## 15. RELATED PARTY TRANSACTIONS

Tata Consultancy Services Bulgaria EOOD's principal related parties consist of its ultimate holding company Tata Sons Private Limited, its parent of holding company Tata Consultancy Services Limited and its subsidiaries, affiliates and its key managerial personnel. The Company routinely enters into transactions with its related parties in the ordinary course of business.

## Notes forming part of the Financial Statements

**Transactions with related parties**

(Amount in BGN)

| Particulars | For the period January 1, 2022 to December 31, 2022 | | | |
|---|---|---|---|---|
| | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Limited, Parent of Holding Companyy | With Subsidiaries of TCSL | Total |
| Brand equity contribution | **30,437** | **-** | **-** | **30,437** |
| Finance cost | **-** | **-** | **48,491** | **48,491** |
| Employee Cost | **-** | **45,634** | **492** | **46,126** |

(Amount in BGN)

| Particulars | For the period August 31, 2021 to December 31, 2021 | | | |
|---|---|---|---|---|
| | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Limited, Parent of Holding Companyy | With Subsidiaries of TCSL | Total |
| Brand equity contribution | 5,919 | - | - | 5,919 |
| Finance cost | - | - | 12,583 | 12,583 |

**Balances with related parties**

(Amount in BGN)

| Particulars | For the period January 1, 2022 to December 31, 2022 | | | |
|---|---|---|---|---|
| | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Limited, Parent of Holding Companyy | With Subsidiaries of TCSL | Total |
| Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities | **36,356** | **45,049** | **52,580** | **1,33,985** |
| Borrowings | **-** | **-** | **29,33,961** | **29,33,961** |

## Notes forming part of the Financial Statements

(Amount in BGN)

| Particulars | For the period August 31, 2021 to December 31, 2021 | | | |
|---|---|---|---|---|
| | With Tata Sons Private Limited, Ultimate Holding Company | With Tata Consultancy Services Limited, Parent of Holding Companyy | With Subsidiaries of TCSL | Total |
| Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities | **5,919** | **-** | **12,583** | **18,502** |
| Borrowings | **-** | **-** | **29,34,374** | **29,34,374** |

### 16 . DIRECTOR'S REMUNERATION

Remuneration paid/ payable to directors for the year ended is Nil.

### 17 . GOING CONCERN

Management have made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the possible impacts in relation to COVID 19, which is at least, but not limited to, twelve months from the end of the reporting period. Based on the analysis they have concluded that the Company has sufficient resources to continue as a going concern.

### 18 .SUBSEQUENT EVENTS

There have been no circumstances of a material nature that have occurred between the financial year end and the date of approval of these financial statements that require adjustment or disclosure in the financial statements.

### 19 .COMPARATIVE INFORMATION

Previous year figures are not comparable with the current period as previous year Financial Statements were only for the period 31st August to 31st December & current year are for the full year from January to December.

As per our report of even date attached.

For and on behalf of the Board of Directors
of Tata Consultancy Services Bulgaria EOOD

**For KBJ & Assoicates**
*Chartered Accountants*
*Firm registration number : 114934W*

**Kaushik B. Joshi**
*Proprietor*
*Membership No: 48889*
*Mumbai*
*Date: 15 May, 2023*

**Amit Kapur**
*Director*
*United Kingdom*

**Niraj Sanghvi**
*Director*
*Germany*

# TATA CONSULTANCY SERVICES GUATEMALA, S.A.

## FINANCIAL STATEMENTS

**For the year ended**
**December 31, 2022**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

# INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS AND THE SHAREHOLDERS OF TATA CONSULTANCY SERVICES GUATEMALA, S.A.**

## Opinion

We have audited the financial statements of Tata Consultancy Services Guatemala, S.A., comprising the Statement of Financial Position as at December 31, 2022, the income statements and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, as well as the explanatory notes to the financial statements, which include a summary of significant accounting policies. The financial statements have been prepared by management using International Financial Reporting Standards (IFRS).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TATA CONSULTANCY SERVICES GUATEMALA, S.A., as of December 31, 2022 and 2021, as well as its financial performance and cash flows for the years then ended, in accordance with International Financial Reporting Standard – IFRS --, indicator in Note 3.

## Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are described later in the section. Auditor's responsibilities for auditing the financial statements of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guatemala – Code of Ethics for Accounting Professionals issued by the International Ethical Standards Board for Accountants (IESBA Code of Ethics) and have fulfilled our other ethical responsibilities in accordance with such code. We believe that the auditor's evidence we have obtained provides a sufficient and adequate basis for our opinion.

