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Chartered Accountants

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Independent Auditor's Report

To the Members of Tata Motors Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tata Motors Finance Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies, and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the 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

As described in Note 45 to the financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. Further, as described in the aforesaid note, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

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

Registered Office:
5th Floor, Lodha Excelus
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Independent Auditor's Report (Continued)**Tata Motors Finance Limited****Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
<p>Impairment of loans to customers</p> <p>Charge: INR 608,05.98 lakhs for year ended 31 March 2020</p> <p>Provision: INR 584,96.10 lakhs at 31 March 2020</p>	
<p><i>Refer to the accounting policies in "Note 3(xv)(A)(iii) to the Financial Statements: Impairment of financial assets", "Note 3(i) to the Financial Statements: Significant Accounting Policies- use of estimates and judgements", "Note 8 to the Financial Statements: Loans" and "Note 45 to the Financial Statements on impact of COVID-19"</i></p>	
<p>Subjective estimate and significant management judgment</p> <p>Recognition and measurement of impairment of loans involve significant management judgement and estimate.</p> <p>Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.</p> <p>The most significant areas are:</p> <ul style="list-style-type: none"> - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors <p>The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.</p>	<p>Our key audit procedures included:</p> <p>Design / controls</p> <ul style="list-style-type: none"> • Evaluation of the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding and industry practice. • Testing the controls over 'Governance Framework' in line with the RBI guidance. • Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the allowance for loan losses. • Understanding management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package. • Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Using modelling specialist to test the model methodology and reasonableness of assumptions used, including management overlays. • Testing of review controls over measurement of impairment allowances and disclosures in financial statements.

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Independent Auditor's Report (Continued)**Tata Motors Finance Limited****Key Audit Matters (Continued)**

Key audit matter	How the matter was addressed in our audit
Impairment of loans to customers (Continued)	
<p><i>Impact of COVID-19</i></p> <p>On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.</p> <p>We have identified the impact of and uncertainty related to the COVID-19 pandemic as a key element for recognition and measurement of impairment of loans on account of:</p> <ul style="list-style-type: none"> - Short and long term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities; - impact of the pandemic on the Company's customers and their ability to repay dues; and - application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning. <p>Management has conducted a qualitative assessment of significant increase in credit risk (SICR) of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macroeconomic scenarios and use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.</p>	<p>Substantive tests</p> <ul style="list-style-type: none"> • Assessing the appropriateness of management rationale for determination of criteria for SICR considering both - adverse effects of COVID-19 and mitigants in the form of the RBI / Government financial relief package. • Assessing the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Corroborate through independent check and enquiries the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. • Focus on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Test of details over of calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance, where possible. • The appropriateness of management's judgments and estimates was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessing the factual accuracy and appropriateness of the additional financial statement's disclosures made by the Company regarding impact of COVID-19.

Independent Auditor's Report (Continued)**Tata Motors Finance Limited****Key Audit Matters (Continued)**

Key audit matter	How the matter was addressed in our audit
<p>Assessment of business model for classification and measurement of financial assets</p> <p>Financial assets classified at Amortised cost: INR 27148,99.14 lakhs as at 31 March 2020</p> <p>Financial assets classified at FVOCI: INR 3763,60.16 lakhs as at 31 March 2020</p> <p>Financial assets classified at FVTPL: INR 77,12.91 lakhs as at 31 March 2020</p>	
<p><i>Refer to the accounting policies in "Note 3(xv)(A) to the Financial Statements: Financial Assets", "Note 3(i) to the Financial Statements: Significant Accounting Policies- use of estimates and judgements" and "Note 8 to the Financial Statements: Loans" and "Note 9 to the Financial Statements: Investments"</i></p>	
<p>Classification and measurement of Financial assets – Business model assessment</p> <p>Ind AS 109, <i>Financial Instruments</i>, contains three principal measurement categories for financial assets i.e.:</p> <ul style="list-style-type: none"> - Amortised cost; - Fair Value through Other Comprehensive Income (FVOCI); and - Fair Value through Profit and Loss (FVTPL). <p>A financial asset is classified into a measurement category at inception and is reclassified only in rare circumstances. The assessment as to how an asset should be classified is made on the basis of both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.</p> <p>The term 'business model' refers to the way in which the Company manages its financial assets in order to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.</p> <p>Amortised cost classification and measurement category is met if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows FVOCI classification and measurement category is met if the financial asset is held in a business model in which assets are managed both in order to collect contractual cash flows and for sale. Such financial assets are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income.</p>	<p>Our key audit procedures included:</p> <p>Design / controls</p> <ul style="list-style-type: none"> • Assessing the design, implementation and operating effectiveness of key internal controls over management's intent at the origination, to hold or to sell a financial asset, and the approval mechanism for such stated intent and classification of such financial assets (business model). • For financial assets classified at amortised cost, we tested controls over the classification of such assets and subsequent measurement of assets at amortised cost. Further, we tested key internal controls over monitoring of such financial assets to check whether there have been any subsequent sales of financial assets classified at amortised cost. • For financial assets classified as FVOCI, tested management's review controls over fair valuation of such assets. <p>Substantive tests</p> <ul style="list-style-type: none"> • Test of details over of classification and measurement of financial assets in accordance with management's intent (business model). • We selected a sample of financial assets entered during the year to test whether their classification as at the balance sheet date is in accordance with management's intent. • We have also checked that there have been no reclassifications of assets in the current year.



Independent Auditor's Report (Continued)**Tata Motors Finance Limited****Key Audit Matters (Continued)**

Key audit matter	How the matter was addressed in our audit
<p>Assessment of business model for classification and measurement of financial assets (Continued)</p> <p>FVTPL classification and measurement category is met if the financial asset does not meet the criteria for classification and measurement at amortised cost or at FVOCI. Such financial assets are subsequently measured at fair value, with changes in fair value recognized in profit or loss.</p> <p>We identified business model assessment as a key audit matter because of the management judgement involved in determining the intent (to hold or to sell) at the time of origination for holding financial assets which could lead to different classification and measurement outcomes of the financial assets and its significance to the financial statements of the Company.</p>	<ul style="list-style-type: none"> • For a selection of loans held at FVOCI, tested management's calculation of fair valuation at balance sheet date.
<p>Going concern assumption</p>	
<p><i>Refer to the "Note 45 to the Financial Statements"</i></p>	
<p>The financial statements of the Company have been prepared on a Going Concern basis.</p> <p>Management's assessment of going concern is based on its evaluation of relevant conditions and events that may raise substantial doubt about the Company's ability to continue as a going concern. The following considerations are covered by management.</p> <ul style="list-style-type: none"> - Current financial condition; including liquidity sources; - Conditional and unconditional obligations due or anticipated within one year; - Consideration of various risks viz., liquidity risk and credit risk; - Impact of COVID-19 and related uncertainties on the Company's performance. 	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> • Evaluating management's assessment of the use of going concern assumption. • Reading the minutes of meetings of the Asset Liability Supervisory Committee and minutes of the meetings of the Board of Directors for identifying any areas of impact on the asset-liability position. • Holding discussions with management and understand plans /strategies, the impact of COVID-19 pandemic leading to a revision of plans/strategies and assessed the viability of such revised strategies. • Assessing the Company's financing terms. • Enquiring whether there was any rejection on borrowings, or any other difficulties faced on drawing down sanctioned lines from financial institutions. • Testing financial covenants in loan documents for breaches and understand the revised forecast in a plausible downside scenario and whether it expects to remain in compliance with the covenants.

