

Tata Passenger Electric Mobility Limited
Financial statements
together with the
Independent Auditor's Report
for the year ended 31 March 2023

Tata Passenger Electric Mobility Limited
Financial statements together with Auditor's Report
for the year ended 31 March 2023

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B S R & Co. LLP

Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai – 400063, India
Telephone: +91 (22) 6257 1000
Fax: +91 (22) 6257 1010

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 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of Matter(s)

We draw attention to Note 2 b ii) of the financial statements wherein the Company has explained its rationale for not registering itself as Non-Banking Financial Institution (NBFC) with the Reserve Bank of India.

Our opinion is not modified in respect of this matter.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and auditor's report(s) thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information

Registered Office:

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

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Independent Auditor's Report (Continued)

Tata Passenger Electric Mobility Limited

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

Independent Auditor's Report (Continued)

Tata Passenger Electric Mobility Limited

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - g. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - h. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company 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.

Independent Auditor's Report (Continued)

Tata Passenger Electric Mobility Limited

- 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, as disclosed in the Notes to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Notes to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Company has neither declared nor paid any dividend during the year.
- 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

ICAI UDIN:23402877BGYGDC3466

Place: Mumbai

Date: 03 May 2023

Annexure A to the Independent Auditor's Report on the Financial Statements of Tata Passenger Electric Mobility Limited for the year ended 31 March 2023

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies/discrepancy were/was noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) 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 guarantee or security or granted any secured loans or secured or unsecured advances in the nature of loans, to companies, firms, limited liability partnerships or any other parties during the year. The Company has made investments in and granted unsecured loans to companies and other parties in respect of which the requisite information is as below.
- (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 companies and other parties as below:

Particulars	Loans (Rs in crores)
Aggregate amount during the year	
Others - Companies	92.75
Others - Employees	0.29
Balance outstanding as at balance sheet date	

Annexure A to the Independent Auditor's Report on the Financial Statements of Tata Passenger Electric Mobility Limited for the year ended 31 March 2023 (Continued)

Others - Companies	2,058.50
Others - Employees	0.15

- (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 grant of loans during the year are, prima facie, not prejudicial to the interest of the Company. Further, the Company has not provided any guarantee or security or granted any advances in nature of loan to any party 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 except for the loan of Rs. 2,058.50 crs given to Tata Motors Limited which is repayable on demand. As informed to us, the Company has not demanded repayment of the loan during the year. Thus, there has been no default on the part of the party to whom the money has been lent. The payment of interest has 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, 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 except for the loan as reported in para iii (c) above. As informed to us, the Company has not demanded repayment of the loan during the year. Thus, there is no overdue amount for more than ninety days in respect of loans given. The payment of interest has been regular. Further, the Company has not given any advance in the nature of loan 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 or advance in the nature of 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.
- (f) 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 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 except for the following loans to its Promoters and related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):

	Promoters (Rs in crores)	Related Parties
Aggregate of loans - Repayable on demand (A) - Agreement does not specify any terms or period of Repayment (B)	92.75 -	*
Total (A+B)	92.75	
Percentage of loans to the total loans	100%	

Annexure A to the Independent Auditor's Report on the Financial Statements of Tata Passenger Electric Mobility Limited for the year ended 31 March 2023 (Continued)

*Promoter and Related party as defined in Clause (76) of Section 2 of the Companies Act, 2013 is same.

- (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. In respect of investment made and loans given by the Company, in our opinion the provisions of Section 185 and 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 Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or 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 Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us 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

Annexure A to the Independent Auditor's Report on the Financial Statements of Tata Passenger Electric Mobility Limited for the year ended 31 March 2023 (Continued)

- 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 2023.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the 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 2023.
- (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 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.
- (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) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. The Company does not fall under the definition of a listed company or other class of companies which are required to constitute an audit committee under section 177(4)(iv) of the Act, hence, section 177 is not applicable to the Company.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (i) (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. Also refer note 2. b. ii) in the financial statements.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India

Annexure A to the Independent Auditor's Report on the Financial Statements of Tata Passenger Electric Mobility Limited for the year ended 31 March 2023 (Continued)

- Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable. Also refer note 2. b. ii) in the financial statements.
- (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 238.37 crores in the current financial year and Rs 64.51 crores in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

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

Chartered Accountants

Firm's Registration No.:101248W/W-100022



Rishabh Kumar

Partner

Place: Mumbai

Date: 03 May 2023

Membership No.: 402877

ICAI UDIN:23402877BGYGDC3466

Annexure B to the Independent Auditor's Report on the financial statements of Tata Passenger Electric Mobility Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

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

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

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

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

Annexure B to the Independent Auditor's Report on the financial statements of Tata Passenger Electric Mobility Limited for the year ended 31 March 2023 (Continued)

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

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

Chartered Accountants

Firm's Registration No.:101248W/W-100022



Rishabh Kumar

Partner

Membership No.: 402877

ICAI UDIN:23402877BGYGDC3466

Place: Mumbai

Date: 03 May 2023

TATA PASSENGER ELECTRIC MOBILITY LIMITED
Balance Sheet

		(₹ in crores)	
		As at March 31,	
		2023	2022
I. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property, plant and equipment	3(b)	687.24	-
(b) Capital work-in-progress	3(c)	316.98	-
(c) Right of use assets	4(c)	9.56	3.31
(d) Other intangible assets	5(b)	117.92	-
(e) Intangible assets under development	5(c)	123.68	44.40
(f) Investments in subsidiaries	6	600.67	567.22
(g) Other financial assets	7	1,002.70	0.03
(h) Other non current Assets- Capital Advances		28.97	-
(i) Non-current tax assets (net)		41.00	-
		<u>2,928.72</u>	<u>614.96</u>
(2) CURRENT ASSETS			
(a) Financial assets			
(i) Trade receivables	12	0.45	-
(ii) Cash and cash equivalents	13(b)	4.92	1,257.60
(iii) Bank balances other than (ii) above	14	2,500.00	-
(iv) Investments	8	375.23	40.31
(v) Loans and advances	9	2,059.08	2,500.05
(vi) Other financial assets	10	106.51	0.13
(b) Other current assets	11	278.31	5.55
		<u>5,324.50</u>	<u>3,803.64</u>
TOTAL ASSETS		<u>8,253.22</u>	<u>4,418.60</u>
II. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	700.00	700.00
(b) Other equity		4,619.91	2,363.28
		<u>5,319.91</u>	<u>3,063.28</u>
LIABILITIES			
(1) NON-CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Lease liabilities		7.23	2.19
(ii) Other financial liabilities- Compulsorily Convertible Preference Shares		2,500.00	1,250.00
(b) Provisions	19(b)	8.93	3.77
(c) Other non-current liabilities	21(a)	0.79	0.02
		<u>2,516.95</u>	<u>1,255.98</u>
(2) CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Lease liabilities			
(ii) Trade payables	17	3.51	1.49
(a) Total outstanding dues of micro and small enterprises		0.13	-
(b) Total outstanding dues of creditors other than micro and small enterprises		267.96	41.58
(iii) Other financial liabilities	18	125.80	44.00
(b) Provisions	19(c)	0.27	0.16
(c) Current tax liabilities (net)		-	0.40
(d) Other current liabilities	22	18.69	11.71
		<u>416.36</u>	<u>99.34</u>
TOTAL EQUITY AND LIABILITIES		<u>8,253.22</u>	<u>4,418.60</u>