## Responsibilities of the entity's management and governance over the financial statements

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with International Financial Reporting Standard (IFRS), and for the internal control that management deems necessary to enable the preparation of financial statements free from material misstatement, due to fraud or error.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether arising from fraud or error and to issue the auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement where it exists. Misaccuracies may arise from fraud or error and are considered material if, individually or in the aggregate, they can reasonably be expected to affect the economic decisions users make on the basis of these financial statements.

As part of an ISA compliance audit, the auditor exercises professional judgment and maintains professional skepticism throughout the audit. We too:

- We identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform the audit procedures that responded to those risks; and obtained sufficient and appropriate audit evidence to provide the basis for our opinion. The risk of failing to detect a material misstatement resulting from fraud is greater than that resulting from an error, since fraud involves collusion, falsification, intentional omissions, distortion, or override of internal control.

- We obtained an important knowledge of internal control for the audit, in order to design audit procedures that are appropriate according to the circumstances and not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- We evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management in accordance with the applied basis of accounting.
- We evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a reasonable presentation.
- We conclude on the appropriateness of management's use of the going concern bases and, based on the evidence obtained, determine whether or not there is material uncertainty regarding events or conditions that may give rise to significant doubt about the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are asked to draw attention in our auditor's report to the respective disclosures in the financial statements or, if such disclosure is insufficient, we must modify our opinion. Our findings are based on audit evidence obtained to date from our auditor's report, however, future events or conditions may cause the company to cease to be a going concern.

We communicate with government officials regarding, among other issues, the expected scope and timing of the audit and important audit findings, including potential significant deficiencies in the internal control we identified during our audit.

Jorge Enrique Illescas Garcia

Collegiate CPA-936

Guatemala, Guatemala City

16 March, 2023

## Statement of Financial Position

(In Quetzals)

| | Note | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6 (a) | **6,125,188** | 2,657,689 |
| Trade receivables | | | |
| Billed | 6 (b) | **11,710,501** | 1,589,162 |
| Unbilled | | **19,461,428** | 9,149,377 |
| Other financial assets | 6 (c) | **679,810** | 2,588,776 |
| Other assets | 8 (c) | **823,053** | 1,302,606 |
| **Total current assets** | | **38,799,980** | 17,287,610 |
| **Non-current assets** | | | |
| Deferred tax assets (net) | | **507,593** | 66,419 |
| Property, plant and equipment | 8 (a) | **1,735,662** | 1,082,066 |
| **Total non-current assets** | | **2,243,255** | 1,148,485 |
| **TOTAL ASSETS** | | **41,043,235** | 18,436,095 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade payables | | **1,364,015** | 927,408 |
| Borrowings - Short Term | 6 (d) | **4,494,182** | - |
| Other financial liabilities | 6 (e) | **3,653,286** | 2,304,148 |
| Unearned and deferred revenue | | **1,979** | - |
| Employee benefit obligations | 13 (a) | **2,251,929** | 1,381,252 |
| Income tax liabilities (net) | | **712,362** | 797,795 |
| Other liabilities | 8 (d) | **668,192** | 413,095 |
| **Total current liabilities** | | **13,145,945** | 5,823,698 |
| **Non-current liabilities** | | | |
| Borrowings - Long Term | 6 (d) | **10,875,591** | 2,895,000 |
| **Total non-current liabilities** | | **10,875,591** | 2,895,000 |
| **TOTAL LIABILITIES** | | **24,021,536** | 8,718,698 |
| **Equity** | | | |
| Share Capital | 6 (i) | **7,800,000** | 7,800,000 |
| Retained earnings | | **9,125,829** | 1,917,397 |
| legal reserve | | **95,870** | - |
| **TOTAL EQUITY** | | **17,021,699** | 9,717,397 |
| **TOTAL LIABILITIES AND EQUITY** | | **41,043,235** | 18,436,095 |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.**

## Statement of Profit or Loss and Other Comprehensive Income

(In Quetzals)

| | Notes | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|---|
| **Revenues** | 9 | **50,407,509** | 11,894,920 |
| **Operating expenses** | | | |
| Employee benefits expenses | 13 | **37,437,838** | 8,138,446 |
| Depreciation and amortisation expense | 7 and 8 | **419,804** | 15,969 |
| Other operating expenses | 10 | **2,196,100** | 1,046,017 |
| **TOTAL OPERATING EXPENSES** | | **40,053,742** | 9,200,432 |
| **Operating profit** | | **10,353,767** | 2,694,488 |
| **Other(expenses) / income** | | | |
| Finance costs | 11 (a) | **(540,815)** | (26,572) |
| Other gains/ (losses) net | 11 (b) | **116,768** | (19,143) |
| **OTHER (EXPENSE) (NET)** | | **(424,047)** | (45,715) |
| **Profit before Taxes** | | **9,929,720** | 2,648,773 |
| Income tax expense | 12 | **2,625,418** | 731,376 |
| **PROFIT FOR THE YEAR** | | **7,304,302** | 1,917,397 |
| **OTHER COMPREHENSIVE INCOME, NET OF TAXES** | | **-** | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **7,304,302** | 1,917,397 |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.**