Independent Auditor’s Report (Continued)

Tata Motors Finance Limited

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
Information technology	
<p>Information Technology (IT) systems and controls</p> <p>The Company’s key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company uses three primary systems for its financial reporting.</p> <p>We have focused on user access management, change management, interface controls and system application controls over key financial accounting and reporting systems.</p>	<p>Our audit procedures to assess the IT system access management included the following:</p> <p>General IT controls / application controls and user access management</p> <ul style="list-style-type: none"> • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access rights, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting systems, we independently performed procedures to determine the operating effectiveness of application controls. For those controls that were changed during the year, we tested the change management process. <p>We evaluated the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.</p> <ul style="list-style-type: none"> • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and that business users and developers did not have access to migrate changes in the production environment and the privileged access to applications, operating system or databases is restricted to authorized personnel.

Other Information

The Company’s management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Company’s annual report, but does not include the financial statements and our auditor’s report thereon.

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

Independent Auditor's Report (Continued)

Tata Motors Finance Limited

Other Information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The other information is expected to be made available to us after the date of this auditor's report. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Company's management and the Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable

and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and the 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 intend 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.

Independent Auditor's Report (Continued)

Tata Motors Finance Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 in the financial statements made by management and the Board of Directors.
- Conclude on the appropriateness of management and the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent Auditor's Report (Continued)

Tata Motors Finance Limited

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 (the "Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 32(1) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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Independent Auditor's Report (Continued)

Tata Motors Finance Limited

Report on Other Legal and Regulatory Requirements (Continued)

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

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the current year and accordingly, the provisions of Section 197 of the Act are not applicable to the Company.

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



Vaibhav Shah
Partner

Membership No.: 117377
UDIN: 20117377AAAABN1614

Mumbai
29 May 2020

Tata Motors Finance Limited

Annexure A to the Independent Auditor's report - 31 March 2020

(Referred to in 'Report on Other Legal & Regulatory Requirement' section of our report of even date)

We report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a program of verification to cover all the items of fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company is in the business of lending and consequently does not hold any physical inventories. Accordingly, clause 3(ii) of the Order is not applicable to the Company.
- iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, clause 3(iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there are no loans / guarantees or security provided in connection with any loan which have been given to directors or to any other person in whom the director is interested, therefore the provisions of Section 185 of the Act are not applicable to the Company. According to information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of loans, investments, guarantees, and securities granted.
- v. The Company is a non-banking finance company and consequently is exempt from provision of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, clause 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of the services rendered by the Company. Accordingly, clause 3(vi) of the Order is not applicable to the Company.
- vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account and records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, goods and service tax, cess and other material statutory dues have been regularly deposited with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs and duty of excise.



Tata Motors Finance Limited

**Annexure A to the Independent Auditor's report - 31 March 2020
(Continued)**

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date on when they become payable.
- (c) According to the information and explanation given to us, following dues have not been deposited by the Company on account of dispute:

Name of the Statutes	Nature of dues	Forum where dispute is pending	Period to which it relates	Amount involved (INR in Lakhs)	Net of amount paid under protest* (INR in Lakhs)
Andhra Pradesh Value Added Tax Act, 2005	VAT	High Court of Judicature at Hyderabad for the state of Telengana and the state of Andhra Pradesh	F.Y 2007-08 to 2012-13	1,005.28	670.19
Andhra Pradesh Value Added Tax Act, 2005	Penalty on VAT	High Court of Judicature at Hyderabad for the state of Telengana and the state of Andhra Pradesh	F.Y 2007-08 to 2012-13	1,005.28	1,005.28
Andhra Pradesh Value Added Tax Act, 2005	VAT	High Court of Judicature at Hyderabad for the state of Telengana and the state of Andhra Pradesh	F.Y 2013-14 to 2016-17	2,213.49	1,475.66
Andhra Pradesh Value Added Tax Act, 2005	Penalty on VAT	High Court of Judicature at Hyderabad for the state of Telengana and the state of Andhra Pradesh	F.Y 2013-14 to 2016-17	2,213.49	2,213.49
West Bengal Value Added Tax Act, 2005	VAT	Supreme Court of India	FY 2007-08 and FY 2011-12	364.93	NIL
Madhya Pradesh Value Added Tax Act, 2006	Entry Tax	Appellate Authority, Bhopal	F.Y 2013-14	79.42	47.65
Uttar Pradesh Value Added Tax Act, 2008	VAT	Commercial tax Tribunal Lucknow (Appeal)	FY 2007-08 and 2008-09	9.00	NIL
Jharkhand Value Added Tax Act, 2006	VAT	Joint Commissioner (A) Jharkhand Commercial Tax	F.Y 2012-13	21.11	21.11

Tata Motors Finance Limited

Annexure A to the Independent Auditor's report - 31 March 2020
(Continued)

Name of the Statutes	Nature of dues	Forum where dispute is pending	Period to which it relates	Amount involved (INR in Lakhs)	Net of amount paid under protest* (INR in Lakhs)
Rajasthan Value Added Tax Act, 2003	VAT	Assistant Commissioner, Rajasthan Commercial tax	F.Y. 2014-15	2.91	NIL
Rajasthan Value Added Tax Act, 2003	VAT	Assistant Commissioner, Rajasthan Commercial tax	F.Y. 2015-16	11.39	NIL

*The Company has deposited amount under protest.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions or banks or debenture holders during the year. During the year, Company did not have any loans or borrowings from the Government.
- ix. According to information and explanations given to us and based on our examination of the records of the Company, the Company has applied money raised from the term loans during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Company has not raised monies by way of initial public offer or further public offer including debt instruments during the year.
- x. According to information and explanations given to us and based on our examination of the records of the Company, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to information and explanations given to us and based on our examination of the records of the Company, the Company has not paid / provided the managerial remuneration during the year. Accordingly, clause 3(xi) is not applicable to the Company.
- xii. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii. According to information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of shares during the year and in our opinion and according to the information and explanation given to us, the requirements of Section 42 of the Act have been complied with and amount raised have been used for the purposes for which the funds has been raised. The Company has not made any private placement of shares or fully or partly convertible debentures during the year.

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Tata Motors Finance Limited

Annexure A to the Independent Auditor's report - 31 March 2020 (Continued)

- xv. According to information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi. According to information and explanations given to us, the Company is registered, as required under Section 45 IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration.

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



Vaibhav Shah
Partner

Membership No. 117377
UDIN: 20117377AAAABN1614

Mumbai
29 May 2020

Tata Motors Finance Limited

Annexure B to the Independent Auditor's report on the financial statements of Tata Motors Finance Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1 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 Motors Finance Limited (the "Company") as of 31 March 2020 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 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the "Act").

Auditor's Responsibility

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

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

Annexure B to the Independent Auditor's report on the financial statements of Tata Motors Finance Limited for the year ended 31 March 2020 (Continued)

Auditor's Responsibility (continued)

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For B S R & Co. LLP

Chartered Accountants

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



Vaibhav Shah

Partner

Membership No.: 117377

UDIN: 20117377AAAABN1614

Mumbai
29 May 2020

TATA MOTORS FINANCE LIMITED (CIN - U45200MH1989PLC050444)
Balance Sheet as at March 31, 2020

