

# **Tata Passenger Electric Mobility Limited**

**Financial Statements for the period- December 21, 2022- March 31, 2022**

**Along with Independent Auditors Report**

# BSR & Co. LLP

Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Tata Passenger Electric Mobility Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Tata Passenger Electric Mobility Limited (the "Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period ended from 21<sup>st</sup> December 2021 to 31<sup>st</sup> March 2022, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit/loss and other comprehensive income/loss, changes in equity and its cash flows for the period 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 (or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon")

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 annual report, but 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 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.

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**Tata Passenger Electric Mobility Limited**  
**Independent Auditor's Report on Financial Statements- 31 March 2022 (Continued)**

**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.

## **B S R & Co. LLP**

### **Tata Passenger Electric Mobility Limited**

#### **Independent Auditor's Report on Financial Statements- 31 March 2022 (Continued)**

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial statements of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

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.



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### **Tata Passenger Electric Mobility Limited**

#### **Independent Auditor's Report on Financial Statements- 31 March 2022 (Continued)**

- e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 Auditor's) 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 its knowledge and belief, other than as disclosed in the notes to the accounts, 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 persons or entities, 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.
  - (ii) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, 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 ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
    - provide any guarantee, security or the like from or 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 (d) (i) and (d) (ii) contain any material mis-statement.
- e) The Company has neither declared nor paid any dividend during the year.

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**Tata Passenger Electric Mobility Limited**

**Independent Auditor's Report on Financial Statements- 31 March 2022 (Continued)**

(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 remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. 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



**Rishabh Kumar**  
Partner  
Membership No. 402877  
UDIN 22402877AIUYGY5579

Place: Mumbai  
Date: 11 May 2022

**Annexure A to the Independent Auditor's Report on Financial Statements**

(Referred to in our report of even date)

(i) (a) (A) The Company does not have any Property, Plant and Equipment. Accordingly, clause 3(i)(a)(A) of the order is not applicable.

(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, it has a programme of physical verification of its Right of use assets by which all of its Right of use assets are verified in a phased manner over a period of three years. However, in accordance with this programme, as the Company has been incorporated on 21 December 2021, Right of use assets were not 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. The management has represented to us that the relevant assets would be covered in the physical verification programme for the subsequent year.

(c) 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 Right of Use assets or intangible assets or both during the year. The Company does not have any Property, Plant and Equipment.

(e) According to 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) According to information and explanations given to us and on the basis of our examination of the records of the Company, company did not have any inventory during the year. 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 provided any guarantee or security or granted advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in and granted unsecured loans to companies, in respect of which the requisite information is as below. The Company has not made any investments in and granted any loans, secured or unsecured, to firms, limited liability partnership or any 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 any other company as below:

Particulars	Amounts in Rs crore
Aggregate amount during the year others	2,875
Balance outstanding as at balance sheet date Others	2,500

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**Annexure A to the Independent Auditor's Report – 31 March 2021 (continued)**

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, and the terms and conditions of the loans granted during the year are, prima facie, not prejudicial to the interest of the Company. The Company has not provided any guarantee or security or granted any advance in the nature of loans during the year.

(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 or advances in the nature of 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 provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made and loans given by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

(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 Services Tax ("GST"), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues- have been regularly deposited by the Company 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 Services Tax ("GST"), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable

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**Annexure A to the Independent Auditor's Report on Standalone Financial Statements (continued)**

(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 Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.

(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) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act. The Company does not hold any investment in any associate or joint venture (as defined under the Act) during the year ended 31 March 2022.

(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, joint ventures or associate companies (as defined under the Act).

(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 private placement of shares or fully or partly convertible debentures during the year. In our opinion, in respect of preferential allotment of compulsorily convertible preference shares made during the year, the Company has duly complied with the requirements of Section 42 and Section 62 of the Act. The proceeds from issue of equity shares have been used for the purposes for which the funds were raised.

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**Annexure A to the Independent Auditor's Report on Standalone Financial Statements (continued)**

- (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 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) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii)(a) to clause 3(xii)(c) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the company, transaction with the related parties are in compliance with section 188 of the act, where applicable. The details of the related party transaction have been disclosed in the financial statement as required under Ind As 24, Related Party disclosures, specified under the section 133 of the act, read with relevant rules issued thereunder. The company does not fall under the definition of a listed company or other class of companies which required to constitute an audit committee under section 177(4)(iv) of the act and hence the said section is not applicable to the company.
- (xiv) (a) In our opinion and based on the information and explanations provided to us, the Company does not have an Internal Audit system and is not required to have an internal audit system as per Section 138 of the Act.
- (b) In our opinion and based on the information and explanations provided to us, the Company does not have an internal audit system and is not required to have an internal audit system as per Section 138 of the Act. Accordingly, clause 3(xiv)(b) of the Order is not applicable.
- (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 incurred cash losses of Rs. 64.51 crores in the current financial period. As the Company has incorporated on 21 December 2021, the reporting for cash losses incurred in the immediately preceding financial year is not applicable.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

**B S R & Co. LLP**

**Tata Passenger Electric Mobility Limited**

**Independent Auditor's Report on Financial Statements- 31 March 2022 (Continued)**

**Annexure A to the Independent Auditor's Report on Standalone Financial Statements (continued)**

- (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) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. 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



**Rishabh Kumar**

Partner

Membership No. 402877

UDIN: 22402877AIUYGY5579

**Place:** Mumbai

**Date:** 11 May 2022

## **B S R & Co. LLP**

### **Tata Passenger Electric Mobility Limited Independent Auditor's Report on Financial Statements- 31 March 2022 (Continued)**

**Annexure B to the Independent Auditors' report of the even date on the standalone financial statements of Tata Passenger Electric Mobility Limited**

**Report on the internal financial controls with reference to the aforesaid standalone 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 Tata Passenger Electric Mobility Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the period from 21<sup>st</sup> December 2021 to 31<sup>st</sup> March 2022.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, 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 Responsibility 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 Companies Act, 2013 (hereinafter referred to as "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

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## **B S R & Co. LLP**

### **Tata Passenger Electric Mobility Limited Independent Auditor's Report on Financial Statements- 31 March 2022 (Continued)**

#### **Annexure B to the Independent Auditor's Report – 31 March 2021 (continued)**

judgement, including the assessment of the risks of material misstatement of the standalone 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 Standalone 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 Standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone 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)



Signature  
Rishabh Kumar  
Partner

Membership No. 402877  
UDIN 22402877AIUYGY5579

Place: Mumbai  
Date: 11 May 2022

**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
Balance Sheet

(₹ in crores)