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

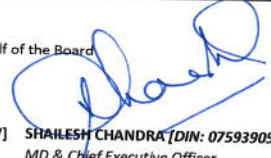

RISHABH KUMAR
Partner
Membership No. 402877
UDIN-23402877BGYDC3466
Place- Mumbai

Date: May 03, 2023


For and on behalf of the Board
ANKUR NAND THADANI [DIN:03566737]
Director


AASHF MALBARI
Chief Financial Officer

Place- Mumbai


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


VISPI PATEL [ACS: F 7021]
Company Secretary

Date: May 03, 2023

TATA PASSENGER ELECTRIC MOBILITY LIMITED
Statement of Profit and Loss

		Year ended March 31, 2023	(₹ in crores) For the period from December 21, 2021 (date of incorporation) till ended March 31, 2022
	Notes		
Revenue from operations			
I. Total revenue from operations	23(b)	41.98	8.63
II. Other Income	24	234.01	6.42
III. Total Income (I+II)		275.99	15.05
IV. Expenses			
(a) Employee benefits expense	25	95.99	11.09
(b) Finance costs		1.00	0.09
(c) Compulsorily convertible preference share measured at Fair Value		13.75	14.45
(d) Depreciation and amortisation expense		19.82	-
(e) Product development/Engineering expenses		309.73	49.32
(f) Other expenses	26	69.14	6.62
(g) Amount transferred to capital and other accounts	27	(32.91)	(3.74)
Total Expenses (IV)		476.52	77.83
V. Profit/(loss) before tax (III-IV)		(200.53)	(62.78)
VI. Tax expense/(credit) (net):			
(a) Current tax		52.95	1.65
(b) Deferred tax		0.07	0.13
Total tax expense		53.02	1.78
VII. Profit/(loss) for the year/period (V-VI)		(253.55)	(64.56)
VIII. Other comprehensive income/(loss):			
(i) Items that will not be reclassified to profit and loss:			
Remeasurement losses on defined benefit obligations (net)		(0.04)	(0.75)
(ii) Income tax credit/(expense) relating to items that will not be reclassified to profit and loss		0.07	0.13
Total other comprehensive income/(loss), net of taxes		0.03	(0.62)
IX. Total comprehensive income/(loss) for the year/period (VII+VIII)		(253.52)	(65.18)
X. Earnings/(loss) per share (EPS)			
(A) Ordinary shares (face value of ₹ 10 each) :	29		
(i) Basic		(3.62)	(0.92)
(ii) Diluted		(3.62)	(0.92)

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
UDIN-23402877BGYGDC3466
Place- Mumbai

Date: May 03, 2023


ANKOR NAND THADANI [DIN:03566737]
Director


AASIF MALBARI
Chief Financial Officer

Place- Mumbai

For and on behalf of the Board


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


VISPI PATEL [ACS: F 7021]
Company Secretary

Date: May 03, 2023

TATA PASSENGER ELECTRIC MOBILITY LIMITED
Cash Flow Statement

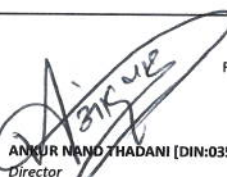
	Year ended March 31, 2023	(₹ in crores) For the period from December 21, 2021 (date of incorporation) till ended March 31, 2022
Cash flows from operating activities:		
Profit/(loss) for the year	(253.55)	(64.56)
Adjustments for:		
Depreciation and amortisation expense	19.82	-
Marked-to-market loss/(gain) on investments measured at Fair value through profit and loss	(4.71)	(0.08)
Profit on sale of investments at FVTPL (net)	(62.01)	(1.00)
Tax expense (net)	53.02	1.78
Compulsorily convertible preference share measured at Fair Value	13.75	14.45
Lease Charges	2.05	-
Finance costs	1.00	0.09
Interest income	(167.29)	(5.34)
	<u>(144.37)</u>	<u>9.90</u>
Cash flows from operating activities before changes in following assets and liabilities	<u>(397.92)</u>	<u>(54.66)</u>
Trade receivables	(0.45)	-
Loans and advances	(1.31)	-
Other current and non-current assets	(272.75)	(5.64)
Trade payables and acceptances	226.52	85.58
Other current and non-current liabilities	7.75	11.73
Provisions	5.23	3.18
Cash generated from/(used in) operations	<u>(432.93)</u>	<u>40.19</u>
Income taxes paid (net)	(94.35)	(1.25)
Net cash from/(used in) operating activities	<u>(527.28)</u>	<u>38.94</u>
Cash flows from investing activities:		
Payments for other intangible assets under development	(190.16)	(44.40)
Payment for Property, Plant and Equipments	(141.96)	-
Payment for acquisition of Ford assets	(836.29)	-
Investments in Mutual Fund (purchased)/sold (net)	(268.20)	(39.23)
Investment in subsidiary company	(36.93)	(643.15)
Deposits with banks	(9,102.00)	-
Deposits with banks realised	6,502.00	-
Deposits with financial institution	(1,450.00)	-
Deposits with financial institution realised	450.00	-
Payment for assembled workforce	-	(10.06)
(Increase)/decrease in short term inter corporate deposit (net)	441.50	(2,500.00)
Interest received	158.94	5.21
Net cash used in investing activities	<u>(4,473.10)</u>	<u>(3,231.63)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	700.00
Proceeds from issue of Compulsorily Convertible Preference Shares (net)	3,749.81	3,750.00
Repayment of lease liabilities (including interest)	(2.11)	0.29
Net cash from/(used in) financing activities	<u>3,747.70</u>	<u>4,450.29</u>
Net increase/(decrease) in cash and cash equivalents	<u>(1,252.68)</u>	<u>1,257.60</u>
Cash and cash equivalents as at April 1/December 2021, (opening balance)	1,257.60	-
Cash and cash equivalents as at March 31, (closing balance)	<u>4.92</u>	<u>1,257.60</u>
Non-cash transactions:		
Liability towards property, plant and equipment and other intangible assets purchased on credit/deferred credit	125.80	44.00

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
UDIN-23402877BGYGDC3466
Place- Mumbai
Date: May 03, 2023


ANKUR NAND THADANI [DIN:03566737]
Director


AASIF MALBARI
Chief Financial Officer

Place-Mumbai

For and on behalf of the Board

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


VISPI PATEL [ACS: F 7021]
Company Secretary

Date: May 03, 2023

TATA PASSENGER ELECTRIC MOBILITY LIMITED
Statement of Changes in Equity for the year ended March 31, 2023

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	<u>700.00</u>	
Balance as at April 01, 2022	700.00	
Proceeds from issue of shares	-	
Balance as at March 31, 2023	<u>700.00</u>	