(₹ in lakhs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
I ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	4	1902,97.62	700,79.17
(b) Bank Balance other than cash and cash equivalents	5	1287,38.68	977,83.10
(c) Derivative financial instruments	14	79,40.77	1,17.79
(d) Receivables			
i. Trade receivables	6	187,88.70	33,87.67
ii. Other receivables	7	59,66.31	8,90.80
(e) Loans	8	27357,32.70	30406,80.02
(f) Investments	9	139,73.35	178,16.83
(g) Other financial assets	10	54,74.85	138,34.10
		31069,12.98	32445,89.48
2 Non-financial assets			
(a) Current tax assets (net)		154,73.02	70,98.68
(b) Deferred tax assets (net)	11	157,65.31	175,31.19
(c) Property, plant and equipment	12A	211,32.51	98,44.63
(d) Capital work-in-progress		69.70	26.84
(e) Other intangible assets	12B	2,99.79	4,35.00
(f) Other non-financial assets	13	144,18.01	121,95.32
		671,58.34	471,31.66
3 Non-current assets held for sale	40	3,35.68	-
Total assets		31744,07.00	32917,21.14
II LIABILITIES AND EQUITY			
1 Financial liabilities			
(a) Derivative financial instruments	14	10,25.29	2,30.85
(b) Payables	15		
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		233,18.28	236,58.74
(ii) Other payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		21,85.66	42,71.78
(c) Debt securities	16	6629,22.94	9328,45.12
(d) Borrowings (Other than debt securities)	17	18875,31.07	17993,78.49
(e) Subordinated liabilities	18	2014,52.34	2002,54.92
(f) Other financial liabilities	19	461,45.38	220,76.40
		28245,80.96	29767,16.30
2 Non-financial liabilities			
(a) Current tax liabilities (net)		53.31	51.65
(b) Provisions	20	76,75.66	124,21.37
(c) Other non-financial liabilities	21	54,43.14	58,55.54
		131,72.11	183,28.56
3 Equity			
(a) Equity share capital	22A	608,27.69	583,84.69
(b) Instruments entirely equity in nature	22B	250,00.00	-
(c) Other equity		2508,26.24	2382,91.59
		3366,53.93	2966,76.28
Total liabilities and equity		31744,07.00	32917,21.14

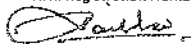
See accompanying notes forming part of the financial statements (1 to 46)

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm Registration Number: 101248W/W-100022



Vaibhav Shah

Partner

Membership No. 117377

UDIN: 20117377 AAAAEN 1614

Place: Mumbai

Date: May 29, 2020

For and on behalf of the Board of Directors



Vedika Bhandarkar

Director

(DIN - 00033808)



Shyamn Mani

Director

(DIN - 00273598)



Anand Bang

Chief Financial Officer

P.B. Balaji

Director

(DIN - 02762983)



Samraj Gupta

Chief Executive Officer



Vinay Lavannis

Company Secretary

Place: Mumbai

Date: May 29, 2020

TATA MOTORS FINANCE LIMITED (CIN - U45200MH1989PLC050444)
Statement of Profit and Loss for the year ended March 31, 2020

(₹ in lakhs)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations			
(a) Interest income	23	3445,42.25	2999,04.91
(b) Dividend income		4,45.47	3,55.09
(c) Rental income		32,12.46	11,14.04
(d) Net gain on fair value changes	24	61,03.35	17,36.26
(e) Other fees and service charges		149,51.39	104,82.77
Total Revenue from operations		3692,54.92	3135,93.07
II Other Income	25	159,28.03	113,52.90
III Total income (I + II)		3851,82.95	3249,45.97
IV Expenses			
(a) Finance cost	26	2479,77.66	2040,57.44
(b) Impairment of financial instruments and other assets	27	604,38.38	285,86.90
(c) Employee benefits expenses	28	247,96.89	284,70.59
(d) Depreciation and amortization	12A & 12B	45,63.21	16,78.49
(e) Other expenses	29	444,85.63	483,64.89
Total expenses		3822,61.77	3111,58.31
V Profit before exceptional items and tax (III - IV)		29,21.18	137,87.66
VI Exceptional items		-	-
VII Profit before tax (V - VI)		29,21.18	137,87.66
VIII Tax expense / (income)	11		
Current tax		-	-
Deferred tax		(29,94.74)	(66,00.00)
Total tax expense		(29,94.74)	(66,00.00)
IX Profit for the year from continuing operations (VII - VIII)		59,15.92	203,87.66
X Profit for the year		59,15.92	203,87.66
XI Other comprehensive income			
A i. Items that will not be reclassified to profit or loss			
a. Remeasurements of the defined benefit plans		2,16.11	4,02.03
a. Equity Instruments through Other Comprehensive Income		(17,27.01)	5,27.67
Subtotal (A)		(15,10.90)	9,29.70
B i. Items that will be reclassified to profit or loss			
a. Net Gains/(losses) on cash flow hedges		(43,88.13)	(3,77.10)
b. Debt Instruments through Other Comprehensive Income		136,23.53	-
ii. Income tax relating to items that will be reclassified to profit or loss		(47,60.60)	-
Subtotal (B)		44,74.80	(3,77.10)
Other Comprehensive Income (A + B)		29,63.90	5,52.60
XII Total comprehensive income for the year		88,79.82	209,40.26
XIII Earnings per equity share of ₹ 100 each (Refer Note 30)			
Basic (in ₹)		7.07	27.59
Diluted (in ₹)		7.07	27.59

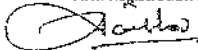
See accompanying notes forming part of the financial statements (1 to 46)

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm Registration Number: 101248W/W-100022



Vaibhav Shah

Partner

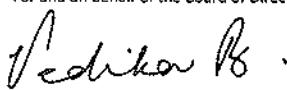
Membership No. 117377

UDIN: 20117377-AAAABW1614

Place: Mumbai

Date: May 29, 2020

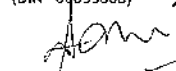
For and on behalf of the Board of Directors



Vedika Bhandarkar

Director

(DIN - 00033808)



Shyam Mani

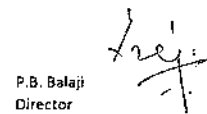
Director

(DIN - 00273598)



Anand Bang

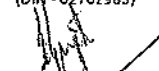
Chief Financial Officer



P.B. Balaji

Director

(DIN - 02762983)