	Notes	As at March 31, 2022
<b>I. ASSETS</b>		
<b>(1) NON-CURRENT ASSETS</b>		
(a) Right of use assets	3	3.31
(b) Intangible assets under development	4	44.40
(c) Investment in subsidiary company	5	567.22
(d) Financial assets- Loans and advances to employees		0.03
(e) Non-current tax assets (net)		1.25
		616.21
<b>(2) CURRENT ASSETS</b>		
(a) Financial assets		
(i) Investments	6	40.31
(ii) Cash and cash equivalents	9	1,257.60
(iii) Loans and advances	7	2,500.05
(iv) Other financial assets- Interest accrued on loans and deposit		0.13
(b) Other current assets	8	5.55
		3,803.64
<b>TOTAL ASSETS</b>		4,419.85
<b>II. EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
(a) Equity share capital	10	700.00
(b) Other equity		2,363.28
		3,063.28
<b>LIABILITIES</b>		
<b>(1) NON-CURRENT LIABILITIES</b>		
(a) Financial liabilities		
(i) Lease liabilities		2.19
(ii) Other financial liabilities- Compulsorily Convertible Preference Shares		1,250.00
(b) Provisions	12(b)	3.77
(c) Other non-current liabilities	14	0.02
		1,255.98
<b>(2) CURRENT LIABILITIES</b>		
(a) Financial liabilities		
(i) Lease liabilities		1.49
(ii) Trade payables	11	
(a) Total outstanding dues of micro and small enterprises		-
(b) Total outstanding dues of creditors other than micro and small enterprises		85.58
(b) Provisions	12(c)	0.16
(c) Current tax liabilities (net)		1.65
(d) Other current liabilities	15	11.71
		100.59
<b>TOTAL EQUITY AND LIABILITIES</b>		4,419.85

See accompanying notes to financial statements

In terms of our report attached

For and on behalf of the Board

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101249W/W-100022

  
ANKUR NAND MADANI [DIN:03566737]  
Director

  
SHAILESH CHANDRA [DIN: 07593905]  
MD & Chief Executive Officer

  
RISHABH KUMAR  
Partner  
Membership No.402877  
Place- Mumbai

  
AASIF-MALBARI  
Chief Financial Officer

  
VISPI PATEL [ACS: F 7021]  
Company Secretary

Date: May 11, 2022

F-1

Place- Mumbai  
Date: May 11, 2022

**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**Statement of Profit and Loss**

	Notes	(₹ in crores) For the period from December 21, 2021 till March 31, 2022
<b>Revenue from operations</b>		
Revenue	16	8.63
I. Total revenue from operations		8.63
II. Other Income	17	6.42
III. <b>Total Income (I+II)</b>		<b>15.05</b>
<b>IV. Expenses</b>		
(a) Employee benefits expense	18	11.09
(b) Finance costs		0.09
(c) Compulsorily convertible preference share measured at Fair Value		14.45
(d) Product development/Engineering expenses		49.32
(e) Other expenses	19	6.62
(f) Amount transferred to capital and other accounts	20	(3.74)
<b>Total Expenses (IV)</b>		<b>77.83</b>
V. <b>Profit/(loss) before exceptional items and tax (III-IV)</b>		<b>(62.78)</b>
VI. <b>Profit/(loss) before tax (III-IV)</b>		<b>(62.78)</b>
VII. <b>Tax expense (net)</b>	13	
(a) Current tax		1.65
(b) Deferred tax		0.13
<b>Total tax expense</b>		<b>1.78</b>
VIII. <b>Profit/(loss) for the period from continuing operations (VI-VII)</b>		<b>(64.56)</b>
IX. <b>Other comprehensive income/(loss):</b>		
(i) Items that will not be reclassified to profit and loss:		
Remeasurement losses on defined benefit obligations (net)		(0.75)
(ii) Income tax credit/(expense) relating to items that will not be reclassified to profit and loss		0.13
<b>Total other comprehensive income/(loss), net of taxes</b>		<b>(0.62)</b>
X. <b>Total comprehensive income/(loss) for the period (VIII +IX)</b>		<b>(65.18)</b>
XI. <b>Earnings/(loss) per share (EPS)</b>		
<b>Earnings/(loss) per share (EPS)</b>	22	
(A) Ordinary shares (face value of ₹ 10 each) :		
(i) Basic	₹	(0.92)
(ii) Diluted	₹	(0.92)

See accompanying notes to financial statements

In terms of our report attached

For and on behalf of the Board

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

  
**RISHABH KUMAR**  
Partner  
Membership No.402877  
Place- Mumbai

  
**ANKUR NAND THADANI [DIN:03566737]**  
Director

  
**SHAILESH CHANDRA [DIN: 07593905]**  
MD & Chief Executive Officer

  
**AASIF MALBARI**  
Chief Financial Officer

  
**VISPI PATEL [ACS: F 7021]**  
Company Secretary

Date: May 11, 2022

Place- Mumbai

Place- Mumbai

Date: May 11, 2022

**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**Cash Flow Statement**

(₹ in crores)  
For the period from  
December 21, 2021 till  
March 31, 2022

<b>Cash flows from operating activities:</b>	
Profit/(Loss) for the period	(64.56)
<b>Adjustment for:</b>	
Marked-to-market loss/(gain) on investments measured at Fair value through profit and loss	(0.08)
Profit on sale of investments at FVTPL (net)	(1.00)
Tax expense (net)	1.78
Finance costs	0.09
Compulsorily convertible preference share measured at Fair Value	14.45
Interest income	(5.34)
Profit/(Loss) after adjustments	9.90
<b>Cash flows from operating activities before changes in following assets and liabilities</b>	<b>(54.66)</b>
Other current and non-current assets	(5.64)
Trade payables	85.58
Other current and non-current liabilities	11.73
Provisions	3.18
<b>Cash generated from/(used in) operations</b>	<b>40.19</b>
Income taxes paid (net)	(1.25)
<b>Net cash from/(used in) operating activities</b>	<b>38.94</b>
<b>Cash flows from investing activities:</b>	
Payments for other intangible assets under development	(44.40)
Investments in Mutual Fund (purchased)/sold (net)	(39.23)
Investment in subsidiary company	(643.15)
Payment for assembled workforce	(10.06)
Increase in short term inter corporate deposit (net)	(2,500.00)
Interest received	5.21
<b>Net cash used in investing activities</b>	<b>(3,231.63)</b>
<b>Cash flows from financing activities</b>	
Proceeds from issue of shares	700.00
Proceeds from issue of Compulsorily Convertible Preference Shares	3,750.00
Repayment of lease liabilities (including interest)	0.29
<b>Net cash from/(used in) financing activities</b>	<b>4,450.29</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,257.60</b>
Cash and cash equivalents as at December 2021, (opening balance)	-
Effect of foreign exchange on cash and cash equivalents	-
<b>Cash and cash equivalents as at March 31, (closing balance)</b>	<b>1,257.60</b>

Liability towards other intangible assets purchased on credit/deferred credit

Note: Financial year ended March,31,2022 being the first period of the company, hence there are no comparable figures.