B. Other Equity		(₹ in crores)				
Particulars	Compulsorily Convertible Preference Shares	Capital reserve	Quasi Equity	Retained earnings	Total other equity	
Balance as at December 21, 2021	-	-	-	-	-	
Loss for the period	-	-	-	(64.56)	(64.56)	
Other comprehensive income/(loss) for the period	-	-	-	(0.62)	(0.62)	
Purchase of investments and assembled work force	-	(85.99)	-	-	(85.99)	
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 (Note 35(iv))	-	-	43.36	-	43.36	
Balance as at March 31, 2022	<u>2,471.09</u>	<u>(85.99)</u>	<u>43.36</u>	<u>(65.18)</u>	<u>2,363.28</u>	
Balance as at April 01, 2022	2,471.09	(85.99)	43.36	(65.18)	2,363.28	
Loss for the year	-	-	-	(253.55)	(253.55)	
Other comprehensive income/(loss) for the year	-	-	-	0.03	0.03	
Total comprehensive loss for the year	2,471.09	(85.99)	43.36	(318.70)	2,109.76	
Proceeds from Compulsorily Convertible Preference Shares (net of Debt issue cost)	2,472.38	-	-	-	2,472.38	
Issue cost for Compulsorily convertible preference shares incurred by parent company (Note 35(iv))	-	-	41.25	-	41.25	
Purchase of Investments in subsidiaries	-	(3.48)	-	-	(3.48)	
Balance as at March 31, 2023	<u>4,943.47</u>	<u>(89.47)</u>	<u>84.61</u>	<u>(318.70)</u>	<u>4,619.91</u>	

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-100/22

RISHAB KUMAR
Partner
Membership No. 402877
UDIN: 23402877BGGDC3466
Place: Mumbai
Date: May 03, 2023

For and on behalf of the Board

ANKUR NAND THADANI [DIN: 03566737]
Director

AASIF MANSARI
Chief Financial Officer

Place- Mumbai

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

VISPI PARUL [ACS: F 702]
Company Secretary

Date: May 03, 2023

TATA PASSENGER ELECTRIC MOBILITY LIMITED
Notes forming part of Financial Statements for the year ended March 31, 2023

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, 2023, TPEML is wholly owned subsidiary of Tata Motors Limited (TML). Tata Motors Limited (TML) directly, holds 100% equity shares in the Company. These financial statements were approved by the Board of Directors and authorized for issue on May 3, 2023.

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

i) 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.

ii) The Company was formed in end of December 2021. The principal business of the Company is manufacturing, purchasing and selling of electric vehicles and spare parts thereof. The operations of the Company have started only from April 2023. The money from TPG group came in two tranches in March 2022 and January 2023 amounting to ₹ 7,500 crores. The Company has made investments of available cash in Fixed deposits with financial institutions, Mutual funds and Inter corporate deposits, which are considered as financial assets. Consequently, as per the audited financial statements as at March 31, 2023, the financial assets constitute more than 50 per cent of the total assets, and income from financial assets constitute more than 50 per cent of the gross income. As per the Reserve Bank of India guidelines, a company is required to register as a Non-Banking Financial Company (NBFC) if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets is more than 50 per cent of the gross income as per its last audited financial statements.

Management believes that such high percentage of financial assets and income from financial assets are temporary in nature and with the Company having commenced its operations from April 2023 are not expected to recur in the next financial year. Thus, the financial assets and related income appearing in the financial statements as at and for the year ended March 31, 2023 do not represent income from the principal business activities of the Company. Accordingly, management believes the Company need not register as NBFC with the Reserve Bank of India

c. Going concern

The Company's financial statements have been prepared on a going concern basis. The Company has a net current assets of ₹ 4,908 crores as at March 31, 2023.

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 3 and Note 5 - Property, plant and equipment and Intangible assets- useful life and impairment
- ii) Note 20 - Recoverability/recognition of deferred tax assets
- iii) Note 25- Assets and obligations relating to employee benefits

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.

f. Impairment

Annually 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.

g. Segments

The Company primarily operates in the automotive segment that consists of dealing with all types of electric passenger vehicles.

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 31, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 01, 2023, as below:

i) Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose the material accounting policies rather than significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements.

ii) Ind AS 12 – Income Taxes

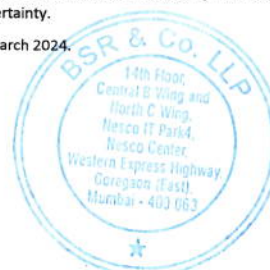
The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 so that it no longer applies to transactions that, on initial recognition,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

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

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The Company is assessing the impact of these changes and will accordingly incorporate the same for the financial statements for the year ended March 2024.

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TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

3. Property, plant and equipment

(a) Accounting policy

Property, plant and equipment (including capital work-in-progress) are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Freehold land is measured at cost and is not depreciated.

Cost includes purchase price, non-recoverable taxes and duties, labour cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

Depreciation is provided on the Straight Line Method (SLM) over the estimated useful lives of the assets considering the nature, estimated usage, operating conditions, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support. Taking into account these factors, the Company has decided to retain the useful life hitherto adopted for various categories of property, plant and equipments, which are different from those prescribed in Schedule II of the Act.

Estimated useful lives of assets are as follows:

<u>Type of Asset</u>	<u>Estimated useful life (years)</u>
Buildings, Roads, Bridge and culverts	4 to 60 years
Plant, machinery and equipment	8 to 20 years
Computers and other IT assets	4 to 6 years
Vehicles	4 to 10 years
Furniture, fixtures and office appliances	5 to 15 years

The useful lives is reviewed at each year end. Changes in expected useful lives are treated as change in accounting estimates.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

An item of property, plant and equipment is derecognized on disposal. Any gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss.

(b) Property, plant and equipment

	<u>Owned assets</u>				<u>Given on lease</u>		<u>(₹ in crores)</u>
	<u>Land</u>	<u>Buildings</u>	<u>Plant, machinery and equipments</u>	<u>Vehicles</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost as at March 31, 2022	-	-	-	-	-	-	-
Additions	331.92	176.25	62.78	0.18	45.08	74.46	690.67
Cost as at March 31, 2023	331.92	176.25	62.78	0.18	45.08	74.46	690.67
Accumulated depreciation as at March 31, 2022	-	-	-	-	-	-	-
Depreciation for the year	-	(2.39)	(0.41)	-	-	(0.63)	(3.43)
Accumulated depreciation as at March 31, 2023	-	(2.39)	(0.41)	-	-	(0.63)	(3.43)
Net carrying amount as at March 31, 2023	331.92	173.86	62.37	0.18	45.08	73.83	687.24

(c) Capital work-in-progress

	<u>For the year/period ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Balance at the beginning	-	-
Additions	379.94	-
Capitalised during the year	(62.96)	-
Balance at the end	316.98	-

(d) Ageing of Capital work-in-progress

	<u>Up to 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>More than 3 years</u>	<u>Total</u>
Projects in progress	316.98	-	-	-	316.98
Projects temporarily suspended	-	-	-	-	-
As at March 31, 2023	316.98	-	-	-	316.98

(e) There are no projects related to Capital work-in-progress where cost and time overrun has exceeded original plan

Original plan is considered as that plan which is approved and on the basis of which implementation progress is evaluated. Such original plan includes management's estimates and assumptions w.r.t future business, economy / industry and regulatory environments.



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

4. Leases

(a) Accounting policy

Lessee:

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- i) 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;
- ii) The Company has the right to substantially all of the economic benefits from the use of the asset throughout the period of use; and
- iii) 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.