Samrat Gupta

Chief Executive Officer



Vinay Lavannis

Company Secretary

Place: Mumbai

Date: May 29, 2020

Cash Flow Statement for the year ended March 31, 2020

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	29,21.18	137,87.66
Adjustments for:		
Interest income on loans, deposits & investments	(3445,42.25)	(2999,04.91)
Finance costs (other than Interest expense on assets taken on lease)	2475,17.07	2040,57.44
Interest expense on assets taken on lease	4,60.59	-
Dividend income	(4,45.47)	(3,55.09)
Gain on sale of investments	(81,40.71)	(15,70.52)
MTM on investments measured at fair value through profit or loss	20,37.36	(1,65.74)
Allowance for loan losses (net of writeoff)	608,05.98	286,53.38
Allowance for doubtful loans and advances (others) (net of writeoff)	(3,67.60)	(66.49)
Depreciation and amortization	45,63.21	16,78.49
Loss/(profit) on sale of capital assets (net of writeoff)	38.23	12.40
Balances written back	(33,00.15)	(12,66.86)
MTM of derivatives not designated as hedges	4,41.96	(1,17.79)
Operating cash flow before working capital changes	(380,10.61)	(552,58.03)
Movements in working capital		
Trade payables	44.09	114,41.34
Other payables	(20,86.12)	(3,78.42)
Other financial liabilities	188,66.66	(22,11.83)
Other non financial liabilities	(4,12.40)	(77.32)
Trade receivables	(154,35.53)	(11,74.73)
Other receivables	(50,75.51)	(7,37.25)
Other financial assets	(19,14.80)	4,44.02
Provisions	(16,14.00)	3,42.06
Loans	2741,00.82	(9183,09.45)
Non financial assets	19,42.51	(70,06.78)
	2304,05.11	(9729,26.39)
Current taxes paid (net)	(83,72.68)	(65,86.92)
Finance costs paid	(2543,91.38)	(2055,55.84)
Interest income received on loans, investments & deposits	3384,80.36	2911,90.96
Net cash from/(used in) operating activities	3061,21.42	(8938,78.19)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of capital assets	(138,73.46)	(76,09.39)
Proceeds from sale of capital assets	4,51.47	41.16
Purchase of mutual fund units	(104542,12.00)	(17481,10.00)
Redemption of mutual fund units	104623,52.71	17496,80.52
Investment in Trust securities	(20.87)	(20.86)
Proceeds from redemption of preference shares	99.98	-
Dividend income	4,45.47	3,55.09
Restricted deposits with banks	(436,97.32)	(435,59.95)
Realisation of restricted deposits with banks	127,41.74	103,54.47
Net cash used in investing activities	(357,12.28)	(388,68.98)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	150,00.00	300,00.00
Share issue expenses	(15.00)	(4,58.20)
Proceeds from issue of Compulsorily convertible preference shares	-	696,00.00
Proceeds from Debt securities	20737,41.49	26503,19.33
Repayment of Debt securities	(23440,04.19)	(26620,25.46)
Proceeds from Subordinated liabilities (net of issue expenses)	299,50.00	250,00.00
Repayment of Subordinated liabilities	(288,95.00)	-
Proceeds from borrowings (other than debt securities)	16029,21.46	29484,33.55
Repayment of borrowings (other than debt securities)	(15132,74.69)	(20662,29.69)
Interest payment on purchase of Right of use assets	(4,60.27)	-
Principal payment on purchase of Right of use assets	(12,67.33)	-
Proceeds from issue of Perpetual debt	250,00.00	-
Perpetual debt issue expenses	(4,64.29)	-
Dividend paid (including Dividend distribution tax)	(84,22.87)	(107,19.17)
Net cash (used in)/from financing activities	(1501,90.69)	9839,20.36
Net increase in cash and cash equivalents (A + B + C)	1202,18.45	511,73.19

Cash Flow Statement for the year ended March 31, 2020

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash and cash equivalents at the beginning of the year	700,79.17	189,05.98
Cash and cash equivalents at the end of the year (Refer Note 4)	1902,97.62	700,79.17

See accompanying notes forming part of the financial statements (1 to 46)

Note: Finance costs has been considered as arising from operating activities in view of the nature of the Company's business.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors

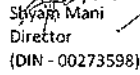


Vaibhav Shah
Partner
Membership No. 117377
UDIN: 20117074899901517

Place: Mumbai
Date: May 29, 2020



Vedika Bhandarkar
Director
(DIN - 00033808)

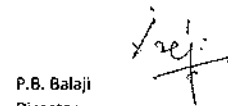


Shyam Mani
Director
(DIN - 00273598)

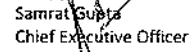


Anand Bang
Chief Financial Officer

Place: Mumbai
Date: May 29, 2020



P.B. Balaji
Director
(DIN - 02762983)



Samrat Gupta
Chief Executive Officer



Vinay Lavanis
Company Secretary

TATA MOTORS FINANCE LIMITED (CIN - UJ43100MH1989PLC050444)
Statement of changes in equity for the year ended March 31, 2020

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	5,83,84,693.00	583,84.69	5,38,73,415.00	538,73.42
Shares issued during the year	24,42,896.00	24,43.00	45,11,378.00	45,11.27
Shares outstanding at the end of the year	6,08,27,689.00	608,27.69	5,83,84,693.00	583,84.69

B. Instruments entirely equity in nature

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Rs.	Number	Rs.
Balance as at beginning of the year	2,500.00	250,00.00	-	-
Issued during this year	2,500.00	250,00.00	-	-
Balance as at end of the year	2,500.00	250,00.00	-	-

C. Other equity

Particulars	Equity component of compound financial instruments (Refer Note 22f)	Other Reserves				Other components of equity				Total other equity	
		Special reserve	Capital redemption reserve	Securities Premium Account	Capital Reserve	General Reserve	Retained earnings	Equity instruments through OCI	Debt Instruments through OCI		Cost of Hedging Reserve
Balance as at April 01, 2019	471,11.44	174,90.04	0.02	3010,98.38	17,85.59	265,68.33	17,02.31	-	-	-	2382,91.59
a) Profit for the year	-	-	-	-	-	59,15.92	-	-	-	(3,77.10)	59,15.92
b) Other comprehensive income / (loss) for the year	-	-	-	-	-	2,16.11	(12,27.01)	-	88,61.92	5,45.73	79,63.89
c) Total comprehensive income / (loss) for the year	-	-	-	-	-	61,32.03	(12,27.01)	-	88,62.92	5,45.73	88,79.81
d) Dividend (including dividend distribution tax of Rs. 30,40,60 lakhs)	-	-	-	-	-	(84,22.87)	-	-	-	-	(84,22.87)
e) Equity infusion during the year	-	-	-	-	-	-	-	-	-	-	128,57.00
f) Share issue expenses	-	-	-	-	-	-	-	-	-	-	(15.00)
g) Issue expenses on Perpetual Debt	-	-	-	-	-	(4,64.29)	-	-	-	-	(4,64.29)
h) Transfer to Special Reserve	-	11,83.18	-	-	-	(11,83.18)	-	-	-	-	-
Balance as at March 31, 2020	471,11.44	186,73.22	0.02	3,136,40.38	17,85.59	226,30.02	(24,70)	88,62.92	1,68.63	(49,33.86)	2,508,26.24

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Notes forming part of the financial statements for the year ended March 31, 2020

1 Company information

Tata Motors Finance Limited ("the Company") is a public limited Company incorporated and domiciled in India and has its registered office in Mumbai, India.

The Company is registered as a Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Company ("NBFC") under section 45-IA of the Reserve Bank of India, Act 1934 ("RBI") with effect from March 04, 1998. The Company is a subsidiary of TMF Holdings Limited (Formerly known as Tata Motors Finance Limited). With effect from June 30, 2017, the name of the Company has changed to Tata Motors Finance Limited from Sheba Properties Limited.

The Company is engaged primarily in lending activities providing vehicle financing through its pan India branch network.

The financial statements were approved by the Board of Directors and authorised for issue on May 29, 2020.

2 Basis of preparation of financial statements

2.1 Statement of compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/ applicable.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 3.1 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lacs, except when otherwise indicated.

2.2 Historical cost convention

The financial statements have been prepared on historical cost basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair value at the end of each reporting period as explained in the accounting policies below.

2.3 Presentation of financial statements

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The Statement of Cash Flows has been presented using indirect method as per the requirements of In AS 7 Statement of Cash Flows.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates is revised and future period 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 following notes :

- a) Note 3 (xv)- Business model assessment for classification and measurement of financial assets
- b) Note 3 (xv) & 43- Impairment allowances of financial assets based on the expected credit loss model
- c) Note 3(vii) and 3(viii)- Useful lives of property, plant and equipment and intangible assets.
- d) Note 3(xi) and 34- Measurement of assets and obligations of defined benefit employee plans.
- e) Note 3(iv) and 11- Recoverability and recognition of deferred tax assets.
- f) Note 3(xii), 20 & 32- Measurement of provisions and contingencies.

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Notes forming part of the financial statements for the year ended March 31, 2020

- g) Note 3(xvii) and 36- Fair value measurement of financial instruments.
- h) Note (xv)- Effective Interest Rate (EIR) methodology that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments
- i) Note (ix)- Determination of lease term where Company is a lessee

(ii) Revenue recognition

Revenue from Operations

(a) Income on loans arising from financing activities

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

- the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- by considering all the contractual terms of the financial instrument in estimating the cash flows.
- Including all fees/service charges and incentives paid and received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Overdue Interest is recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established when the customer pays.

Income from direct assignment

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss.