See accompanying notes to financial statements

In terms of our report attached

For and on behalf of the Board

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

**RISHABH KUMAR**  
Partner  
Membership No. 402877  
Place- Mumbai

Date: May 11, 2022

  
**ANKUR NAND THADANI [DIN:03566737]**  
Director

Place- Mumbai

  
**SHAILESH CHANDRA [DIN: 07593905]**  
MD & Chief Executive Officer

  
**AASIT MALBARI**  
Chief Financial Officer

  
**VISPI PATEL [ACS: F 021]**  
Company Secretary  
Place- Mumbai  
Date: May 11, 2022

**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
For the period from December 21, 2021 till March 31, 2022

A. Equity Share Capital		(₹ in crores)
Particulars		
Balance as at December 21, 2021	-	
Proceeds from issue of shares	700.00	
Balance as at March 31, 2022	700.00	

B. Other Equity		(₹ in crores)			
Particulars	Compulsorily Convertible Preference Shares	Capital reserve (Refer note 28(iii))	Quasi Equity	Retained earnings	Total other equity
Balance as at December 21, 2021	-	-	-	-	-
Loss for the period	-	-	-	(64.56)	(64.56)
Purchase of investments and assembled work force	-	(85.99)	-	-	(85.99)
Other comprehensive income/(loss) for the period	-	-	-	(0.62)	(0.62)
Total comprehensive loss for the period	-	(85.99)	-	(65.18)	(151.17)
Proceeds from Compulsorily Convertible Preference Shares (net of Debt issue cost)	2,471.09	-	-	-	2,471.09
Issue cost for Compulsorily convertible preference shares incurred by parent company	-	-	43.36	-	43.36
Balance as at March 31, 2022	2,471.09	(85.99)	43.36	(65.18)	2,363.28

See accompanying notes to financial statements

In terms of our report attached

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022  
  
**RISHABH KUMAR**  
Partner  
Membership No. 402877  
Place- Mumbai  
Date: May 11, 2022

For and on behalf of the Board

  
**ANKUR WARD THADANI** [DIN:03566737]  
Director

  
**SHAILESH CHANDRA** [DIN: 07593905]  
MD & Chief Executive Officer

  
**AASIF MALBARI**  
Chief Financial Officer

  
**VISPI PATEL** [ACS: F7021]  
Company Secretary  
Place- Mumbai  
Date: May 11, 2022

Place- Mumbai

**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**1. Background and operations**

Tata Passenger Electric Mobility Limited (TPEML), or the company has been incorporated on December 21, 2021 to undertake passenger electric mobility business.

The Company is a public limited Company incorporated and domiciled in India and has its registered office at Mumbai, India. As at March 31, 2022, TPEML is wholly owned subsidiary of Tata Motors Limited (TML). Tata Motors Limited (TML) directly, holds 100% equity interest in the Company. These financial statements were approved by the Board of Directors and authorized for issue on May 11, 2022.

**2. Significant accounting policies**

**a. Statement of compliance**

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act").

**b. Basis of preparation**

The financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period. 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.

In accordance with the Rule 6 of The Companies (Accounts) Rules, 2014, as the holding Company i.e., Tata Motors Limited, files its consolidated financial statement with the Registrar of Companies which are prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standard) Rules, 2015 read with section 133 of the Companies Act, 2013, Tata Passenger Electric Mobility Limited is not required to prepare its consolidated financial statements for the period ended 31 March 2022.

**c. Going concern**

The Company's financial statements have been prepared on a going concern basis.

**d. Use of estimates and judgments**

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the period presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- i) Note 13(c) - Recoverability/recognition of deferred tax assets
- ii) Note 25- Assets and obligations relating to employee benefits
- iii) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

Covid-19 pandemic has rapidly spread throughout the world, including India. Governments in India and across the world have taken significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. Consequently, Company's offices had to be closed down / operate under restrictions for a considerable period of time during the year. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic in the preparation of the financial results including but not limited to its assessment of Company's liquidity and going concern, recoverable values of its intangible assets under development and the net realisable values of other assets. However, given the effect of these lockdowns and restrictions on the overall economic activity and in particular on the automotive industry, the impact assessment of COVID-19 on the abovementioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial results. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial results.

**e. Cost recognition**

Costs and expenses are recognised when incurred and are classified according to their nature. Expenditure are capitalized where appropriate, in accordance with the policy for internally generated intangible assets and represents employee costs, stores and other manufacturing supplies, and other expenses incurred for construction and product development undertaken by the Company.



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**2. Significant accounting policies (Continued)**

**f. Segments**

The Company primarily operates in the automotive business. The automotive business comprises only of one reportable segment i.e. electric vehicles .

**g. Impairment**

At each balance sheet date, the Company assesses whether there is any indication that any intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. 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.

Intangible assets not yet available for use, are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired.

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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of Profit and Loss.

An asset or cash-generating unit impaired in prior years is reviewed at each balance sheet date to determine whether there is any indication of a reversal of impairment loss recognized in prior years.

**h. Recent accounting 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 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

**i. Ind AS 103 – Reference to Conceptual Framework**

The amendments specify 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.

**ii. 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.

**iii. 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.

**iii. 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.

**iv. Ind AS 116 – 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 Company is assessing the impact of these changes and will accordingly incorporate the same for the financial statements for the year ended March 2023.

**3. Leases**

**(a) Accounting policy**

**Lessee:**

At inception of a contract, the Company assesses whether a contract is, or contain 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset –this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to 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. The Company has this right when it has the decision making rights that are most relevant to changing how and for what purposes the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - The Company has the right to operate the asset; or
  - The Company designed the asset in a way that predetermines how and for what purposes it will be used.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. 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 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 of 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 estimated dilapidation costs, less any lease incentives received. The right-of-use asset is subsequently amortised using the straight-line method over the shorter of the useful life of the leased asset or the period of lease. If ownership of the leased asset is automatically transferred at the end of the lease term or the exercise of a purchase option is reflected in the lease payments, the right-of-use asset is amortised on a straightline basis over the expected useful life of the leased asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using, the Company's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future lease payments.

Lease payments include fixed payments, i.e. amounts expected to be payable by the Company under residual value guarantee, the 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 considered reflects that the Company shall exercise termination option. The Company also recognises a right of use asset which comprises of amount of initial measurement of the lease liability, any initial direct cost incurred by the Company and estimated dilapidation costs.

Payment made towards short term leases (leases for which non-cancellable term is 12 months or lesser) and low value assets (lease of assets worth less than ₹0.05 crore) are recognised in the statement of Profit and Loss as rental expenses over the tenor of such leases.



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**3. Leases (Continued)**

(b) The Company leases a number of vehicles, certain of which have a renewal and/or purchase option in the normal course of the business. Extension and termination options are included in a number of leases across the Company. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension or termination option. The Company reassesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within its control. It is recognised that there is potential for lease term assumptions to change in the future due to the effects of the COVID-19 pandemic, and this will continue to be monitored by the Company where relevant. The Company's leases mature between 2022 and 2026.

When measuring lease liability, the Group discounted lease payments using its incremental borrowing rate at December 21, 2021. The weighted average rate applied is 6.64 %.

The following amounts are included in the Balance Sheet :

(₹ in crores)  
As at March 31, 2022

Current lease liabilities	1.49
Non-current lease liabilities	2.19
<b>Total lease liabilities</b>	<b>3.68</b>

The following amounts are recognised in the statement of profit and loss :

(₹ in crores)  
Period ended March  
31, 2022

Interest expense on lease liabilities	0.08
Expenses related to short-term leases	0.05

\*less than ₹ 50,000/-

(₹ in crores)

	Vehicles	Total
Cost as at December 21, 2021	-	-
Additions	3.63	3.63
Disposal	(0.03)	(0.03)
Cost as at March 31, 2022	3.60	3.60
Accumulated amortisation as at December 21, 2021	-	-
Amortisation - considered as employee cost	(0.29)	(0.29)
Net carrying amount as at March 31, 2022	3.31	3.31

**4. Other Intangible assets**

**4. (a) Accounting policy**

**Internally generated intangible asset**

Research costs are charged to the statement of Profit and Loss in the year in which they are incurred.