## Statement of Changes in Equity

(In Quetzals)

| | Note | Equity share capital | Legal reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Balance as at Jan 1, 2021** | | - | - | - | - |
| share capital (7800 shares at GTQ 1.000) | | 7,800,000 | - | - | 7,800,000 |
| Profit for the year | | - | - | 1,917,397 | 1,917,397 |
| **Balance as at December 31, 2021** | 6(i) | 7,800,000 | - | 1,917,397 | 9,717,397 |
| **Balance as of January 1, 2022** | | 7,800,000 | - | 1,917,397 | 9,717,397 |
| Profit for the year | | - | - | 7,304,302 | 7,304,302 |
| Transfer to legal reserve | | - | 95,870 | (95,870) | - |
| **Balance as of December 31, 2022** | | 7,800,000 | 95,870 | 9,125,829 | 17,021,699 |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.**

## Statement of Cash Flows

(In Quetzals)

| | Note | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit for the period/year | | **7,304,302** | 1,917,397 |
| **Adjustments for** | | | |
| Depreciation and amortisation expense | | **419,804** | 15,969 |
| Income tax expense | 12 | **2,625,418** | 731,376 |
| Unrealised foreign exchange (gain) | | **257,349** | (6,675) |
| **Operating profit before working capital changes** | | **10,606,873** | 2,658,067 |
| **Net change in** | | | |
| Trade receivables | | | |
| Billed | | **(10,121,339)** | (1,589,162) |
| Unbilled | | **(10,312,051)** | (9,149,377) |
| Other financial assets | | **1,908,966** | (2,588,776) |
| Other assets | | **479,553** | (1,302,606) |
| Trade payables | | **436,607** | 927,408 |
| Unearned and deferred revenue | | **1,979** | - |
| Other financial liabilities | | **1,349,138** | 2,304,148 |
| Other liabilities and Provisions | | **1,125 ,774** | 1,794 347 |
| **Cash generated from operations** | | **(4,524,500)** | (6,945,951) |
| Taxes paid (net of refunds) | | **(3,152,025)** | - |
| **Net cash generated from operating activities** | | **(7,676,525)** | (6,945,951) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payment for purchase of property, plant and equipment | | **(1,073,401)** | (1,098,035) |
| **Net cash used in investing activities** | | **(1,073,401)** | (1,098,035) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| share capital (7.800 shares at GTQ 1.000) | | **-** | 7,800,000 |
| Long term borrowings (net) | 5 | **12,544,013** | 2,901,675 |
| Repayment of borrowings | | **(326,531)** | - |
| **Net cash used in financing activities** | | **12,217,482** | 10,701,675 |
| **Net change in cash and cash equivalents** | | **3,467,556** | 2,657,689 |
| Cash and cash equivalents at the beginning of the year | | **2,657,689** | - |
| Exchange difference on translation of foreign currency cash and cash | | **(57)** | - |
| **Cash and cash equivalents at end of year** | 6(a) | **6,125,188** | 2,657,689 |
| **Supplementary cash flow information** | | | |
| Interest paid | | **140,860** | - |
| Interest received | | **30,131** | 1,728 |

**SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.**

## Notes forming part of the Financial Statements

### 1. CORPORATE INFORMATION

Tata Consultancy Services Guatemala S.A., with registered offices in Guatemala City (Diagonal 6 10-65 Zone 10 Las Margaritas Office 202 A Tower 1), was incorporated according to Guatemalan Law on September 1, 2021 through the testimony of deed No. 111 and No. 112 under registration N ° 20170 Folio: 919 of the Electronic Book 91 of mercantile companies. Its corporate purpose is the provision of professional services within the IT, telecommunications, and engineering fields, consultancy services, delegated administration of IT services and business processes (outsourcing).