Lessor:

- i) At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on contractual terms & substance of the lease arrangement. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.
- ii) Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.
- iii) Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

- (b) The Company leases 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 re-assesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within its control. The Company's leases mature between 2024 and 2027.**

When measuring lease liability, the Group discounted lease payments using its incremental borrowing rate at April 1, 2022. The weighted average rate applied is 6.66% (2022: 6.64 %)

The following amounts are included in the Balance Sheet :

	(₹ in crores)	
	As at March 31,	
	2023	2022
Current lease liabilities	3.51	1.49
Non-current lease liabilities	7.23	2.19
Total lease liabilities	10.74	3.68

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

	Year ended March 31, 2023	Period ended March 31, 2022
Interest expense on lease liabilities	0.87	0.08
Expenses related to short-term leases	0.53	0.05



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

4. Leases (Continued)

(c) Leases

	(₹ in crores)	
	Vehicles	Total
Cost as at April 1, 2022	3.60	3.60
Additions	8.62	8.62
Disposals/adjustments	(0.40)	(0.40)
Cost as at March 31, 2023	<u>11.82</u>	<u>11.82</u>
Accumulated amortisation as at April 1, 2022	(0.29)	(0.29)
Amortisation for the year	-	-
Amortisation - considered as employee cost	(2.19)	(2.19)
Disposal/adjustments	0.22	0.22
Accumulated amortisation as at March 31, 2023	<u>(2.26)</u>	<u>(2.26)</u>
Net carrying amount as at March 31, 2023	<u>9.56</u>	<u>9.56</u>
Cost as at December 21, 2021	-	-
Additions	3.63	3.63
Disposal	(0.03)	(0.03)
Cost as at March 31, 2022	<u>3.60</u>	<u>3.60</u>
Accumulated amortisation as at December 21, 2021	-	-
Amortisation - considered as employee cost	(0.29)	(0.29)
Accumulated amortisation as at March 31, 2022	<u>(0.29)</u>	<u>(0.29)</u>
Net carrying amount as at March 31, 2022	<u>3.31</u>	<u>3.31</u>



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

5. Other Intangible assets

(a) Accounting policy

Intangible assets purchased are measured at cost or fair value as on the date of acquisition less accumulated amortisation and impairment, if any.

Amortisation is provided on a straight-line basis over estimated useful lives of the intangible assets as per details below:

	<u>Estimated amortisation period</u>
Software	4 years
Product development costs	2 to 10 years

The amortisation period for intangible assets with finite useful lives is reviewed at each year-end. Changes in expected useful lives are treated as changes in accounting estimates.

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 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 derecognized 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.



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

5. Other Intangible assets (Continued)

(b) Other Intangible assets

	(₹ in crores)		
	Computer Software	Product development	Total
Cost as at March 31, 2022	-	-	-
Additions	12.86	121.45	134.31
Cost as at March 31, 2023	12.86	121.45	134.31
Accumulated amortisation as at March 31, 2022	-	-	-
Amortisation for the year	(0.27)	(16.12)	(16.39)
Accumulated amortisation as at March 31, 2023	(0.27)	(16.12)	(16.39)
Net carrying amount as at March 31, 2023	12.59	105.33	117.92

(c) Intangible assets under development

	For the year ended March 31,	
	2023	2022
Balance as at April 01, 2022/December 21, 2021	44.40	-
Additions	213.59	44.40
Capitalised during the year	(134.31)	-
Balance at the end	123.68	44.40

(d) Ageing of intangible assets under development

	As at March 31, 2023				
	Up to 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	123.68	-	-	-	123.68
Projects temporarily suspended	-	-	-	-	-
As at March 31, 2023	123.68	-	-	-	123.68

	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
As at March 31, 2022	44.40	-	-	-	44.40

(e) There are no projects related to intangible assets under development where cost and time overrun has exceeded original plan

Original plan is considered as that plan which is approved and on the basis of which implementation progress is evaluated. Such original plan includes management's estimates and assumptions w.r.t future business, economy / industry and regulatory environments.



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

6. 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.

Number	Face value per unit Fully paid up	Description	As at March 31,	
			2023	2022
63,248,427 (GBP)	1	Tata Motors European Technical Centre PLC, (UK)	567.22	567.22
1,620,000 (EUR)	206	Trilix Srl., Turin (Italy) (Purchased during the year-Refer note 35 (ii))	33.45	-
Total			600.67	567.22

7. Other financial assets-Non Current

	As at March 31,	
	2023	2022
Bank deposits	100.00	-
Deposits with financial institutions	900.00	-
Interest accrued on fixed deposits	2.62	-
Loans and advances to employees	0.08	0.03
Total	1,002.70	0.03

8. Investments-current

Investments in Mutual funds measured at Fair value through profit and loss

Unquoted

	As at March 31,	
	2023	2022
Mutual funds	375.23	40.31
Total	375.23	40.31

Note:

	As at March 31,	
	2023	2022
Book Value of unquoted investments	375.23	40.23

9. Loans and advances- current

Unsecured :

	As at March 31,	
	2023	2022
(a) Advances and other receivables	0.58	0.03
(b) Intercompany deposits-Considered good-Tata Motors Limited	2,058.50	2,500.00
(c) Dues from fellow subsidiary companies	-	0.02
Total	2,059.08	2,500.05

10. Other financial assets - current

	As at March 31,	
	2023	2022
(a) Deposits with financial institutions	100.00	-
(b) Interest accrued on fixed deposits	5.85	0.13
(c) Deposits	0.66	-
Total	106.51	0.13

11. Other current assets

	As at March 31,	
	2023	2022
(a) Advance to suppliers and contractors	65.23	0.03
(b) Taxes recoverable, statutory deposits and dues from government	210.57	5.06
(c) Prepaid expenses	2.51	0.44
(d) Employee benefits	-	0.02
Total	278.31	5.55



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

12. Trade receivables (unsecured)

Receivables considered good
Credit impaired receivables
Less : Allowance for credit impaired receivables
Total

As at March 31,	
2023	2022
0.45	-
-	-
0.45	-
-	-
0.45	-

13. 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

(i) Balances with banks
(ii) Deposits with banks
Total

As at March 31,	
2023	2022
4.92	7.60
-	1,250.00
4.92	1,257.60
4.92	1,257.60

14. Other bank balances

With upto 12 months maturity:

(a) Bank deposits
Total

As at March 31,	
2023	2022
2,500.00	-
2,500.00	-



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

		(₹ in crores)	
		As at March 31,	
		2023	2022
15. Equity Share Capital			
(a) Authorised:			
1,50,00,00,000	Ordinary shares of ₹ 10 each	1,500.00	1,500.00
7,50,00,00,000	Compulsorily Convertible Preference Shares of ₹1000 each	7,500.00	7,500.00
Total		9,000.00	9,000.00
(b) Issued:			
70,00,00,000	Ordinary shares of ₹10 each	700.00	700.00
Total		700.00	700.00
(c) Subscribed and paid up:			
70,00,00,000	Ordinary shares of ₹10 each	700.00	700.00
		700.00	700.00
(d) The movement of number of shares and share capital			
		Year ended March 31, 2023	Year ended March 31, 2022
		(No. of shares)	(₹ in crores)
		(No. of shares)	(₹ in crores)
(i) Ordinary shares			
Balance as at April 01, 2022/December 21, 2021		70,00,00,000	700.00
Add: Issued during the year		-	-
Balance as at March 31		70,00,00,000	700.00
		(No. of shares)	(₹ in crores)
		(No. of shares)	(₹ in crores)
(e) Number of shares held by each shareholder holding more than 5 percent of the issued share capital :			
		Year ended March 31, 2023	Year ended March 31, 2022
		(No. of shares)	(₹ in crores)
		(No. of shares)	(₹ in crores)
Ordinary shares :			
(a) Tata Motors Limited		70,00,00,000.00	700
		70,00,00,000.00	700
(f) Disclosure of Shareholding of Promoters			
		Year ended March 31, 2023	Year ended March 31, 2022
		(No. of shares)	(No. of shares)
		(No. of shares)	(No. of shares)
		% of Issued Share Capital	% of Issued Share Capital
Promoter name			
(a) Tata Motors Limited		70,00,00,000	100%
		70,00,00,000	100%
(g) Information regarding issue of shares in the last five years			
(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.			