Product development costs incurred on new vehicle platform, engines, transmission and new products are recognised as intangible assets, when feasibility has been established, the Company has committed technical, financial and other resources to complete the development and it is probable that asset will generate future economic benefits.

The cost of an internally generated intangible asset is the sum of directly attributable expenditure incurred from the date when the intangible asset first meets the recognition criteria to the completion of its development.

Interest cost incurred is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings if no specific borrowings have been incurred for the asset.

Product development costs is amortised over the life of the related product, being a period of 24 months to 120 months.

Product development expenditure is measured at cost less accumulated amortisation and impairment, if any. Amortisation is not recorded on product engineering in progress until development is complete.

**Derecognition of intangible assets**

An item of intangible assets is derecognised on disposal or when fully amortized and no longer in use. Any gain or loss arising from derecognition of an item of intangible assets is included in profit or loss.

**4. (b) Intangible assets under development**

For the period ended  
March 31, 2022

Balance as at December 21, 2021	-
Additions during the period	44.40
<b>Balance at the end</b>	<b>44.40</b>

**4. (c) Ageing of intangible assets under development**

As at March 31, 2022

	Up to 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	44.40	-	-	-	44.40
<b>As at March 31, 2022</b>	<b>44.40</b>	-	-	-	<b>44.40</b>



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**5. Investments in subsidiary measured at cost - non-current**

**(a) Accounting policy**

Investments in subsidiaries, are measured at cost as per Ind AS 27 – Separate Financial Statements.

<u>Number</u>	<u>Face value</u> <u>per unit</u>	<u>Description</u>	(₹ in crores) <u>As at March 31, 2022</u>
6,32,48,427 (GBP)	1	<b>Unquoted</b> Tata Motors European Technical Centre PLC, (UK) (Purchased during the year)	567.22
<b>Total</b>			<b>567.22</b>

**6. Investments-current**

<u>Description</u>	<u>As at March 31, 2022</u>
<b>Investments in Mutual funds measured at Fair value through profit and loss</b>	
<b>Unquoted</b>	
Mutual funds	40.31
<b>Total</b>	<b>40.31</b>

As at March 31,

Market Value of unquoted investments

40.23

**7. Loans and advances- current**

As at March 31,

**Unsecured :**

(a)	Advances and other receivables	0.03
(b)	Intercorporate deposits-Considered good-Tata Motors Limited-Holding Company	2,500.00
(c)	Dues from fellow Subsidiary companies	0.02
<b>Total</b>		<b>2,500.05</b>

**8. Other current assets**

As at March 31,

(a)	Advance to suppliers and contractors	0.03
(b)	Taxes recoverable, statutory deposits and dues from government	5.06
(c)	Employee benefits	0.02
(d)	Prepaid expenses	0.44
<b>Total</b>		<b>5.55</b>

**9. Cash and cash equivalents**

**(a) Accounting policy**

Cash and cash equivalents comprises cash on hand, demand deposits and highly liquid investments with an original maturity of up to three month that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

**(b) Cash and cash equivalents**

As at March 31,

		<u>2022</u>
(a)	Balances with banks	7.60
(b)	Deposits with banks	1,250.00
<b>Total</b>		<b>1,257.60</b>



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	(₹ in crores) As at March 31, <u>2022</u>	
<b>10. Equity Share Capital</b>		
(a) <b>Authorised:</b>		
1,50,00,00,000 Ordinary shares of ₹ 10 each		1,500.00
7,50,00,00,000 Compulsorily Convertible Preference Shares of ₹1000 each		7,500.00
<b>Total</b>		<u>9,000.00</u>
(b) <b>Issued:</b>		
70,00,00,000 Ordinary shares of ₹10 each		700.00
<b>Total</b>		<u>700.00</u>
(c) <b>Subscribed and paid up:</b>		
70,00,00,000 Ordinary shares of ₹10 each		700.00
		<u>700.00</u>
(d) <b>The movement of number of shares and share capital</b>	<b>Period ended March 31, 2022</b>	
	<b>(No. of shares)</b>	<b>(₹ in crores)</b>
(i) <b>Ordinary shares</b>		
Balance as at December 21, 2021	-	-
Add: Issued during the period	70,00,00,000	700.00
Balance as at March 31	<u>70,00,00,000</u>	<u>700.00</u>
(e) <b>Number of shares held by each shareholder holding more than 5 percent of the issued share capital :</b>	<b>Period ended March 31, 2022</b>	
	<b>(No. of shares)</b>	<b>(₹ in crores)</b>
(a) Tata Motors Limited-Holding Company	70,00,00,000	700
(f) <b>Disclosure of Shareholding of Promoters</b>		
<b>Promoter name</b>	<b>Period ended March 31, 2022</b>	
	<b>(No. of shares)</b>	<b>% of Issued Share Capital</b>
Tata Motors Limited-Holding Company	70,00,00,000	100%
(f) <b>Information regarding issue of shares in the last five years</b>		
(a) During the current year, the company has not issued any shares without payment being received in cash.		
(b) The Company has not issued any bonus shares.		
(c) The Company has not undertaken any buy-back of shares.		

**11 Trade payables**

As at March 31, 2022

	Overdue				Total
	Not due	Up to 1 year	1-2 years	2-3 years	
<b>Outstanding dues other than micro and small enterprises</b>					
(a) Undisputed dues	85.58	-	-	-	85.58
<b>Total</b>	<u>85.58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85.58</u>
<b>Balance as at March 31, 2022</b>	<u>85.58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85.58</u>



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**12. Provisions**

**(a) Accounting policy**

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. When the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(₹ in crores)

**(b) Provisions-non current**

As at March 31, 2022

Employee benefits obligations	3.77
<b>Total</b>	3.77

**(c) Provisions-current**

As at March 31, 2022

Employee benefits obligations	0.16
<b>Total</b>	0.16

**13. Income taxes**

**(a) Accounting policy**

Income tax expense comprises current tax and deferred tax. Income tax expense is recognised in the statement of Profit and Loss except when they relate to items that are recognised outside of profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside profit and loss. Current income taxes are determined based on respective taxable income of each taxable entity.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Deferred tax liabilities on taxable temporary differences arising from investments in subsidiaries, branches and associated companies and interests in joint arrangements are not recognised if the Company is able to control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

**(b)** The reconciliation of income tax expense calculated as per tax rates applicable to individual entities with income tax expense is as follows:

(₹ in crores)

For the period ended March 31,  
2022

<b>Profit/(loss) before tax</b>	<b>(62.78)</b>
Income tax expense at tax rates applicable to individual entities	<b>(10.77)</b>
Deferred tax assets not recognised as realisation is not probable	<b>3.24</b>
Others	<b>9.31</b>
<b>Income tax expense reported in statement of profit and loss</b>	<b>1.78</b>

**Note:**

Tata Passenger Electric Mobility Limited (TPEML) has decided to opt for the New Tax Regime inserted by Section 115BAB of the Income-tax Act, 1961 and enacted by the Taxation Laws (Amendment) Ordinance, 2019 ('the Ordinance') which is applicable from Financial Year beginning April 1, 2019. TPEML has accordingly applied the rates as applicable under the provisions of Section 115BAB of the Act, as amended by the Finance Act, 2022, in the financial statements for the period ended March 31, 2022.