The authorized share capital of the Company is Seven Million Eight Hundred Thousand Quetzals (Q 7,800,000.00), represented by Seven Thousand Eight Hundred (7,800) shares with a par value each share of One Thousand Quetzals (Q1, 000.00) each one of them. The Shareholders of the Company are TCS Iberoamerica S.A. (Owns 99 percentage of the shares of the subscribed and paid capital stock) and TCS Uruguay S.A. (Owns 1 percentage of the shares of the subscribed and paid capital stock). Both Shareholders are registered offices are in the Oriental Republic of Uruguay.

### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), with their interpretations, conceptual framework, conclusion foundations and application guides authorized and issued by the International Accounting Standards Board (IASB); and other legal provisions defined by surveillance entities that may differ in some aspects with those set out by other state control bodies.

On March 16, 2023, the Shareholders authorized the issuance of the financial statements.

### 3. BASIS OF PREPARATION

These financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

Cash flows have been prepared indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The Company classifies interest paid and interest and dividend received as cash flow from operating activities. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional currency of the Company is the Guatemalan Quetzal (GTQ). Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

### 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the recognition and measurement principles of International Financial Reporting Standards (IFRS) requires management to make estimates and judgment's that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of Income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

**a. Revenue Recognition**

Revenue for fixed-price contracts is recognized using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**b. Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**c. Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**d. Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**e. Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

**f. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

## Notes forming part of the Financial Statements

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### 5. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to IAS 1 | Classification of Liabilities[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1] |
| Amendments to IFRS 16 | Lease Liability in a sale and Leaseback[2] |
| Amendments to IAS 1 | Non-current Liabilities with Covenants[2] |

1. Effective for annual periods beginning on or after January 1, 2023.
2. Effective for annual periods beginning on or after January 1, 2024.

**IAS 1 – Classification of Liabilities**

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

**IAS 1 – Disclosure of Accounting Policies**

In February 2021, IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 8 – Definition of Accounting Estimates**

In February 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 12 – Income Taxes**

In May 2021, IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company will evaluate the impact, if any, in its financial statements.

**IFRS 16- Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The Company does not expect this amendment to have any significant impact in its financial statements.

**IAS 1 – Non-current Liabilities with Covenants**

In October 2022, IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Company does not expect the amendments to have any significant impact on its classification of non-current liabilities in its statement of financial position.

The company has applied IFRIC 23 effective for annual periods beginning on or after January 1, 2019 as below:

**IFRIC 23 Interpretation Uncertainty over Income Tax Treatment**

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

**Application of IFRIC 23**

The company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no continuous instances of any uncertain tax treatment in the past and on that basis, it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

## 6. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

## Notes forming part of the Financial Statements

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortized cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received net of direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**a. Cash and cash equivalents**

Cash and cash equivalents consist of the following:

(In Quetzals)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Balances with banks | **6,125,188** | 2,657,689 |
| **Total** | **6,125,188** | 2,657,689 |

**b. Trade receivables - Billed**

Trade receivables - Billed consist of the following:

(In Quetzals)

| **Trade receivables – Billed – Current** | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Trade receivables Billed | **11,710,501** | 1,589,162 |
| **Total** | **11,710,501** | 1,589,162 |

**c. Other financial assets**

Other financial assets consist of the following:

(In Quetzals)

| **Other financial assets – Current** | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Employee loans and advances | **135,100** | - |
| Security deposits | **58,059** | 58,059 |
| Others | **486,651** | 2,530,717 |
| **Total** | **679,810** | 2,588,776 |

**d. Borrowings**

Borrowings consist of the following:

(In Quetzals)

| **Borrowings – Current** | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Loans from related party | **4,494,182** | - |
| **Total** | **4,494,182** | - |

(In Quetzals)

| **Borrowings – Non Current** | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Loans from related party | **10,875,591** | 2,895,000 |
| **Total** | **10,875,591** | 2,895,000 |

## Notes forming part of the Financial Statements

**e. Other financial liabilities**

Other financial liabilities consist of the following:

(In Quetzals)

| Other financial liabilities – Current | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Capital creditors | - | 483,670 |
| Accured payroll | 2,341,957 | 921,944 |
| Accured interest | 426,489 | 26,534 |
| Others | 884,840 | 872,000 |
| **Total** | **3,653,286** | 2,304,148 |

**f. Financial instruments by category**

The carrying value of financial instruments by categories as of December 31, 2022 is as follows:

(In Quetzals)

| | Amortised Cost | Total carrying Value |
|---|---|---|
| **Financial assets:** | | |
| Cash and cash equivalents | 6,125,188 | 6,125,188 |
| Trade receivables | | |
| Billed | 11,710,501 | 11,710,501 |
| Unbilled | 19,461,428 | 19,461,428 |
| Other financial assets | 679,810 | 679,810 |
| **Total** | **37,976,927** | **37,976,927** |
| **Financial liabilities:** | | |
| Trade payables | 1,364,015 | 1,364,015 |
| Borrowings | 15,369,773 | 15,369,773 |
| Other financial liabilities | 3,653,286 | 3,653,286 |
| **Total** | **20,387,074** | **20,387,074** |