16. OTHER COMPONENTS OF EQUITY

NOTES TO RESERVES

a) Capital Reserve

The capital reserve represents the excess of the identifiable assets and liabilities over the consideration paid/received or vice versa in a common control sale/transfer of business/investment.

b) Retained earnings

Retained earnings are the profits that the Company has earned till date, add/(less) any transfers from/(to) general reserve, securities premium and debenture redemption reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement gain/(loss) on defined benefit obligations, net of taxes that will not be reclassified to Profit and Loss.



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

17. Trade payables

(₹ in crores)

	As at March 31, 2023					
	Overdue					Total
	Not due	Up to 1 year	1-2 years	2-3 years	More than 3 years	
Outstanding dues of micro and small enterprises						
(a) Undisputed dues	0.13	-	-	-	-	0.13
Total	0.13	-	-	-	-	0.13
Outstanding dues of creditors other than micro and small enterprises						
(a) Undisputed dues	267.82	0.14	-	-	-	267.96
Total	267.82	0.14	-	-	-	267.96
Balance as at March 31, 2023	267.95	0.14	-	-	-	268.09
As at March 31, 2022						
Overdue						
	Not due	Up to 1 year	1-2 years	2-3 years	More than 3 years	Total
Outstanding dues of creditors other than micro and small enterprises						
(a) Undisputed dues	41.58	-	-	-	-	41.58
Total	41.58	-	-	-	-	41.58
Balance as at March 31, 2022	41.58	-	-	-	-	41.58

18. Other financial liabilities – current

	As at March 31,	
	2023	2022
Liability for capital expenditure	125.80	44.00
Total	125.80	44.00

19. 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.

(b) Provisions-non current

	As at March 31,	
	2023	2022
Employee benefits obligations	8.93	3.77
Total	8.93	3.77

(c) Provisions-current

	As at March 31,	
	2023	2022
Employee benefits obligations	0.27	0.16
Total	0.27	0.16



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

20. 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. Such deferred tax assets and liabilities are computed separately for each taxable entity. 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.

(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)	
	Year ended March 31,	
	2023	2022
Profit/(loss) before tax	(200.53)	(62.78)
Income tax expense at tax rates applicable to the Company	(50.47)	(10.77)
Income offered to tax u/s 56(2)(x) of Income-tax Act	163.73	-
Deferred tax assets not recognized as realisation is not probable	-	3.24
Utilisation/credit of unrecognised tax losses, unabsorbed depreciation and other tax benefits	(49.95)	-
Others	(10.29)	9.31
Income tax expense reported in statement of profit and loss	53.02	1.78

Note:

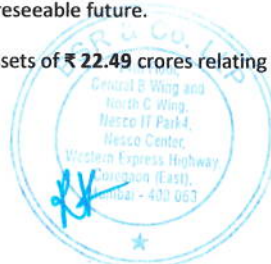
The Company in its Income-tax Return filed on 29th November 2022 for AY 2022-23, has opted for the New Tax Regime under section 115BAA of the Income-tax Act, 1961 ('the Act') w.e.f FY 2022 onwards and accordingly applied the tax rates as prescribed in section 115BAA of the Act in the financial statements for the year ended March 2023.

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

	Opening balance	Recognised in profit and loss	Recognised in/reclassifi ed from OCI	Closing balance
Deferred tax assets:				
Compensated absences and retirement benefits	-	1.01	0.07	1.08
Property, plant and equipment	-	60.95	-	60.95
Total deferred tax assets	-	61.96	0.07	62.03
Deferred tax liabilities:				
Intangible assets	-	60.80	-	60.80
Others	-	1.23	-	1.23
Total deferred tax liabilities	-	62.03	-	62.03
Net Deferred tax assets / (liabilities)	-	(0.07)	0.07	-

As at March 31, 2023, unrecognised deferred tax assets amounting to ₹ 22.49 crores pertains to business loss which can be carried forward up to a specified period and unrecognised deferred tax assets amounting to ₹ 83.35 crores pertains to other deductible temporary difference. The deferred tax asset has not been recognised on the basis that its recovery is not probable in the foreseeable future.

As at March 31, 2023, based on the year of origination, unrecognised deferred tax assets of ₹ 22.49 crores relating to business losses would expire after March 31, 2028.



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

20. Income taxes (Continued)

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

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

21. Other non-current liabilities

	As at March 31,	
	<u>2023</u>	<u>2022</u>
(a) Employee Benefit Obligations - Funded	0.79	0.02
Total	<u>0.79</u>	<u>0.02</u>

22. Other current liabilities

	As at March 31,	
	<u>2023</u>	<u>2022</u>
(a) Statutory dues (GST, Property Tax, TDS, TCS etc)	14.83	11.44
(b) Contract liabilities	3.13	-
(c) Others	0.73	0.27
Total	<u>18.69</u>	<u>11.71</u>



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

23. 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. Sales of services include certain performance obligations that are satisfied over a period of time. Any amount received in advance in respect of such performance obligations that are satisfied over a period of time is recorded as a contract liability and recorded as revenue when service is rendered to customers.

Interest Income

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

(b) Revenue From Operations

(₹ in crores)

	For the year ended March 31, 2023	For the period from December 21, 2021 (date of incorporation) till March 31, 2022
(a) Sale of services	40.66	8.63
(b) Other Operating Revenue	1.32	-
Total	41.98	8.63

24. Other income

	For the year ended March 31, 2023	For the period from December 21, 2021 (date of incorporation) till March 31,
(a) Interest income	167.29	5.34
(b) Profit on sale of investments at FVTPL	62.01	1.00
(c) MTM – Investments measured at FVTPL	4.71	0.08
Total	234.01	6.42

25. Employee benefits expense

	For the year ended March 31, 2023	For the period from December 21, 2021 (date of incorporation) till March 31, 2022
(a) Salaries, wages and bonus	86.65	10.24
(b) Contribution to provident fund and other funds	4.10	0.52
(c) Staff welfare expenses	5.24	0.33
Total	95.99	11.09



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

25 Employee benefits

(a) Accounting policy

The employee transferred from the group companies have been considered under continuity of service from employee benefit 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 Motors Passenger Vehicles Limited have two superannuation plans, a defined benefit plan and a defined contribution plan. 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.

With effect from April 1, 2003, this plan was amended and benefits earned by covered employees have been protected as at March 31, 2003. Employees covered by this plan are prospectively entitled to benefits computed on a basis that ensures that the annual cost of providing the pension benefits would not exceed 15% of salary.

During the year ended March 31, 2015, the employees covered by this plan were given a one-time option to exit from the plan prospectively. Furthermore, the employees who opted for exit were given one-time option to withdraw accumulated balances from the superannuation plan.