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

13. **Income taxes (Continued)**

(₹ in crores)

(c) Significant components of deferred tax assets and liabilities for the Period ended March 31, 2022 are as follows:

	Opening balance	Recognised in profit and loss	Recognised in/reclassified from OCI	Closing balance
<b>Deferred tax assets:</b>				
Compensated absences and retirement benefits	-	(0.13)	0.13	-
<b>Total deferred tax assets</b>	-	(0.13)	0.13	-
<b>Net Deferred tax assets / (liabilities)</b>	-	(0.13)	0.13	-

14. **Other non-current liabilities**

As at March 31, 2022

Employee Benefit Obligations - Funded	0.02
<b>Total</b>	<b>0.02</b>

15. **Other current liabilities**

As at March 31, 2022

(a) Statutory dues (GST, TDS etc)	11.44
(b) Others	0.27
<b>Total</b>	<b>11.71</b>



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**16. Revenue recognition**

Revenue is recognized to the extent that is probable that the economic benefits will flow into the Company and the revenue can be reliably measured. The indirect taxes, if any collected by the company are excluded from revenue since the same is collected on behalf of the government.

**(a) Accounting policy**

**Sale of services -**

The Company earns income by way of providing engineering and other services to Tata Motors Ltd (parent company) and other group entities. Revenue from the sale of services is recognised on an accrual basis as per specific contract with the parent company and group entities. The services provided by the Company are recognised net of indirect taxes as applicable.

**Interest Income**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable

(₹ in crores)

**(b) Revenue From Operations**

Sale of services  
**Total**

For the period from December 21, 2021 till March 31, 2022
<u>2022</u>
8.63
<u><u>8.63</u></u>

(₹ in crores)

**17. Other income**

(a) Interest income  
(b) Profit on sale of investments at FVTPL  
(c) MTM – Investments measured at FVTPL  
**Total**

For the period from December 21, 2021 till March 31, 2022
<u>2022</u>
5.34
1.00
0.08
<u><u>6.42</u></u>

(₹ in crores)

**18. Employee benefits expense**

(a) Salaries, wages and bonus  
(b) Contribution to provident fund and other funds  
(c) Staff welfare expenses  
**Total**

For the period from December 21, 2021 till March 31, 2022
<u>2022</u>
10.24
0.52
0.33
<u><u>11.09</u></u>



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(₹ in crores)

**19. Other expenses**

	For the period from December 21, 2021 till March 31, 2022
(a) Information technology/computer expenses	0.27
(b) Incorporation expenses	3.22
(c) Royalty expenses	0.25
(d) Purchase of services	0.51
(e) Works operation and other expenses (note below)	2.37
<b>Total</b>	<b>6.62</b>

**Note:**

Works operation and other expenses include:

	For the period from December 21, 2021 till March 31, 2022
(a) Auditors' Remuneration (excluding GST) Audit Fees	0.35

**20. Amount transferred to capital and other accounts**

	For the period from December 21, 2021 till March 31, 2022
Intangible asset under development	(3.74)
<b>Total</b>	<b>(3.74)</b>

**21. Commitments and contingencies**

**Contingencies**

Contingent Liability of the Company as at March 31, 2022 is ₹Nil

**Commitments**

The Company has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of a capital nature amounting to ₹3.68 crores as at March 31, 2022, which are yet to be executed.

The Company has entered into various contracts with vendors and contractors for the acquisition of intangible assets of a capital nature amounting to ₹3.78 crores as at March 31, 2022, which are yet to be executed.

**22. Earnings/(loss) per Share ("EPS")**

**(a) Accounting policy**

Basic earnings per share has been computed by dividing net profit/(loss) by the weighted average number of shares outstanding during the period. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be antidilutive.

	For the period ended March 31, 2022
<b>(b) EPS</b>	
(a) Profit/(loss) after tax	₹ crores (64.56)
(b) The weighted average number of Ordinary shares for Basic EPS	Nos. 70,00,00,000
(c) The nominal value per share	₹ 10
(d) Earnings per share (Basic)	₹ (0.92)
(e) Earnings per share (Diluted)	₹ (0.92)



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**23. Financial Instruments**

**(a) Accounting policy**

**(i) Recognition:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

**Initial measurement**

Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in profit or loss.

Subsequently, financial instruments are measured according to the category in which they are classified.

**Classification and measurement – financial assets**

Classification of financial assets is based on the business model in which the instruments are held as well as the characteristics of their contractual cash flows. The business model is based on management's intentions and past pattern of transactions. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Company reclassifies financial assets when and only when its business model for managing those assets changes.

**Financial assets are classified into three categories**

**Financial assets at amortised cost:** Financial assets having contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this category. Subsequently, these are measured at amortised cost using the effective interest method less any impairment losses.

**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 profit and loss.

**Classification and measurement – financial liabilities:**

Financial liabilities are classified as subsequently measured at amortised cost unless they meet the specific criteria to be recognised at fair value through profit or loss.

Other financial liabilities are measured at amortised cost using the effective interest method. Subsequent to initial recognition, these are measured at fair value with gains or losses being recognised in profit or loss.

**Compulsory Convertible Preference Shares – Financial Instruments:**

Instruments which are settled by exchange of a fixed number of the Company's own equity instrument are classified as equity.

The Company recognises separately the components of a compound financial instrument that creates a financial liability of the company and grants an option to the holder of the instrument to convert it into an equity instrument of the Company. The initial carrying amount of a compound financial instrument is allocated to its equity and liability components, with the equity component being assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The liability component which represents the non-discretionary coupons payable on such instruments is measured at amortised cost with interest expense being recognised in profit or loss.

Financial instruments that include a contractual obligation to deliver cash or another financial asset or require the issuer to deliver a variable number of its own equity instruments are classified as liability instruments. These are measured at fair value through profit or loss.

**Financial liabilities at fair value through profit and loss:** Derivatives, including embedded derivatives separated from the host contract, unless they are designated as hedging instruments, for which hedge accounting is applied, are classified into this category. These are measured at fair value with changes in fair value recognised in the statement of Profit and Loss.

**Other financial liabilities:** These are measured at amortised cost using the effective interest method.

**(ii) Determination of fair value:**

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, regardless of whether that price is directly observable or estimated using another valuation technique:

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received).

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation methods.

**(iii) Derecognition of financial assets and financial liabilities:**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial instrument is derecognised, the cumulative gain or loss in equity is transferred to the statement of profit and loss. Financial assets are written off when there is no reasonable expectation of recovery. The Company reviews the facts and circumstances around each asset before making a determination. Financial assets that are written off could still be subject to enforcement activities.