The carrying value of financial instruments by categories as of December 31, 2021 is as follows:

(In Quetzals)

| | Amortised Cost | Total carrying Value |
|---|---|---|
| **Financial assets:** | | |
| Cash and cash equivalents | 2,657,689 | 2,657,689 |
| Trade receivables | | |
| Billed | 1,589,162 | 1,589,162 |
| Unbilled | 9,149,377 | 9,149,377 |
| Other financial assets | 2,588,776 | 2,588,776 |
| **Total** | **15,985,004** | **15,985,004** |
| **Financial liabilities:** | | |
| Trade payables | 927,408 | 927,408 |
| Borrowings | 2,895,000 | 2,895,000 |
| Other financial liabilities | 2,304,148 | 2,304,148 |
| **Total** | **6,126,556** | **6,126,556** |

Carrying amounts of cash and cash equivalents, trade receivables and trade payables as at December 31, 2022 and December 31, 2021 approximate the fair value. Difference between carrying amounts and fair values of other financial assets and other financial liabilities subsequently measured at amortized cost is not significant in each of the periods presented. Fair value measurement of lease liabilities is not required.

**g. Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**h. Financial risk management**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments.

***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the entity. Considering the economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10 percentage against the respective functional currency of the Company.

The following analysis has been worked out based on the net exposures of the Company as of the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to foreign currency exposure as of December 31, 2022:

(In Quetzals)

| | COP | MXN | USD | TOTAL |
|---|---|---|---|---|
| Net financial assets | **78,890** | **44,013** | **31,415,998** | **31,538,901** |
| Net financial liabilities | **73,398** | **45,614** | **17,592,025** | **17,711,037** |

## Notes forming part of the Financial Statements

10 percentage appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before taxes by approximately 1,382,786 Quetzals for the year ended December 31, 2022.

The following table sets forth information relating to foreign currency exposure as of December 31, 2021:

(In Quetzals)

| | COP | MXN | USD | TOTAL |
|---|---|---|---|---|
| Net financial assets | - | - | **10,746,182** | **10,746,182** |
| Net financial liabilities | - | - | **4,991,518** | **4,991,518** |

10 percentage appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before taxes by approximately 575,466 Quetzals for the year ended December 31, 2021.

- **Interest rate risk**

  The Company is not exposed to interest rate risk.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents and other financial assets. Cash and cash equivalents include an amount of 6,125,188 Quetzals held with a bank in Guatemala having high quality credit rating which are individually in excess of 10 percentage or more of the Company's total cash and cash equivalents as of December 31, 2022. None of the other financial instruments of the Company result in material concentration of credit risk.

- **Exposure to credit risk**

  The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was 38,069,615 Quetzals and 17,130,883 Quetzals as of December 31, 2022 and December 31, 2021, respectively, being the total of the carrying amount of balances with banks, trade receivables, contract assets and other financial assets.

  Company's exposure to customers is concentrated, and single customer which contributes individually to more than 10 percentage of outstanding trade receivable, and contract assets as at December 31, 2022 and as at December 31, 2021 as follows:

(In Quetzals)

| | As of December 31, 2022 | |
|---|---|---|
| | Total trade receivables , Unbilled receivables and contract Assets | Percentage |
| Customer A | **28,643,906** | **92** |

(In Quetzals)

| | As of December 31, 2021 | |
|---|---|---|
| | Total trade receivables , Unbilled receivables and contract Assets | Percentage |
| Customer A | 11,526,171 | 97 |

**Geographic concentration of credit risk**

Geographic concentration of Trade Receivables, Unbilled receivables and Contract Assets is as follows:

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| | Net percentage | Net percentage |
| Americas | **97** | 100 |
| Ibero America | **3** | - |
| | **100** | 100 |

Geographical concentration of Trade Receivables, Unbilled receivables and Contract Assets is allocated based on the location of the customers.