(b) Dividend Income

Dividend income is recognised in the statement of profit or loss on the date

- when the Company's right to receive the payment is established,
- it is probable that the economic benefits associated with the dividend will flow to the entity; and
- the amount of dividend can be reliably measured

(c) Rental Income

Rental income arising from operating lease is recognised on a straight-line basis over the lease term.

Rental income arising from finance lease are apportioned between principal and interest based on the interest rate implicit in the lease. The interest portion of the rental income is recognised under the head Interest Income in the statement of profit or loss.

(d) Fees and Commission Income

Fees and commissions which do not form part of the effective interest rate calculation are recognised when the Company satisfies the performance obligation over time and are accrued as and when they are due.

(iii) Foreign currency

These financial statements are presented in Indian rupees, which is the functional currency of the Company.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date.

Exchange differences are recognised in the statement of profit and loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalised as part of borrowing costs.

Notes forming part of the financial statements for the year ended March 31, 2020

(iv) Income Taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the statement of profit & loss except when they relate to items that are recognised outside the statement of profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside the statement of profit and loss.

Current income taxes are determined based on respective taxable income of Company and tax rules applicable for respective tax

Deferred tax assets and liabilities are recognized 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. Deferred tax assets are recognised to the extent that 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 utilized.

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 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 and deferred tax assets and liabilities on a net basis.

(v) Cash and Cash equivalents

Cash and cash equivalents are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

(vi) Earning per share

Basic earnings per share has been computed by dividing profit for the year by the weighted average number of shares outstanding during the year. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

(vii) Property, Plant and equipment (PPE)

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes purchase price, non-refundable taxes and levies and other directly attributable costs of bringing the assets to its location and working condition for its intended use.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Company in future periods, and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses, are charged to the statement of profit and loss during the period in which they are incurred.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss, arising on the disposal or retirement of an item of PPE, is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the statement of profit and loss.

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the reporting date.

Depreciation is provided on the straight-line method over the useful lives of the assets considering the nature, estimated usage, operating conditions, past history of replacement and anticipated technological changes.

Schedule II to the Companies Act 2013 ('Schedule') prescribes the useful lives for various class of assets. For certain class of assets, based on technical evaluation and assessment, Management believes that, the useful lives adopted by it reflects the periods over which these assets are expected to be used. Accordingly for those assets, the useful lives estimated by management are different from those prescribed in the Schedule. Management's estimates of the useful lives for various class of PPE are as given below:

Type of Asset	Estimated useful life
Building	19 & 60 years
Data Processing Machines	3 years
Furniture & Fixture	5 & 10 years
Office Equipment	2 to 10 years
Vehicles	4 years
Vehicles On Operating Lease	4 & 6 years

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Notes forming part of the financial statements for the year ended March 31, 2020

The useful lives and method of depreciation is reviewed at least at each year-end. Changes in expected useful lives are treated as change in accounting estimates.

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition. Depreciation on deductions/ disposals is provided on a pro-rata basis upto the month preceding the month of deduction/disposal.

However, leasehold improvements and PPE located in leasehold premises are depreciated on a straight-line method over shorter of their respective useful lives or the tenure of the lease arrangement.

Assets costing less than Rs. 5,000/- are expensed off at the time of purchase.

(viii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. Intangible assets are amortised on a straight-line basis over their estimated useful lives.

Intangible assets and their useful lives are as under

Type of asset	Estimated useful life
Software	5 years

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

(ix) Leases

Contracts/arrangements, or part of a contract/arrangement meeting the definition of "lease" and falling within the scope of Ind AS 116 "Leases" to follow accounting policies mentioned below

(A) Company is a Lessee- Assets taken on lease

(i) Right of use of assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term. Right-of-use assets are subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) and variable lease payment that depend on an index or rate less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised in the statement of profit and loss as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest with corresponding amount recognised in finance cost under the statement of profit and loss and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Notes forming part of the financial statements for the year ended March 31, 2020

(iii) Short-term leases and leases of low-value assets

The Company applies recognition exemption of not to recognise right-of-use assets and lease liabilities for short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and low-value assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense in the statement of profit and loss on a straight-line basis over the lease term.

(B) Company as a Lessor

Lease classification is made at the inception date and is reassessed only if there is a lease modification. Changes in estimates (for example, changes in estimates of the economic life or of the residual value of the underlying asset), or changes in circumstances (for example, default by the lessee), is not a lease modification do not give rise to a new classification of a lease for accounting purposes.

Assets given on operating lease

The Company has given vehicles on lease where it has substantially retained the risks and rewards incidental to ownership of an vehicle and hence these are classified as operating lease. These assets given on operating lease are included in Property Plant & Equipment (PPE). Depreciation on the vehicle are recognized as an expense in the statement of profit and loss and initial direct cost incurred in obtaining an operating lease are added to the carrying amount of the vehicle and are recognised in statement of profit and loss in the form of depreciation over the operating lease term.

Lease rental income is recognised in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished.

Assets given on finance lease

The Company has given vehicles on lease where it has transferred substantially all the risks and rewards incidental to ownership of an vehicle and hence these are classified as finance lease.

Assets given under finance lease are recognised as a finance lease receivable at an amount equal to the net investment in the lease. The net investment in the lease is calculated by discounting the gross investment in lease at the interest rate implicit in the lease. Lease rentals for the period are apportioned between principal and interest income. The portion of principal amount reduces the net investment in the lease. Interest (finance) income is recognised in the statement of profit or loss under interest income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the lease.

(x) Impairment of Non financial assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and 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.

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.

{xi} Employee benefits

{A} Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include salaries and performance incentives/bonuses which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

Notes forming part of the financial statements for the year ended March 31, 2020

(B) Post Employment/retirement benefit Plans

(1) Defined contribution plans

Superannuation fund

Contribution to the superannuation fund is made at 15% of basic salary for the employees who have opted to the scheme, managed by the ultimate parent Company and is charged to the Statement of Profit and Loss on accrual basis.

(2) Defined benefit plans

(a) Provident fund

In accordance with Indian law, eligible employees of the Company 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 contributions, except that the employer's contribution towards pension fund is paid to the Regional Provident Fund office, as specified under the law, are made to the provident fund set up as an irrevocable trust by Tata Motors Limited ("the ultimate parent Company"). The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall on account of, if any, shall be made good by the Company. The total liability in respect of the principal and interest shortfall of the Fund is determined on the basis of an actuarial valuation. The principal and interest liability arising only to the extent of the aforesaid differential shortfalls is a defined benefit. There is no shortfall as at March 31, 2020.

(b) Gratuity

For defined benefit schemes in the form of gratuity plan, the cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each year end. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets.

The Company have an obligation towards gratuity, post employment/retirement defined benefit plan covering eligible employees. The benefit is in the form of lump sum payments to eligible employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days' to 30 days' basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The liability determined basis actuarial valuation is compared with the fair value of plan assets and the shortfall or excess is accounted for as a liability or an asset respectively.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds of equivalent term and currency to the liability.

The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability is recognised in the Statement of Profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(C) Other long term employee benefit plans

(1) Defined benefit plans

(a) Compensated absences

The liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit or Loss.

Notes forming part of the financial statements for the year ended March 31, 2020

(xii) Provisions and Contingent Liabilities

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.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to the net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company.

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

(xiii) Dividend (including dividend distribution tax)

Any dividend declared or paid by Company is based on the profits available for distribution as reported in the financial statements. Indian law mandates that dividend be declared out of distributable profits, after setting off un-provided losses and depreciation of previous years. In case of inadequacy or absence of profits in a particular year, a Company may pay dividend out of accumulated profits of previous years transferred to statement of profit and loss. However, in the absence of accumulated profits a Company may declare dividend out of free reserves, subject to certain conditions as prescribed under the Companies (Declaration and Payment of Dividend) Rules, 2014. Accordingly, in certain years the net income reported in these financial statements may not be fully distributable.