Financial liabilities are derecognised when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**23. Financial instruments (Continued..)**

**(b) Financial assets and liabilities**

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2022.

	Cash, and other financial assets at amortised cost	Investments - FVTPL	Total carrying value	(₹ in crores) Total fair value
<b>Financial assets</b>				
(a) Investments - non-current	567.22	-	567.22	567.22
(b) Investments - current	-	40.31	40.31	40.31
(c) Cash and cash equivalents	1,257.60	-	1,257.60	1,257.60
(d) Loans and advances - non-current	0.03	-	0.03	0.03
(e) Loans and advances - current	2,500.05	-	2,500.05	2,500.05
(f) Other financial assets - current	0.13	-	0.13	0.13
<b>Total</b>	<b>4,325.03</b>	<b>40.31</b>	<b>4,365.34</b>	<b>4,365.34</b>
	Other financial liabilities (at amortised cost)	Total carrying value	(₹ in crores) Total fair value	
<b>Financial liabilities</b>				
(a) Lease liabilities- non current	2.19	2.19	-	
(b) Lease liabilities- current	1.49	1.49	1.27	
(c) Trade payables	85.58	85.58	85.58	
(d) Other financial liabilities - non-current	1,250.00	1,250.00	1,250.00	
<b>Total</b>	<b>1,339.26</b>	<b>1,339.26</b>	<b>1,336.85</b>	



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**23. Financial instruments (Continued..)**

**Fair Value Hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs 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). This level of hierarchy include Company's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that 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 has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2022.

Derivatives are fair valued using market observable rates and published prices together with forecast cash flow information where applicable.

	(₹ in crores)			
	As at March 31,			
	2022			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
(a) Investments	40.31	-	-	40.31
<b>Total</b>	40.31	-	-	40.31
<b>Financial liabilities measured at fair value</b>				
(a) Compulsorily Convertible Preference Share	-	-	1,250.00	1,250.00
<b>Total</b>	-	-	1,250.00	1,250.00

Other short-term financial assets and liabilities are stated at amortised cost which is approximately equal to their fair value.

The fair value of borrowings which have a quoted market price in an active market is based on its market price and for other borrowings the fair value is estimated by discounting expected future cash flows, using a discount rate equivalent to the risk-free rate of return, adjusted for the credit spread considered by the lenders for instruments of similar maturity.

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, substantially for all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

**Offsetting**

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability, simultaneously.

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis.

No Financial assets and Financial liabilities are subject to offset as at March 31, 2022



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**(c) Financial risk management**

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

**(i) Market risk**

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

**(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 both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk, principally consist of investments classified as fair value through profit and loss, trade receivables, loans and advances and derivative financial instruments. The Company strives to promptly identify and reduce concerns about collection due to a deterioration in the financial conditions and others of its main counterparties by regularly monitoring their situation based on their financial condition. None of the financial instruments of the Company result in material concentrations of credit risks.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹4,365.34 crores as at March 31, 2022, respectively, being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, finance receivables and other financial assets excluding equity investments.

**Financial assets that are neither past due nor impaired**

None of the Company's cash equivalents, including short term deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at March 31, 2022, that defaults in payment obligations will occur.

**Credit quality of financial assets and impairment loss**

The ageing of trade receivables as of balance sheet date is given below. The age analysis has been considered from the due date.

							(₹ in crores)
							As at March 31, 2022
							Overdue
Not due	Up to 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total	
<b>Undisputed</b>							
Considered good	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-

Trade receivables consist of a large number of various types of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of these trade receivables and where appropriate allowance for losses are provided. Further the Company, groups the trade receivables depending on type of customers and accordingly credit risk is determined.

**(iii) Liquidity risk**

Liquidity risk refers to the risk that the Company will encounter difficulty to 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 invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no/low mark to market risks.

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

The table below provides undiscounted contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2022:

	Carrying amount	Due in 1 <sup>st</sup> Year	Due in 2 <sup>nd</sup> Year	Due in 3 <sup>rd</sup> to 5 <sup>th</sup> Year	Due after 5 <sup>th</sup> Year	Total contractual cash flows
<b>Financial liabilities</b>						
(a) Trade payables	85.58	85.58	-	-	-	85.58
(b) Other financial liabilities	1,250.00	-	-	-	1,250.00	1,250.00
(c) Lease liabilities	3.68	1.27	1.20	1.38	-	3.85
	-	-	-	-	-	-
	<b>1,339.26</b>	<b>86.85</b>	<b>1.20</b>	<b>1.38</b>	<b>1,250.00</b>	<b>1,339.43</b>



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**24. Related-party transactions**

The Company's related parties principally includes holding company Tata Motors Limited and its subsidiaries, joint operations and associates. The Company routinely enters into transactions with these related parties in the ordinary course of business.

All transactions with related parties are conducted at arm's length price under normal terms of business and all amounts outstanding are unsecured and will be settled in cash

The following table summarises related-party transactions and balances for the period ended / as at March 31, 2022:

	(Tata Motors Limited) Holding Company	Fellow Subsidiaries	Total
			(₹ in crores)
<b>(A) Transactions</b>			
Services received	30.35	65.06	95.40
Services rendered	(2.09)	(6.54)	(8.63)
Finance given (including loans and equity)	2,875.00	-	2,875.00
Finance given, taken back (including loans and equity)	(375.00)	-	(375.00)
Finance taken (including loans and equity)	700.00	-	700.00
Interest (income)/expense, dividend (income)/paid, net	(3.84)	-	(3.84)
Transfer of employees	0.46	17.16	17.62
Investment made	-	(643.15)	(643.15)
<b>(B) Balances</b>			
Amounts receivable in respect of loans and interest thereon	2,500.00	-	2,500.00
Trade payables	(27.25)	(59.87)	(87.12)
RTU Asset (Net)	0.13	-	0.13

**Compensation of key management personnel:**

Period ended March 31, 2022

Short-term benefits	2.19
Post-employment benefits*	0.05

The compensation of CEO and Managing Director is ₹1.04 crores for the period ended March 31, 2022, respectively.

Exclude provision for encashable leave and gratuity for certain key management personnel as a separate actuarial valuation is not available

\*Refer note 25 for information on transactions with post employment benefit plans.



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**25. Employee benefits**

**(a) Accounting policy**

The employees transferred from the group companies have been considered under continuity of service from employee benefits perspective

**(i) Gratuity**

Tata Passenger Electric Mobility Limited have an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The 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 years of service. Tata Passenger Electric Mobility Limited makes annual contributions to gratuity funds established as trusts. Tata Passenger Electric Mobility Limited account for the liability for gratuity benefits payable in the future based on an actuarial valuation.

**(ii) Superannuation**

Tata Passenger Electric Mobility Limited have two superannuation plans, a defined benefit plan and a defined contribution plan of the parent company. An eligible employee on April 1, 1996 could elect to be a member of either plan.

Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. The monthly pension benefits after retirement range from 0.75% to 2% of the annual basic salary for each year of service. Tata Passenger Electric Mobility Limited account for superannuation benefits payable in future under the plan based on an actuarial valuation.