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(In Quetzals)

| **December 31, 2022** | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | **1,364,015** | **-** | **-** | **-** | **1,364,015** |
| Borrowings | **4,494,165** | **5,229,243** | **4,902,751** | **743,555** | **15,369,714** |
| Other financial liabilities | **3,653,286** | **-** | **-** | **-** | **3,653,286** |
| **Total** | **9,511,466** | **5,229,243** | **4,902,751** | **743,555** | **20,387,015** |

## Notes forming part of the Financial Statements

(In Quetzals)

| December 31, 2021 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th years | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Trade payables | **927,408** | **-** | **-** | **-** | **927,408** |
| Borrowings | **321,676** | **965,028** | **1,608,296** | **-** | **2,895,000** |
| Other financial liabilities | **2,304,148** | **-** | **-** | **-** | **2,304,148** |
| **Total** | **3,553,232** | **965,028** | **1,608,296** | **-** | **6,126,556** |

**i Equity instruments**

The authorized, issued, subscribed and fully paid-up share capital consists of the following:

(In Quetzals)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| **Authorised** | | |
| Equity share of 1.000 each | **7,800,000** | 7,800,000 |
| **Issued, Subscribed and fully paid up** | | |
| Equity share of 1.000 each | **7,800,000** | 7,800,000 |

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

## 7. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

## 8. NON-FINANCIAL ASSETS AND LIABILITIES

### a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight-line basis so as to expense the cost less residual values over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| **Type of Assets.** | **Useful lives** |
|---|---|
| Leasehold improvements | Lease term |
| Computer equipment | 4 years |
| Furniture, fixtures, office equipment and other assets | 4-10 years |

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

## Notes forming part of the Financial Statements

Property, plant and equipment consist of the following:

(In Quetzals)

| | Computer equipments | Office equipment | Total |
|---|---|---|---|
| **Gross block as of January 1, 2022** | **613,551** | **-** | **613,551** |
| Purchases | **1,548,063** | **9,821** | **1,557,884** |
| **Gross block as at December 31, 2022** | **2,161,614** | **9,821** | **2,171,435** |
| **Accumulated depreciation as of January 1, 2022** | **15,969** | **-** | **15,969** |
| Depreciation for the period | **419,015** | **789** | **419,804** |
| **Accumulated depreciation as of December 31, 2022** | **434,984** | **789** | **435,773** |
| **Net carrying amount as at December 31,2022** | **1,726,630** | **9,032** | **1,735,662** |
| Capital work-in-progress | **-** | **-** | **-** |
| **Total** | **1,726,630** | **9,032** | **1,735,662** |

(In Quetzals)

| | Computer equipments | Office equipment | Total |
|---|---|---|---|
| **Gross block as of January 1, 2021** | - | | - |
| Purchases | 613,551 | - | 613,551 |
| Disposals | - | - | - |
| **Gross block as at December 31, 2021** | 613,551 | - | 613,551 |
| **Accumulated depreciation as of January 1, 2021** | - | - | - |
| Depreciation for the period | 15,969 | - | 15,969 |
| Disposals | - | - | - |
| **Accumulated depreciation as of December 31, 2021** | 15,969 | - | 15,969 |
| **Net carrying amount as at December 31,2021** | 597,582 | - | 597,582 |
| Capital work-in-progress | 484,484 | - | 484,484 |
| **Total** | 1,082,066 | - | 1,082,066 |

**b. Other intangible assets**

Intangible assets purchased including acquired in business combination, are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences.

Following table summarises the nature of intangibles and their estimated useful lives:

| Type of asset | Useful lives |
|---|---|
| Rights under licensing agreement and software licences | Lower of licence period and 2-5 years |

Intangible assets are amortised on a straight line basis over the period of its economic useful life.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an 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. An impairment loss is recognised in profit or loss.

As of December 31,2022, and December 31, 2021 Company did not have Intangible assets.

**c. Other assets**

Other assets consist of the following:

(In Quetzals)

| Other assets – Current | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Advance to suppliers | **-** | 40,571 |
| Indirect tax recoverable | **553,644** | 116,156 |
| Prepaid expenses | **176,721** | - |
| Contract assets | **92,688** | 1,145,879 |
| **Total** | **823,053** | 1,302,606 |

Refer note 9 for changes in contract assets –

**d. Other liabilities**

Other liabilities consist of the following:

(In Quetzals)

| Other liabilities – Current | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Indirect tax payable and other statutory liabilities | **658,215** | 400,747 |
| Others | **9,977** | 12,348 |
| **Total** | **668,192** | 413,095 |

## 9. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

## Notes forming part of the Financial Statements

- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.

- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.

- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

Revenue disaggregation by nature of services is as follows:

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Consultancy Services | **50,407,509** | 11,894,920 |
| **Total** | **50,407,509** | 11,894,920 |

Revenue disaggregation by industry vertical is as follows:

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Industry Vertical** | | |
| Communication, Media and Technology | **49,382,225** | 11,894,920 |
| Retail and Consumer Business | **522,557** | - |
| Manufacturing | **502,727** | - |
| **Total** | **50,407,509** | 11,894,920 |

Revenue disaggregation by geography is as follows:

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Geography** | | |
| America | **49,382,225** | 11,894,920 |
| Ibero America | **1,025,284** | - |
| **Total** | **50,407,509** | 11,894,920 |

Geographical revenue is allocated based on the location of the customers.

## Notes forming part of the Financial Statements

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is 3,366,990 Quetzals, out of which 6.04 percentage is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows:

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **1,145,879** | - |
| Invoices raised that were included in the contract assets balance al the beginning of the year | **110,583** | 1,152,630 |
| Increase due to revenue recognised during the year excluding amounts billed during the year | **(1,144,384)** | - |
| Adjustments during the year | **-** | - |
| Translation exchange difference | **(19,390)** | (6,751) |
| **Balance at the end of the year** | **92,688** | 1,145,879 |

Changes in unearned and deferred revenue are as follows:

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **-** | - |
| Revenue recognised that was included in unearned and deferred revenue al the beginning of the year | **-** | - |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year. | **(1,977)** | - |
| Translation exchange difference | **(2)** | - |
| **Balance at the end of the year** | **(1,979)** | - |

## 10. COST RECOGNITION

Costs and expenses are recognized when incurred and have been classified according to their nature in the following categories:

The costs of the Company are broadly categorized into employee benefits expenses, depreciation and amortization and other operating expenses. Employee benefits expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses and other expenses.

### Other operating expenses

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Facility Expenses | **408,655** | 523 |
| Fees to External consultants and others | **1,075,936** | 385,668 |
| Communication expense | **8,537** | - |
| Other expenses | **702,972** | 659,826 |
| **Total** | **2,196,100** | 1,046,017 |

### Expenses by function

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Cost of revenue | **36,432,111** | 8,575,850 |
| Selling general and administrative expenses | **3,621,631** | 624,582 |
| **Total** | **40,053,742** | 9,200,432 |

## 11. Other income

### a. Finance costs

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Interest on loans other than banks | **540,815** | 26,572 |
| **Total** | **540,815** | 26,572 |

### b. Other Gain/(losses) (net)

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Net foreign exchange gains (losses) | **86,640** | (20,871) |
| Others | **30,128** | 1,728 |
| **Total** | **116,768** | (19,143) |

## Notes forming part of the Financial Statements

### 12. INCOME TAXES

The income tax expense of the period comprises the current and deferred income tax. The tax is recognized in the income statement, except where it is about items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

**Current income taxes**

The charge for current income tax is calculated based on enacted, or substantially enacted, tax laws at the balance sheet date. The management assesses periodically the positions assumed in the tax returns filed regarding situations in which the tax laws are subject to interpretation. The Company, as corresponds, creates provisions on amounts expected to be obliged to pay to tax authorities.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

**Deferred income taxes**

Deferred income tax is recognized, by using the balance sheet approach, on temporary differences arising between the tax assets and liabilities basis and their respective amounts recorded in the financial statements.

The deferred income tax assets are only recognized to the extent future tax benefits are produced against which temporary differences may be used. The deferred income tax is determined by using tax rates that have been promulgated at the balance sheet date and it is expected they will be applicable when deferred income tax assets are realized or income tax liabilities are paid.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities from revenue refer to income tax corresponding to the same tax authority.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Profit before income taxes** | **9,929,720** | 2,648,773 |
| Federal income tax rate | **25%** | 25% |
| Expected income tax expense | **2,482,430** | 662,193 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:** | | |
| Income exempt from tax | **4,877** | - |
| Permanent differences | **139,304** | 69,183 |
| Tax pertaining to prior years | **(1,193)** | - |
| Others (net) | **-** | - |
| **Total income tax expense** | **2,625,418** | 731,376 |

The income tax expense consists of the following:

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit or loss is as follows:

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Current Tax** | | |
| Current tax expense for current year | **3,066,592** | 797,795 |
| | **3,066,592** | 797,795 |

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Deferred Tax** | | |
| Deferred tax (benefit)/ expense for current year | **(441,174)** | (66,419) |
| | **(441,174)** | (66,419) |
| **Total** | **2,625,418** | 731,376 |

Significant components of net deferred tax assets and liabilities for the period ended December 31, 2022 are as follows:

(In Quetzals)

| | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| **Deferred tax assets in relation to** | | | |
| Provision for employee benefits | **66,419** | **441,174** | **507,593** |
| **Total deferred tax asstes/ liabilities** | **66,419** | **441,174** | **507,593** |

Significant components of net deferred tax assets and liabilities for the period ended December 31, 2021 are as follows:

(In Quetzals)

| | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| **Deferred tax assets in relation to** | | | |
| Provision for employee benefits | **-** | **66,419** | **66,419** |
| **Total deferred tax asstes/ liabilities** | **-** | **66,419** | **66,419** |

**Direct tax contingencies**

There are no contingencies in relation to Direct tax matters.