(xiv) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The power to assess the financial performance and position of the Company and make strategic decisions is vested in the Board of Directors Committee who has been identified as the Chief Operating Decisions Maker.

(xv) Financial Instruments

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 when the Company becomes a party to the contractual provisions of the instrument.

(A) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in the following categories :-

- a. at amortised cost, or
- b. at fair value through other comprehensive income (FVOCI), or
- c. at fair value through profit or loss (FVTPL)

The above classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flow.

(i) Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

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Notes forming part of the financial statements for the year ended March 31, 2020

(a) At amortised cost:

A debt instrument is measured at amortised cost, if both the following conditions are satisfied/ fulfilled

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to loans arising from financing activities and investments.

(b) At FVTOCI:

A debt instrument is classified at FVTOCI, if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the OCI. However, the Company recognises interest income, impairment losses and reversals in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

(c) At FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(II) Equity Instruments/investments

Investments in equity instruments are measured at fair value. Equity instruments, which are held for trading, are classified as at FVTPL. For equity instruments, other than held for trading, the Company has irrevocable option to present in OCI subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Where the Company classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

(III) Impairment of financial assets

The Company applies the Expected Credit Loss (ECL) model in accordance with Ind AS 109 for recognising impairment loss on financial assets except for

- equity instruments which are not subject to impairment under Ind AS 109, and
- other debt financial assets held at fair value through profit or loss (FVTPL)

The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial assets ('lifetime ECL'), unless there had been no significant increase in credit risk of a default occurring since origination or initial recognition, in which case, the impairment allowance is based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL (both life time and 12 months) are calculated on a collective basis considering the retail nature of the underlying portfolio of financial assets.

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Notes forming part of the financial statements for the year ended March 31, 2020

The impairment methodology applies depends on whether there has been significant increase in credit risk. When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). The Company has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial assets. The Company categorises financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

- Stage 1: Low credit risk, i.e. 0 to 30 days past due
- Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due
- Stage 3: Credit Impaired assets, i.e. more than 90 days past due

Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

PD is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.

EAD represents gross carrying amount at the reporting date in case of Stage 1 and Stage 2. In case of Stage 3 loans EAD represents gross carrying amount at the time when the default occurred for first time.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Brent rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD determined by the Company based on its internal data. While the internal estimates of PD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Based on the consideration of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

Collateral valuation:

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral is valued based on data provided by third parties or management judgements.

The measurement of impairment losses across all the categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of financial statements. The Company regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material.

The amount of ECL (or reversal) at the reporting date is recognised as an impairment loss/(gain) in the statement of profit and loss.

ECL on Debt instruments measured at amortised cost

The ECLs for debt instruments measured at amortised cost is reduced from the gross carrying amount of these financial assets in the balance sheet.

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Notes forming part of the financial statements for the year ended March 31, 2020

ECL on Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the gross carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Write-off

The gross carrying amount of a financial assets is written-off (either partially or fully) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries against such financial assets are credited to the statement of profit and loss.

(IV) Derecognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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 an associated liability as collateralised borrowing for the proceeds received.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI, and accumulated in equity is recognised in the Statement of Profit and Loss.

(B) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments, issued by the Company, are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value. However, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of financial liabilities. The transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are immediately recognised in profit or loss.

The Company's financial liabilities majorly comprise of trade and other payables, loans and borrowings, including bank overdrafts and cash credit facility and derivative financial instruments.

Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method or at fair value through profit or loss (FVTPL).

(a) At FVTPL:

Financial liabilities includes derivative financial instruments entered into by the Company that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

Financial liabilities, designated upon initial recognition at FVTPL, are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

(b) At amortised cost:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the profit or loss.

Notes forming part of the financial statements for the year ended March 31, 2020

Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115 - Revenue from contracts with customers

Derecognition of financial liabilities:

The Company de-recognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

Modification/Renegotiation that do not result in derecognition

Changes to the carrying amount of a financial liability as a result of renegotiation or modification of terms that do not result in derecognition of the financial liability, is recognised in the Statement of Profit and Loss. Any subsequent changes in the estimation of the future cash flows of financial liability is recognised under finance cost in the statement of profit or loss with the corresponding adjustment to the carrying amount of the financial liability.

(ii) Equity Instrument

An equity instrument is any contract that evidences residual interests in the assets of the Company after deducting all of its liabilities. Incremental costs incurred which are directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

(iii) Compound financial instrument

The components of compound financial instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and definitions of a financial liability and an equity instrument. A conversion option that will be settled by exchange of fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest rate method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of liability component from the fair value of the compound financial instruments as a whole. This is recognised and included in equity, net of tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible instrument are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the life of the convertible instrument using effective interest rate method.

(xvi) Derivatives and Hedging activities

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 14.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in Statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument (Refer sub note (a) below), in which event the timing of recognition in profit or loss depends on the nature of the hedging relationship and nature of the hedge item.

Notes forming part of the financial statements for the year ended March 31, 2020

Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host and accordingly, are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

(a) Hedge accounting

The Company designates foreign currency forward derivative contracts as hedges of foreign exchange risk associated with the cash flows of foreign currency risks associated with the borrowings denominated in foreign currency (referred to as "cash flow hedges").

The Company documents at the inception of the hedging transaction the economic relationship between the hedging instruments and hedge items including whether the hedging instrument is expected to offset changes in the cash flows of hedge items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of the hedging relationship.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity to effective portion (as described above) are reclassified to profit or loss in the periods when the hedge item affects profit or loss, in the same line as the recognised hedge item.

In cases where the designated hedging instruments are forward contracts, the Company has an option, for each designation, to designate on an instrument only the changes in spot element of forward contracts respectively as hedges. In such cases, the forward element (i.e. forward premium) is accounted based on the type of hedge which those forward contract hedge.

The changes in the forward element of the forward contracts are recognised within other comprehensive income in the costs of hedging

In case of transaction related hedge item in the above cases, the changes in the forward element (i.e. forward premium) of the forward contracts accumulated within other comprehensive income in the costs of hedging reserve within equity is reclassified to profit or loss as a reclassification adjustment in the same period in which the hedged expected future cash flows affect profit or loss.

In case of time-period related hedge item in the above cases, the changes in the forward element (i.e. forward premium) of the forward contracts accumulated within other comprehensive income in the costs of hedging reserve within equity is amortised on a systematic and rational basis over the period during which the forward contracts spot element could affect profit or loss as a reclassification adjustment from other comprehensive income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

(xvii) Fair value measurement

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs) that the Company can access at measurement date

Notes forming part of the financial statements for the year ended March 31, 2020

(xviii) Offsetting financial instruments

Financial assets and financial liabilities are offset when it currently has a legally enforceable right (not contingent on future events) to offset the recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(xix) Recent Accounting Pronouncement

(A) New accounting pronouncements adopted by the Company during the current financial year

Ind AS 116- "Leases"

In March 2019, MCA issued Ind AS 116 - Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous standard on leasing, Ind AS 17 -Leases. Ind AS 116, which is not applicable to service contracts, but only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. Ind AS 116 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by Ind AS 116 and instead, introduces a single lessee accounting model whereby a lessee is required to recognise assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognise depreciation of leased assets separately from interest on lease liabilities in the Statement of Profit and Loss. As Ind AS 116 substantially carries forward the lessor accounting requirements of Ind AS 17, the lessor accounting continue to classify at inception its lease contract as operating leases or finance leases and to account for those two types of leases differently.