The Company maintains a separate irrevocable trust for employees covered and entitled to benefits. The Company contributes up to 15% or ₹1,50,000 whichever is lower of the eligible employee's salary to the trust every year. The Company recognises such contribution as an expense when incurred and has no further obligation beyond this contribution.

**(iii) Bhavishya kalyan yojana (BKY)**

Bhavishya Kalyan Yojana is an unfunded defined benefit plan for employees of Tata Passenger Electric Mobility Limited. The benefits of the plan include pension in certain cases, payable up to the date of normal superannuation had the employee been in service, to an eligible employee at the time of death or permanent disablement, while in service, either as a result of an injury or as certified by the appropriate authority. The monthly payment to dependents of the deceased/disabled employee under the plan equals 50% of the basic salary or 30% of total fixed pay, whichever is higher at the time of death or accident or a specified amount, whichever is greater. Tata Passenger Electric Mobility Limited account for the liability for BKY benefits payable in the future based on an actuarial valuation.

**(iv) Provident fund and family pension**

In accordance with Indian law, eligible employees of Tata Passenger Electric Mobility Limited are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The relevant contributions, as specified under the law, are deposited with the Employee Provident fund Organisation.

**(v) Post-retirement medicare scheme**

Under this unfunded scheme, employees of Tata Passenger Electric Mobility Limited receive medical benefits subject to certain limits on amounts of benefits, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Company as part of an Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. Tata Passenger Electric Mobility Limited account for the liability for post-retirement medical scheme based on an actuarial valuation.

**(vi) Compensated absences**

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

**(vii) Remeasurement gains and losses**

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on assets (excluding interest) relating to retirement benefit plans, are recognised directly in other comprehensive income in the period in which they arise. Remeasurement recorded in other comprehensive income is not reclassified to statement of Profit and Loss.

**(viii) Measurement date**

The measurement date of retirement plans is March 31.

The present value of the post-employment benefit obligations depends on a number of factors, it is determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of post-employment benefit obligations. Key assumptions and sensitivities for post employment benefit obligations are disclosed in note 26.



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**25. Employee benefits**

**(i) Defined Benefit Plan**

*Pension and post retirement medical plans*

The following tables sets out the funded and unfunded status and the amounts recognised in the financial statements for the pension and the post retirement medical plans in respect of Tata Passenger Electric Mobility Limited:

	Pension Benefits	(₹ in crores) Post retirement medical Benefits
	As at March 31, 2022	As at March 31, 2022
<b>Change in defined benefit obligations :</b>		
Defined benefit obligation, beginning of the period	-	-
Current service cost	0.17	0.01
Interest cost	0.14	0.01
Remeasurements (gains) / losses		
Actuarial losses arising from changes in demographic assumptions	0.18	0.09
Actuarial losses arising from changes in financial assumptions	0.44	0.22
Actuarial (gains) / losses arising from changes in experience adjustments	(0.14)	(0.02)
Transfer in/(out) of liability	8.44	0.41
Past service cost - Plan amendment	-	0.04
<b>Defined benefit obligation, end of the year</b>	<b>9.23</b>	<b>0.76</b>
<b>Change in plan assets:</b>		
Fair value of plan assets, beginning of the year	-	-
Interest income	0.13	-
Remeasurements losses		
Return on plan assets, (excluding amount included in net Interest expense)	0.01	-
Employer's contributions	0.47	-
Transfer in/(out) of liability	7.39	-
Benefits paid	-	-
<b>Fair value of plan assets, end of the year</b>	<b>8.00</b>	<b>-</b>
	Pension Benefits	Post retirement medical Benefits
	As at March 31, 2022	As at March 31, 2022
<b>Amount recognised in the balance sheet consists of</b>		
Present value of defined benefit obligation	9.23	0.76
Fair value of plan assets	8.00	-
Asset ceiling	-	-
<b>Net liability</b>	<b>(1.23)</b>	<b>(0.76)</b>
<b>Amounts in the balance sheet:</b>		
Non-current assets	-	-
Non-current liabilities	(1.23)	(0.76)



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(₹ in crores)

**25. Employee benefits (Continued..)**

**Information for funded plans with a defined benefit obligation in excess of plan assets:**

	<b>Pension Benefits</b>
	<b>As at March 31, 2022</b>
Defined benefit obligation	-
Fair value of plan assets	-

**Information for funded plans with a defined benefit obligation less than plan assets:**

	<b>Pension Benefits</b>
	<b>As at March 31, 2022</b>
Defined benefit obligation	7.98
Fair value of plan assets	8.00

**Information for unfunded plans:**

	<b>Pension Benefits</b>	<b>Post retirement medical Benefits</b>
	<b>As at March 31, 2022</b>	<b>As at March 31, 2022</b>
	<b>2022</b>	<b>2022</b>
Defined benefit obligation	1.25	0.76

**Net pension and post retirement medical cost consist of the following components:**

	<b>Pension Benefits</b>	<b>Post retirement medical Benefits</b>
	<b>Year ended March 31, 2022</b>	<b>Year ended March 31, 2022</b>
Service cost	0.17	0.01
Net interest cost	0.01	0.01
Past service cost- plan amendments	-	0.04
<b>Net periodic cost</b>	<b>0.18</b>	<b>0.06</b>

**Other changes in plan assets and benefit obligation recognised in other comprehensive income.**

	<b>Pension Benefits</b>	<b>Post retirement medical Benefits</b>
Return on plan assets, (excluding amount included in net interest expense)	(0.01)	-
Actuarial (gains)/losses arising from changes in demographic assumptions	0.18	0.09
Actuarial (gains)/losses arising from changes in financial assumptions	0.44	0.22
Asset ceiling	-	-
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	(0.14)	(0.02)
<b>Total recognised in other comprehensive income</b>	<b>0.46</b>	<b>0.29</b>
<b>Total recognised in statement of comprehensive income</b>	<b>0.64</b>	<b>0.35</b>



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**25. Employee benefits (Continued..)**

The assumptions used in accounting for the pension and post retirement medical plans are set out below:

	<u>Pension Benefits</u> <u>As at March 31, 2022</u>	<u>Post retirement medical Benefits</u> <u>As at March 31, 2022</u>
Discount rate	6.50% - 7.10%	7.20%
Rate of increase in compensation level of covered employees	6.00% - 9.00%	NA
Increase in health care cost	NA	6.00%

**Plan Assets**

The fair value of Company's pension plan asset as of March 31, 2022 by category are as follows:

	<u>Pension benefits</u> <u>As at March 31, 2022</u>
Asset category:	
Cash and cash equivalents	2.55%
Debt instruments (quoted)	68.85%
Equity instruments (quoted)	7.23%
Deposits with Insurance companies	21.37%
	<u>100%</u>

The Company's policy is driven by considerations of maximising returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published bench marks.

The weighted average duration of the defined benefit obligation as at March 31, 2022 is **11.69 years**

The Company expects to contribute **₹0.68 crores** to the funded pension plans during the year ended March 31, 2023.