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.



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

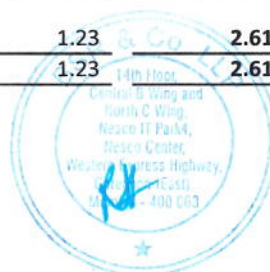
25. Employee benefits (continued)

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:

	(₹ in crores)			
	Pension Benefits		Post retirement medical Benefits	
	As at March 31,		As at March 31,	
	2023	2022	2023	2022
Change in defined benefit obligations :				
Defined benefit obligation, beginning of the year	9.23	-	0.76	-
Current service cost	0.97	0.17	0.11	0.01
Interest cost	0.87	0.14	0.07	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	0.75	0.44	0.29	0.22
Actuarial (gains) / losses arising from changes in experience adjustments	(0.92)	(0.14)	0.22	(0.02)
Transfer in of liability	9.98	8.44	0.73	0.41
Benefits paid from plan assets	(0.26)	-	-	-
Past service cost - Plan amendment	-	-	0.43	0.04
Defined benefit obligation, end of the year	20.62	9.23	2.61	0.76
 Change in plan assets:				
Fair value of plan assets, beginning of the year	8.00	-	-	-
Interest income	0.77	0.13	-	-
Remeasurements losses				
Return on plan assets, (excluding amount included in net Interest expense)	0.43	0.01	-	-
Employer's contributions	0.02	0.47	-	-
Transfer in of liability	9.62	7.39	-	-
Benefits paid	(0.26)	-	-	-
Fair value of plan assets, end of the year	18.58	8.00	-	-
	Pension Benefits		Post retirement medical Benefits	
	As at March 31,		As at March 31,	
	2023	2022	2023	2022
Amount recognised in the balance sheet consists of				
Present value of defined benefit obligation	20.62	9.23	2.61	0.76
Fair value of plan assets	18.58	8.00	-	-
	2.04	1.23	2.61	0.76
Asset ceiling	(0.13)	-	-	-
Net liability	2.17	1.23	2.61	0.76
Amounts in the balance sheet:				
Non-current liabilities	2.17	1.23	2.61	0.76
Net liability	2.17	1.23	2.61	0.76



TATA PASSENGER ELECTRIC MOBILITY LIMITED
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(₹ in crores)

25. Employee benefits (continued)

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

	Pension Benefits	
	As at March 31,	
	2023	2022
Defined benefit obligation	17.82	-
Fair value of plan assets	17.68	-

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

	Pension Benefits			Pension Benefits	
	As at March 31,			As at March 31,	
	2023	2022		2023	2022
Defined benefit obligation	0.77	7.98			
Fair value of plan assets	0.90	8.00			

Information for unfunded plans:

	Pension Benefits		Post retirement medical Benefits	
	As at March 31,		As at March 31,	
	2023	2022	2023	2022
Defined benefit obligation	2.03	1.25	2.61	0.76

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

	Pension Benefits		Post retirement medical Benefits	
	Year ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Service cost	0.97	0.17	0.11	0.01
Net interest cost	0.10	0.01	0.07	0.01
Past service cost - Plan amendment	-	-	0.43	0.04
Net periodic cost	1.07	0.18	0.61	0.06

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

	Pension Benefits		Post retirement medical Benefits	
	Year ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Remeasurements				
Return on plan assets, (excluding amount included in net interest expense)	(0.43)	(0.01)	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	0.18	-	0.09
Actuarial (gains)/losses arising from changes in financial assumptions	0.75	0.44	0.29	0.22
Asset ceiling	0.13	-	-	-
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	(0.92)	(0.14)	0.22	(0.02)
Total recognised in other comprehensive income	(0.47)	0.46	0.51	0.29
Total recognised in statement of comprehensive income	0.60	0.64	1.12	0.35



TATA PASSENGER ELECTRIC MOBILITY LIMITED
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25. Employee benefits (continued)

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

	Pension Benefits		Post retirement medical Benefits	
	As at March 31,		As at March 31,	
	2023	2022	2023	2022
Discount rate	7.10%-7.20%	6.50% - 7.10%	7.30%	7.20%
Rate of increase in compensation level of covered employees	6.00% - 12.00%	6.00% - 9.00%	NA	NA
Increase in health care cost	NA	NA	6.00%	6.00%

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2023 and 2022 by category are as follows:

	Pension benefits	
	As at March 31,	
	2023	2022
Asset category:		
Cash and cash equivalents	10.77%	2.55%
Debt instruments (quoted)	68.51%	68.85%
Mutual Fund	0.54%	0.00%
Equity instruments (quoted)	8.61%	7.23%
Deposits with Insurance companies	11.57%	21.37%
	100.00%	100.00%

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, 2023 is **10.30 years** (March 31, 2022 : 11.69 years).

The Company expects to contribute ₹ 0.49 crores to the funded pension plans during the year ended March 31, 2024.

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:

Assumption	Change in assumption	Impact on defined benefit obligation	Impact on service cost and interest cost
Discount rate	Increase by 1%	₹ 2.37 crores	₹ 0.71 crores
	Decrease by 1%	₹ 2.92 crores	₹ 0.85 crores
Salary escalation rate	Increase by 1%	₹ 2.18 crores	₹ 0.69 crores
	Decrease by 1%	₹ 1.82 crores	₹ 0.55 crores
Health care cost	Increase by 1%	₹ 0.61 crores	₹ 0.19 crores
	Decrease by 1%	₹ 0.47 crores	₹ 0.15 crores



TATA PASSENGER ELECTRIC MOBILITY LIMITED
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	(₹ in crores)	
	For the year ended March 31, 2023	For the period from December 21, 2021 (date of incorporation) till March 31, 2022
26. Other expenses		
(a) Information technology/computer expenses	13.02	0.27
(b) Publicity expenses	25.56	-
(c) Travelling expenses	5.54	0.29
(d) Power & Fuel	3.58	-
(e) Misc.Contract Jobs/Outsourcing Expenses	3.68	-
(f) Incorporation expenses	-	3.22
(g) Consultancy Expenses	2.37	0.14
(h) Purchase of services	2.49	0.51
(i) Works operation and other expenses (note below)	12.90	2.19
Total	69.14	6.62

Note:

	For the year ended March 31, 2023	For the period from December 21, 2021 (date of incorporation) till March 31, 2022
Works operation and other expenses include:		
(a) Auditors' Remuneration (excluding GST)		
(i) Audit Fees	1.15	0.35
(ii) Tax Audit / Transfer Pricing Audit	0.15	-
(iii) Others	0.06	-

(b) Corporate Social Responsibility (CSR) expenditure

	For the year ended March 31, 2023	For the period from December 21, 2021 (date of incorporation) till March 31, 2022
Amount required to be spent by the Company during the year	-	-

27. Amount transferred to capital and other accounts

	For the year ended March 31, 2023	For the period from December 21, 2021 (date of incorporation) till March 31, 2022
(a) Intangible asset under development	(32.91)	(3.74)
Total	(32.91)	(3.74)

28. Commitments and contingencies

Contingent Liability of the company as at March 31, 2023 is ₹ Nil (as at March 31, 2022 ₹ 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 ₹ 718.95 crores as at March 31, 2023 (₹Nil 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 ₹ 116.67 crores as at March 31, 2023, (₹ 7.45 crores as at March 31, 2022), which are yet to be executed.