Impact & transition approach adopted by the Company

The Company has used the exemption option available for existing leases and has applied the available exemptions regarding the recognition of short term leases and low value leasing assets. Basis the assessment carried out, the Company arrangements under operating leases, which are currently off Balance sheet, are recognised as right to use assets and the future obligations in respect of such leases are recognised as a lease liability in the Balance sheet as at April 01, 2019.

The Company has used the following practical expedients of Ind AS 116 at the date of initial application (i.e. at transition date):

- 1) With leases previously classified as operating leases according to Ind AS 17, the lease liability will be measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate at April 01, 2019. The respective right-of-use asset is recognised at an amount equal to the lease liability;
- 2) An impairment review is not performed for right of use assets. Instead, right-of-use asset is adjusted by the amount of any provision for onerous leases recognised in the Balance sheet.
- 3) Regardless of their original lease term, leases for which the lease term ends latest on March 31, 2020, are recognised as short-term leases;
- 4) At the date of initial application, the measurement of a right-to-use asset excludes the initial direct costs; and
- 5) Hindsight is considered when determining the lease term if the contract contains options to extend or terminate the leases.

(B) Amendments to certain existing standards

MCA issued following amendments to certain standards effective from the current financial year

i) Amendments to Ind AS 109, Financial Instruments - Prepayment of loans:

The amendments notified in Ind AS 109 pertain to classification of a financial instruments with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permit the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. Earlier, there was no guidance on classification of such instruments.

According to the amendments, these types of instruments can be classified as measured at amortised cost, or measured at fair value through profit or loss, or measured at fair value through other comprehensive income by the lender or issuer if the respective conditions specified under Ind AS 109 are satisfied. Similarly, the holder may classify them either measured at fair value through profit or loss or measured at amortised cost in accordance with conditions of Ind AS 109.

Impact on the Company

There is no impact in the standalone financial statements on adoption of this amendment.

Notes forming part of the financial statements for the year ended March 31, 2020

ii) Amendments to Ind AS 12, Income Taxes - Deferred taxes on Dividends:

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Impact on the Company

The Company does not have any impact from this amendment. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

iii) Amendments to Ind AS 12, Income Taxes – Uncertain tax treatment

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

Impact on the Company

There Company does not have any impact from this amendment.

iv) Amendment to Ind AS 19, Employee Benefits - Changes in Employee benefit plan:

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.. Until now, Ind AS 19 did not specify how to determine these expenses for the period after the change to the plan.

Impact on the Company

The Company does not expect this amendment to have any significant impact on its financial statements

v) Amendments to Ind AS 28, Investments in Associates and Joint Ventures

Ind AS 109 excludes interest in associates and joint ventures that are accounted for in accordance with Ind AS 28, Investments in Associates and Joint Ventures from its scope. This amendment to Ind AS 28 clarifies that Ind AS 109 should be applied to financial instruments, including long-term interests in associates and joint venture, that, in substance, form part of an entity's net investment in associate or joint venture, to which the equity method is not applied.

Impact on the Company

The Company does not currently have any long-term interests in associates and joint ventures.

vi) Amendments to Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Impact on the Company

The Company does not have any such borrowings and hence no impact on its financial statements from this amendment.

vii) Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

Impact on the Company

The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

Note 4

Cash and cash equivalents

(` in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	1,46.79	20,16.18
Balance with Banks	451,11.76	658,70.37
Cheques, drafts on hand	39.07	21,92.62
Bank deposit with maturity of less than 3 months	1450,00.00	-
Total	1902,97.62	700,79.17

Note 5

Bank balance other than cash and cash equivalents

(` in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits with banks	500,00.00	500,00.00
Earmarked balances with banks	1,07.85	-
Margin money / cash collateral with banks	786,30.83	477,83.10
Total	1287,38.68	977,83.10

Note 6

Trade receivables

(` in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Unsecured	188,23.20	33,87.67
Less: Impairment loss allowance	(34.50)	-
Total	187,88.70	33,87.67

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note 7

Other receivables

(` in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Unsecured	59,66.31	8,90.80
Total	59,66.31	8,90.80

No other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note 8

Loans

(` in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
From financing activities		
- Term loans	23607,75.12	20776,80.45
- Finance Lease receivables	3,54.96	-
- Credit substitutes (refer note (i) below)	371,20.02	412,37.77
From other than financing activities		
- Inter corporate deposits (repayable on demand)	240,00.00	-
Total (A) - Gross	24222,50.10	31189,18.22
Less: Impairment loss allowance	(568,07.12)	(782,38.20)
Total (A) - Net	23654,42.98	30406,80.02
At fair value through Other comprehensive income (FVOCI)		
From financing activities		
- Term loans	3719,78.70	-
Less: Impairment loss allowance	(16,88.98)	-
Total (B) - Net	3702,89.72	-
(C)		
Secured by tangible assets (refer note (ii) below)		
Unsecured	27448,30.78	30888,46.78
Total (C) - Gross	27942,28.80	31189,18.22
Less: Impairment loss allowance	(584,96.10)	(782,38.20)
Total (C) - Net	27357,32.70	30406,80.02
(D)		
Loans in India		
- Public Sector	-	-
- Others	27942,28.80	31189,18.22
Total (D) - Gross	27942,28.80	31189,18.22
Less: Impairment loss allowance	(584,96.10)	(782,38.20)
Total (D) - Net	27357,32.70	30406,80.02

Notes

(i) Investments in bonds, debentures and other financial instruments which, in substance, form a part of the Company's financing activities ("Credit Substitutes") have been classified under Loans. In the past these were classified as a part of Investments. Management believes that the classification results in a better presentation of the substance of these investments and is in alignment with regulatory filings.

(ii) The Company covers/secures the credit risk associated with the loans given to customers by creating an exclusive charge/hypothecation/security on the assets/vehicles as mentioned/specified in the loan agreement with the customers.

This includes vehicle term loan lending done to Micro and Small Enterprises, for which the Company has availed the benefit of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme to secure credit default risk.

TATA MOTORS FINANCE LIMITED (CIN - U45200MH1989PLC050444)

Notes forming part of financial statements for the year ended March 31, 2020

Note 9
Investments

Category of investments	As at March 31, 2020					As at March 31, 2019					
	Amortised cost	At fair value		Total	Amortised cost	At fair value		Total	Amortised cost	At fair value	
		Through other comprehensive income	Through profit or loss			Sub total	Through other comprehensive income			Through profit or loss	Sub total
(1)	(2)	(3)	(4=1+2+3)	(5=1+4)	(6)	(7)	(8)	(9=6+7+8)	(10=6+9)		
Category of investments											
i. Mutual funds	-	-	-	-	-	-	-	-	-	-	
ii. Debt securities	-	-	-	-	-	-	-	-	-	-	
iii. Equity instruments*	-	60,70.44	66,06.05	126,76.49	-	77,97.45	77,80.95	155,78.40	-	155,78.40	
iv. Preference Shares	1,90.00	-	-	1,90.00	2,89.98	-	-	2,89.98	-	2,89.98	
v. Trust Securities	-	-	11,06.86	11,06.86	-	-	19,48.45	19,48.45	-	19,48.45	
Total (A) - Gross	1,90.00	60,70.44	77,12.91	137,83.35	2,89.98	77,97.45	97,29.40	175,26.85	178,16.83	178,16.83	
i. Investments outside India	-	-	-	-	-	-	-	-	-	-	
ii. Investments in India	1,90.00	60,70.44	77,12.91	137,83.35	2,89.98	77,97.45	97,29.40	175,26.85	178,16.83	178,16.83	
Total (B)	1,90.00	60,70.44	77,12.91	137,83.35	2,89.98	77,97.45	97,29.40	175,26.85	178,16.83	178,16.83	
Less: Allowance for impairment loss (C)	-	-	-	-	-	-	-	-	-	-	
Total (D) = (A - C)	1,90.00	60,70.44	77,12.91	137,83.35	2,89.98	77,97.45	97,29.40	175,26.85	178,16.83	178,16.83	