The table below outlines the effect on the service cost, the interest cost and the defined benefit obligation in the event of a decrease/increase of 1% in the assumed rate of discount rate, salary escalation and health care cost:

<b>Assumption</b>	<b>Change in assumption</b>	<b>Impact on defined benefit obligation</b>	<b>Impact on service cost and interest</b>
Discount rate	Increase by 1%	₹ 0.79 crores	₹ 0.01 crores
	Decrease by 1%	₹ 0.91 crores	₹ 0.04 crores
Salary escalation rate	Increase by 1%	₹ 0.65 crores	₹ 0.17 crores
	Decrease by 1%	₹ 0.59 crores	₹ 0.15 crores
Health care cost	Increase by 1%	₹ 0.03 crores	₹ 0.04 crores
	Decrease by 1%	₹ 0.03 crores	₹ 0.03 crores



**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

26. Ratio

Sr No	Particulars	Period ended March 31,2022
a)	Debt Equity Ratio (number of times) [Total Debt <sup>(i)</sup> / Shareholders' Equity <sup>(ii)</sup> ]	Not Applicable
b)	Debt Service Coverage Ratio (number of times) [(Profit/(loss) before exceptional items and tax+Interest on Borrowings)/(Interest on Borrowings + Repayment of Borrowings <sup>(iii)</sup> )]	Not Applicable
c)	Current ratio (number of times) [Current assets (excluding Assets classified as held for sale) / Current liabilities (excluding Liabilities directly associated with Assets Classified as Held For Sale)]	37.81
d)	Trade receivable turnover (number of times) [Revenue from operations / Average Trade receivables]	Not Applicable
e)	Inventory turnover (number of times) [Raw material consumed <sup>(vi)</sup> / average Inventory <sup>(vii)</sup> ]	Not Applicable
f)	Trade payable turnover (number of times) [Cost of material consumed / Average Trade payables]	Not Applicable
g)	Net capital turnover (number of times) [Revenue from operations / Working capital <sup>(iv)</sup> ]	0.002
h)	Net profit margin (%) [Net profit after tax / Revenue from continuing operations]	(755.27%)
i)	Return on equity (number of times) [Net profit after tax / Average shareholders' equity]	(0.02)
j)	Return on capital employed (number of times) [Profit before interest and tax / Capital employed <sup>(v)</sup> ]	(0.02)
k)	Return on investments (number of times) [Net profit after tax / Average investments]	(0.11)

Notes:

- i Total debts includes non current and current borrowings.
- ii Equity = Equity share capital + Other equity
- iii Repayment of borrowings includes repayment of long-term borrowings, proceeds from short-term borrowings, repayment of short-term borrowings and net change in other short-term borrowings (with maturity up to three months).
- iv Working capital = Current assets (excluding Assets classified as held for sale) - Current liabilities (excluding current maturities of long term debt, interest accrued on borrowings and liabilities directly associated with assets classified as held for sale).
- v Raw material consumed includes Cost of materials consumed, Purchases of products for sale and Changes in inventories of finished goods, work-in-progress and products for sale.
- vi Inventory includes Raw materials and components, Work-in-progress, Finished goods, Stores and spare parts, Consumable tools and Goods-in-transit - Raw materials and components.
- vii Capital employed includes Shareholders' Equity, non current and current borrowings

27. Other statutory information :

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not has any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iv) The Company has not advanced or loaned or invested funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) 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 (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (v) The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) 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 (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vi) There are no transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 for the year ended at March 31, 2022.
- (vii) The Company is not declared as wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.
- (viii) The Company has complied with the number of layers for its holding in downstream companies prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.
- (ix) The Company does not have any transaction which are not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (x) The Company has not revalued any of its Property, Plant and Equipment (including Right-of-Use Assets) during the year.

**TATA PASSENGER ELECTRIC MOBILITY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**28. Other notes:**

**i) Micro, Small and Medium Enterprises Development Act, 2006**

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. There are no transactions with such parties.

**ii) Tata Motors Limited (parent company) executed a Securities Subscription Agreement with India Markets Rio Pte Ltd, an entity affiliated with TPG Rise Climate (the climate investing strategy of TPG's global impact investing platform TPG Rise) for an aggregate investment of ₹7,500 crores in the Company over the period of 18 months, subject to fulfilment of certain condition precedent, from the date of completion of the first tranche. As per this arrangement, the Company will issue and allot compulsorily convertible preference shares, having face value of ₹1,000 each to TPG Rise Climate ("TPG"). The total amount of investment of ₹7,500 crores is bifurcated into two instruments CCPS A1 and CCPS A2, for an aggregate value of ₹5,000 crores and ₹2,500 crores, respectively. The remittance of the first tranche of ₹3,750 crores (50% of each instrument) has been received on March 29, 2022. CCPS A1 is convertible into fixed number of equity shares of the Company and hence has been classified as part of equity in the financial statements. CCPS A2 is convertible into variable number of equity shares of the Company and hence has been classified as financial liability in the financial statements. As at March 31, 2022 the fair value of CCPS A2 is ₹1,250 crores.**

CCPS A1 is convertible into equity shares at any time after 2 years, at the option of the investor, and is convertible compulsorily and automatically at the agreed conversion date, which is linked to meeting one of the agreed conditions. CCPS A2 is convertible compulsorily and automatically into such number of equity shares determined as per a pre-determined formula at the conversion date, which is linked to meeting one of the agreed conditions.

**iii) During the period ended March 31, 2022, the Company has paid Rs.10.06 crores for the transfer of employees and Rs.643.15 crores for investments in Tata Motors European Technical Centre Plc to Tata Motors Passenger Vehicles Ltd (TMLPV). These transfers are more of reorganization by Tata Motors Ltd (parent company) and are common control transactions. Accordingly, these are recorded at the same carrying value (Rs. 567.22 Crores) in the Company as in the books of TMPV and the differential between consideration paid and carrying value has been accounted in capital reserve.**

**iv) The Company has received Rs 700 crores from Tata Motors Limited, its Holding Company ('funding party'), on 28th December' 2021 towards subscription of its share capital. This amount received from Holding Company, is further utilised in Tata Motors Passenger Vehicles Limited ('ultimate beneficiary') for acquiring shares of Tata Motors European Technical Centre Plc (being wholly owned subsidiary of Tata Motors Passenger Vehicles Limited). The Company has complied with relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999), to the extent applicable, the Companies Act, 2013 for such transaction and this transaction is not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).**

**v) 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.**

**vi) Subsequent to year ended March 31, 2022, the Company has purchased investments in Trilix SPA from Tata Passenger Vehicles Ltd for a consideration of Rs.36.94 crores.**

**vii) Financial year ended March,31,2022 being the first period of the company, hence there are no comparable figures.**

In terms of our report attached

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

  
**RISHABH KUMAR**  
Partner

Membership No. 402877  
Place- Mumbai  
Date: May 11, 2022

Place- Mumbai

For and on behalf of the Board

  
**ANKUR NAND CHADANI [DIN:03566737]**  
Director

  
**SHAILESH CHANDRA [DIN:07593905]**  
MD & Chief Executive Officer

  
**AASIF MALBARI**  
Chief Financial Officer

  
**VISPI PATEL [ACS: F 7021]**  
Company Secretary  
Place- Mumbai  
Date: May 11, 2022