29. Earnings/(loss) per Share ("EPS")

(a) Accounting policy

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. 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.

(b) EPS

	For the year ended March 31, 2023	
	2023	2022
(a) Profit/(loss) after tax	(253.55)	(64.56)
(b) The weighted average number of Ordinary shares for Basic EPS	70,00,00,000	70,00,00,000
(c) The nominal value per share	10	10
(d) Earnings per share (Basic)	(3.62)	(0.92)
(e) Earnings per share (Diluted)#	(3.62)	(0.92)

Since there is a loss for the year ended March 31, 2023 and March 31, 2022, potential equity shares are not considered as dilutive and hence Diluted EPS is same as Basic EPS



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

30. 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

Financial instruments are initially 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. However, trade receivables that do not contain a significant financing component are measured at transaction price. 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 other comprehensive income (Debt instruments): 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 as well as to sell the financial asset, are classified in this category. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in other comprehensive income apart from any expected credit losses or foreign exchange gains or losses, which are recognised in profit or loss.

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 unless it was an equity instrument electively held at fair value through other comprehensive income. In this case, any cumulative gain or loss in equity is transferred to retained earnings. 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

30. Financial instruments (Continued)

(b) Disclosures on financial instruments

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, 2023.

	(₹ in crores)					
	Cash and other financial assets at amortised cost	Investments - FVTPL	Total carrying value	Total fair value		
Financial assets						
(a) Cash and cash equivalents	4.92	-	4.92	4.92		
(b) Loans and advances - current	2,059.08	-	2,059.08	2,059.08		
(c) Other financial assets - non-current	1,002.70	-	1,002.70	1,002.70		
(d) Other financial assets - current	106.51	-	106.51	106.51		
(e) Other bank balances	2,500.00	-	2,500.00	2,500.00		
(f) Investments - current	-	375.23	375.23	375.23		
(g) Trade receivables	0.45	-	0.45	0.45		
Total	5,673.66	375.23	6,048.89	6,048.89		
			Other financial liabilities (at fair value)	Other financial liabilities (at amortised cost)	Total carrying value	Total fair value
Financial liabilities						
(a) Lease liabilities			-	10.74	10.74	10.74
(b) Trade payables			-	268.09	268.09	268.09
(c) Other financial liabilities - non-current			2,500.00	-	2,500.00	2,500.00
(d) Other financial liabilities - current			-	125.80	125.80	125.80
Total			2,500.00	404.63	2,904.63	2,904.63



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

30. Disclosures on financial instruments (Continued)

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

	(₹ in crores)					
	Cash and other financial assets at amortised cost	Investments - FVTPL	Total carrying value	Total fair value		
Financial assets						
(a) Cash and cash equivalents	1,257.60	-	1,257.60	1,257.60		
(b) Loans and advances - current	2,500.05	-	2,500.05	2,500.05		
(c) Loans and advances - non-current	0.03	-	0.03	0.03		
(d) Other financial assets - current	0.13	-	0.13	0.13		
(e) Investments - current	-	40.31	40.31	40.31		
Total	3,757.81	40.31	3,798.12	3,798.12		
			Other financial liabilities (at fair value)	Other financial liabilities (at amortised cost)	Total carrying value	Total fair value
Financial liabilities						
(a) Lease liabilities			-	3.68	3.68	3.98
(b) Trade payables			-	41.58	41.58	41.58
(c) Other financial liabilities - current			-	44.00	44.00	44.00
(d) Other financial liabilities - non-current			1,250.00	-	1,250.00	1,250.00
Total			1,250.00	89.26	1,339.26	1,339.56



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

30. Disclosures on 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.

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, 2023 and 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, 2023			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
(a) Investments		375.23	-	-	375.23
Total		375.23	-	-	375.23
Financial liabilities measured at fair value					
(a) Compulsorily Convertible Preference Share		-	-	2,500.00	2,500.00
Total		-	-	2,500.00	2,500.00
		As at March 31, 2022			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
(a) Investments		40.31	-	-	40.31
Total		40.31	-	-	40.31
Financial liabilities measured at fair value					
(a) Compulsorily Convertible Preference Share		-	-	1,250.00	1,250.00
Total		-	-	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.

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.



TATA PASSENGER ELECTRIC MOBILITY LIMITED
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30. Disclosures on financial instruments (Continued)

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.

The following table discloses the amounts that have been offset, in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at

	Gross amount recognised	Gross amount recognised as set off in the balance sheet	(₹ in crores) Net amount presented in the balance sheet
Financial assets			
(a) Trade receivables	7.72	(7.27)	0.45
Total	7.72	(7.27)	0.45
Financial liabilities			
(a) Trade payables	275.36	(7.27)	268.09
Total	275.36	(7.27)	268.09

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



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

30. Disclosures on financial instruments (Continued)

(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.

(f) 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 ₹ 6,048.89 crores and ₹ 3,798.12 crores as at March 31, 2023 and 2022, respectively, being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, finance receivables, margin money 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, 2023, and 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,													
	2023						2022							
Trade receivables	Not due	Overdue					Total	Not due	Overdue					Total
		Up to 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years			Up to 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed														
(a) Considered good	-	0.45	-	-	-	-	0.45	-	-	-	-	-	-	-
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	0.45	-	-	-	-	0.45	-	-	-	-	-	-	-
Less: Allowance for credit impaired balances							-							-
Total							<u>0.45</u>							<u>-</u>

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.



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

30. Disclosures on financial instruments (Continued)

(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 has obtained fund and non-fund based working capital lines from various banks. 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, 2023:

<u>Financial liabilities</u>	<u>Carrying amount</u>	<u>Due in 1st Year</u>	<u>Due in 2nd Year</u>	<u>Due in 3rd to 5th Year</u>	<u>Due after 5th Year</u>	(₹ in crores)
						<u>Total contractual cash flows</u>
(a) Trade payables	268.09	268.09	-	-	-	268.09
(c) Other financial liabilities	125.80	125.80	-	-	-	125.80
(e) Lease liabilities	10.74	4.59	3.51	4.97	-	13.07
Total	404.63	398.48	3.51	4.97	-	406.96

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

<u>Financial liabilities</u>	<u>Carrying amount</u>	<u>Due in 1st Year</u>	<u>Due in 2nd Year</u>	<u>Due in 3rd to 5th Year</u>	<u>Due after 5th Year</u>	(₹ in crores)
						<u>Total contractual cash flows</u>
(a) Trade payables	41.58	41.58	-	-	-	41.58
(b) Other financial liabilities	44.00	44.00	-	-	-	44.00
(c) Lease liabilities	3.68	1.27	1.20	1.38	-	3.85
Total	89.26	86.85	1.20	1.38	-	89.43

The financial liability of ₹ 2500 crs and ₹ 1250 crs payable as at March 31, 2023 and 2022, respectively to TPG Rise is expected to be converted into variable equity shares hence it is presented as financial liability. The Company does not expect any cash outflow from this transaction in future.