## Notes forming part of the Financial Statements

### 13. EMPLOYEE BENEFITS

**Defined contribution plans**

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

The Company provides retirement benefit such as pension (other than Company managed fund) to its employees which are treated as defined contribution plans.

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Compensated absences**

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the date of statement of financial position.

Employee cost consists of the following:

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---:|---:|
| Salaries, incentives and allowances | **33,236,186** | 7,261,544 |
| Contributions to Provident and Other Funds | **3,423,131** | 763,807 |
| Staff Welfare expenses | **778,521** | 113,095 |
| | **37,437,838** | 8,138,446 |

Employee benefit obligations consist of the following:

(In Quetzals)

| **(a) Employee benefit obligations – Current** | As of December 31, 2022 | As of December 31, 2021 |
|---|---:|---:|
| Benefits to employees | **2,251,929** | 1,381,252 |
| **Total** | **2,251,929** | 1,381,252 |

### 14 COMMITMENTS AND CONTINGENCIES

**Commitments**

The Company has contractually capital commitment (net of advances) Nil Quetzals as at December 31, 2022 and as at December 31, 2021 for purchase of property, plant and equipment.

**Contingencies**

- **Direct tax matters**

  Refer to Note No.12

- **Indirect tax matters**

  There are no contingency in relation to Indirect tax matters.

**(c) Other claims**

Claims aggregating GTQ 107,000 and GTQ Nil as at December 31, 2022 and December 31, 2021 respectively, against the Company have not been acknowledged as debts.

## 15. RELATED PARTY TRANSACTIONS

The Company's principal related parties consist of its ultimate holding company Tata Consultancy Services Limited and its subsidiaries and key managerial personnel. The related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

Transactions with related parties are as follows:

***Revenue from operations***

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Tata consultancy Services Limited** | **1,787,147** | - |
| **Total** | **1,787,147** | - |

***Purchases of goods and services (including reimbursements)***

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata Consultancy Seivices De Mexico S.A.,De C.V. | **143,960** | 306,519 |
| **Total** | **143,960** | 306,519 |

***Loan Taken***

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| TCS Uruguay S. A. | **12,544,013** | - |
| **Total** | **12,544,013** | - |

***Loan Repaid***

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| TCS Uruguay S. A. | **326,531** | - |
| **Total** | **326,531** | - |

## Notes forming part of the Financial Statements

***Interest Expense***

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata Consultancy Seivices De Mexico S.A.,De C.V. | **540,815** | 26,527 |
| **Total** | **540,815** | 26,527 |

***Brand Equity contribution***

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| **Tata Sons Private Limited** | **150,163** | **-** |
| **Total** | **150,163** | **-** |

Balances receivable and payable to related parties are as follows:

***Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities***

(In Quetzals)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| **Tata Sons Private Limited** | **150,163** | - |
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| TCS lberoamerica S.A. | **776,992** | 764,280 |
| TCS Uruguay S. A. | **434,337** | 34,254 |
| Tata Consultancy Seivices De Mexico S.A.,De C.V. | **733,736** | 405,893 |
| TCS Colombia | **73,398** | - |
| **Total** | **2,168,626** | 1,204,427 |

***Loan taken***

(In Quetzals)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| TCS Uruguay S.A. | **15,369,773** | **2,895,000** |
| **Total** | **15,369,773** | **2,895,000** |

***Loans, other financial assets and other assets***

(In Quetzals)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| **Subsidiaries of Tata Consultancy Services Limited** | | |
| Tata Consultancy Services De Mexico S.A.,De C.V. | **133,148** | **-** |
| **Total** | **133,148** | **-** |

***Trade receivables and unbilled receivables and contract assets***

(In Quetzals)

| | As of December 31, 2022 | As of December 31, 2021 |
|---|---|---|
| **Tata Consultancy Seivices Limited** | **194,604** | - |
| **Total** | **194,604** | - |

**Compensation to Key Managerial Personnel**

(In Quetzals)

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Short-term benefits | **698,454** | - |
| **Total** | **698,454** | - |

## 16 SUBSEQUENT EVENT

There were no subsequent events that need disclosure.

## TCS Safe Harbor Clause



IT Services
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