TATA PASSENGER ELECTRIC MOBILITY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

31. 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 year ended / as at March 31, 2023:

(₹ in crores)

	Parent Company	Fellow Subsidiaries	Total
(A) Transactions			
Services received	87.51	418.92	506.43
Services rendered	8.89	31.76	40.65
Purchase of property, plant and equipment and intangible	-	1.83	1.83
Investment made	-	36.93	36.93
Interest (income)/expense (net)	(138.15)	-	(138.15)
Finance given (including loans and equity)	92.75	-	92.75
Finance given, taken back (including loans and equity)	534.25	-	534.25
Repayment towards lease liability	0.55	-	0.55
(B) Balances			
Amounts receivable in respect of loans and interest thereon	2,058.50	-	2,058.50
Repayment towards lease liability	0.26	-	0.26
Advance given	64.59	-	64.59
Trade payables	28.42	173.51	201.93

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

	Parent Company	Fellow Subsidiaries	Total
A) Transactions			
Services received	30.35	65.06	95.40
Services rendered	2.09	6.54	8.63
Investment made	-	643.15	643.15
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 net	(3.84)	-	(3.84)
Transfer of employees	0.46	17.16	17.62
(B) Balances			
Amounts receivable in respect of loans and interest thereon	2,500.00	-	2,500.00
RTU Asset (Net)	0.13	-	0.13
Trade payables	27.25	59.87	87.12

Details of significant/material transactions are given below:

	Nature of relationship	Year ended March 31,	
		2023	2022
i) Services received			
Tata Motors Passenger Vehicles Limited	Fellow Subsidiaries	409.54	64.79
ii) Investment made			
Tata Motors Passenger Vehicles Limited	Fellow Subsidiaries	36.93	-



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31. Related-party transactions (Continued)

	(₹ in crores)	
	Year ended March 31,	
Compensation of key management personnel:	2023	2022
Short-term benefits	9.24	2.19
Post-employment benefits*	0.41	0.05
Employees stock option plan	1.90	-

The compensation of CEO and Managing Director is ₹ 5.32 crores and ₹ 1.04 crores for the year ended March 31, 2023 and 2022, respectively.

*Excludes 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.

32. Disclosures required under Section 186 (4) of the Companies Act, 2013

Amount of loans / advances in nature of loans outstanding from Parent Company as at March 31, 2023

	Outstanding as at March 31, 2023 / March 31, 2022	Maximum amount outstanding during the year
Name of the Company		
Parent Company		
Tata Motors Limited	2,058.50	2,500.00
(Tata Motors Limited has utilised this loan for working capital finance)	2,500.00	2,500.00



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33. Ratio

Sr No	Particulars	Year ended March 31,		Change	Reason for Change
		2023	2022		
a)	Debt Equity Ratio (number of times) [Total Debt ⁽ⁱ⁾ / Shareholders' Equity ⁽ⁱⁱ⁾]	Not Applicable	Not Applicable	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 ⁽ⁱⁱⁱ⁾)]	Not Applicable	Not Applicable	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)]	12.79	37.81	(66.18%)	Decrease in primarily due to increase in current liabilities driven by increase in trade payables
d)	Trade receivable turnover (number of times) [Revenue from operations / Average Trade receivables]	186.58	Not Applicable	Not Applicable	
e)	Inventory turnover (number of times) [Raw material consumed ^(iv) / average inventory ^(vii)]	Not Applicable	Not Applicable	Not Applicable	
f)	Trade payable turnover (number of times) [Cost of material consumed / Average Trade payables]	Not Applicable	Not Applicable	Not Applicable	
g)	Net capital turnover (number of times) [Revenue from operations / Working capital ^(vi)]	0.01	0.002	267.01%	Primarily on account of increased revenue
h)	Net profit margin (%) [Net profit after tax / Revenue from operations]	(603.98%)	(755.27%)	(20.03%)	Primarily on account of increased revenue
i)	Return on equity (number of times) [Net profit after tax / Average shareholders' equity]	(0.06)	(0.02)	187.02%	Due to increase in losses for the year
j)	Return on capital employed (number of times) [Profit before interest and tax / Capital employed ^(viii)]	(0.04)	(0.02)	79.10%	Due to increase in losses for the year
k)	Return on investments (number of times) [Net profit after tax / Average Investments]	(0.32)	(0.11)	201.37%	Due to increase in losses for the year

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 Cost of goods sold 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

34. Other statutory information :

- (I) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (II) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (III) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (IV) The Company have 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 have 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) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- (VII) The Company is not declared as wilful defaulter by any bank or financial institution (as defined under the companies act,2013) or constorium 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 assessment under the Income tax Act,1961.
- (X) There were 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, 2023 and 2022 respectively
- (XI) The Company has not revalued any of its Property,Plants and Equipments (including Right-of-use Assets) during the year.



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35. 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. The amount of principal and interest outstanding during the year is given below :

Particulars	(₹ in crores)	
	As at March 31, 2023	2022
(a) Amounts outstanding but not due (including capital creditors) as at March 31,	0.13	-
(b) Amounts due but unpaid as at March 31,	-	-
(c) Amounts paid after appointed date during the year	-	-
(d) Amount of interest accrued and unpaid as at March 31,	-	-
(e) Amount of estimated interest due and payable for the period from April 1, 2023 to actual date of payment or May 3, 2023 (whichever is earlier)	-	-

ii) During the year ended March 31, 2023, the Company has paid ₹ 36.93 crores for investments in Trillix Srl to Tata Motors Passenger Vehicles Ltd (TMPVL). 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 (₹ 33.45 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.

iii) On May 30, 2022, the Company, Ford India Private Limited ("FIPL") and the Government of Gujarat signed a memorandum of understanding for the potential acquisition of FIPL's Sanand vehicle manufacturing facility, including (i) the land and buildings, (ii) the vehicle manufacturing plant, machinery and equipment, and (iii) the transfer of all eligible employees of FIPL's Sanand vehicle manufacturing operations. FIPL will operate its powertrain manufacturing facilities by leasing back the land and buildings of the powertrain unit from TPEML. On August 7, 2022, TPEML and FIPL, have signed a Unit Transfer Agreement (UTA) for the acquisition of FIPL's manufacturing plant situated at Sanand, Gujarat for a total consideration, exclusive of taxes, of ₹ 725.70 crores.

Pursuant to the fulfilment of the necessary condition precedents, including receipt of relevant regulatory approvals, the parties have completed the transaction on January 10, 2023 and the Company has acquired the Sanand Property and the Plant and Machinery. Additionally, all the eligible employees were offered employment, and those who have accepted the Company's offer of employment, have been transferred to the Company and have become employees of the Company with effect from January 10, 2023.

iv) As per the Securities Subscription Agreement between Tata Motors Limited (Parent Company) and 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, against which the Company will issue compulsory convertible preference shares. As per this arrangement the company will receive the amount in two tranches. First tranche of ₹3,750 crores was received on March 29, 2022, and second tranche of ₹3,750 crores on January 31, 2023. Tata Motors Limited (parent company) has agreed to make payment for arranger's fees amounting to ₹84 crores in two tranches, for the above transaction. This is accounted as quasi equity by the Company.

v) Previous year figures have been reclassified wherever necessary.


vi) In accordance with the Rule 6 of The Companies (Account) 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 standards) 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 year ended March 31, 2023.

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
UDIN-23402877BGYGDC3466
Place- Mumbai
Date: May 03, 2023


ANKUR NAND THADANI [DIN:03566737]
Director

For and on behalf of the Board


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


AASIF MALBARI
Chief Financial Officer

Place- Mumbai


VISPI PATEL [ACS: F 7021]
Company Secretary

Date: May 03, 2023