* Includes amount of Rs. 20,50 lakhs (March 31, 2019 Rs. 22,20 lakhs) pertaining to certain unquoted equity instruments for which cost has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Face Value per unit (in Rs)	Description	Quantity (in nos.) as at March 31, 2020	As at March 31, 2020	Quantity (in nos.) as at March 31, 2019	As at March 31, 2019
	Investments measured at fair value through other comprehensive Income				
	Investment in equity shares				
	(a) Quoted				
10	Tata Steel Limited	5,70,188	15,37.23	5,70,188	29,70.68
10	Tata Steel Limited (partly paid upto Rs. 2.5 per share)	39,323	11.66	39,323	25.25
10	Tata Chemicals Limited	10,060	22.49	10,060	59.23
1	Tata Power Limited	9,120	3.00	9,120	6.73
1	Tata Consumer Products Limited (pursuant to Scheme of Arrangement wherein 100 shares held in Tata Chemicals Limited are allotted 114 shares of face value of Rs. 1 in TCPL)	11,468	33.81	-	-
10	NTPC Limited	1,56,000	1,31.35	1,56,000	2,10.13
1	NMDC Limited	20,000	16.00	20,000	20.89
10	Coal India Limited	11,904	16.67	11,904	28.24
	(b) Unquoted				
10	Taj Air Limited	42,00,000	-	42,00,000	-
1,000	Tata International Limited	19,350	22,48.23	19,350	24,26.30
100	Tata Industries Limited	9,93,753	20,50.00	9,93,753	20,50.00
	Subtotal (a)		60,70.44		77,97.45
	Investments measured at fair value through profit and loss				
	Investment in equity shares				
	(a) Quoted				
10	Automobile Corporation of Goa Limited	48,315	1,41.90	48,315	2,70.54
	(b) Unquoted				
10	Tata Technologies Limited	8,11,992	64,64.15	8,11,992	73,40.41
10	Tata Hitachi Construction Machinery Company Private Limited	2,85,714	-	2,85,714	1,70.00
	Investment in trust securities (partly paid)				
10	SBI Macquarie Infrastructure Trust (Partly paid upto Rs 8.60 (at March 31, 2019: Rs 8.46)	1,50,00,000	11,06.86	1,50,00,000	19,48.45
	Subtotal (b)		77,12.91		97,29.40

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(₹ in lakhs)

Face Value per unit (in Rs)	Description	Quantity (in nos.) as at March 31, 2020	As at March 31, 2020	Quantity (in nos.) as at March 31, 2019	As at March 31, 2019
	Investments measured at Amortised cost				
	Investment in Preference shares				
	Fully Paid Non - Cumulative Redeemable Preference shares (Unquoted)				
100	6% Tata Precision Industries (India) Limited	40,000	40.00	40,000	40.00
100	Fully Paid Cumulative Redeemable Preference shares (Unquoted)				
	8.50% Tata Precision Industries (India) Limited	1,50,000	1,50.00	1,50,000	1,50.00
	Fully Paid Cumulative Redeemable Non Participating Preference shares (unquoted)				
1,000	12.50% Tata Capital Limited	-	-	6,665	99.98
	Investments in Debentures and Bonds				
	(a) Quoted				
12.50	Fully Paid Secured, Non - Convertible, Redeemable Debentures				
	8.49% NTPC Limited (issued as bonus)	2,75,752	-	2,75,752	-
	Subtotal (c)		1,90.00		2,89.98
	Total (a + b + c)		139,73.35		178,16.83

Note 10

Other financial assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits (Net of provision of Rs. 48.60 lakhs; March 31, 2019 Rs 25.25 lakhs)	8,21.55	9,11.32
Interest accrued on deposits	26,15.23	14,45.10
Application money receivable towards securities	-	114,44.18
Others (Net of provision of Rs. 13,46.11 lakhs; March 31, 2019 Rs. 16.64 lakhs)	20,38.07	33.50
Total	54,74.85	138,34.10

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Note 11

Income taxes

a) Income tax expense recognised in statement of profit or loss

Particulars	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Income tax expense		
<u>Current tax</u>		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
Total current tax expense	-	-
<u>Deferred tax</u>		
Decrease (increase) in deferred tax assets	(55,15.78)	24,30.68
(Decrease) increase in deferred tax liabilities	25,21.04	(90,30.68)
Total deferred tax expense/(benefit)	(29,94.74)	(66,00.00)
Income Tax expense	(29,94.74)	(66,00.00)

b) Reconciliation of the income tax expenses and accounting profit

Reconciliation of the income tax expense and the accounting profit multiplied by India's tax rate:

Particulars	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Profit before taxes	29,21.18	137,87.66
Income tax expenses calculated at Statutory tax rate (34.944%)	10,20.78	48,17.96
Tax effect of the amount which are not taxable in calculating taxable income :		
- Effect of income that is exempt from taxation	(1,55.67)	(1,24.78)
- Effect of expenses not deductible for tax computation	7,08.08	6,65.30
- Utilization of unrecognised and unused tax losses to reduce current tax expense	(164,26.63)	(124,25.16)
- Impact of change in statutory tax rates		
- Deferred tax assets not recognised because realization is not probable	102,55.14	70,66.68
- Deferred tax asset now created on previously unrecognised and unused tax losses	-	(66,00.00)
- Others	16,03.56	-
Income tax expense/(credit) recognised for the year at effective tax rate	(29,94.74)	(66,00.00)

c) Deferred tax assets/liabilities (net)

Significant components of deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

Particulars	As at April 01, 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2020
Deferred tax liabilities :				
- Property, plant & equipment & Intangible assets- Accumulated depreciation/Amortisation	-	-	-	-
- Intangible assets- Accumulated amortisation	-	-	-	-
- Fair Valuation of financial assets measured at FVTOCI and FVTPL	57.92	(7,11.94)	47,60.60	41,06.60
- Income to be taxed on actual receipt basis	-	28,83.52	-	28,83.52
- Sourcing commission claimed on incurrence basis	44,53.86	3,49.46	-	48,03.32
Total deferred tax liabilities	45,11.78	25,21.04	47,60.60	117,93.44
Deferred tax asset :				
- Unabsorbed and unused tax losses and unabsorbed depreciation	66,00.00	-	-	66,00.00
- Expenses deductible in future years:				
- Provisions for impairment allowances on financial assets	84,97.22	71,12.58	-	156,09.80
- Compensated absences and retirement benefits allowable on payment basis	4,63.92	71.48	-	5,35.40
- Others	-	97.60	-	97.60
Total deferred tax assets	155,61.14	72,81.66	-	228,42.80
Net deferred tax asset/(liabilities) excl MAT Credit	110,49.36	47,60.62	(47,60.60)	110,49.36
- Minimum alternate tax (MAT) entitlement	64,81.83	(17,65.88)	-	47,15.94
Deferred tax assets/(liabilities) (net)	175,31.19	29,94.74	(47,60.60)	157,65.30

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Notes forming part of financial statements for the year ended March 31, 2020

Significant components of deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

Particulars	As at April 1, 2018	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2019
Deferred tax liabilities :				
- Property, plant & equipment & intangible assets- Accumulated depreciation/Amortisation	108,66.46	(108,66.46)	-	-
- Intangible assets- Accumulated amortisation				
- Fair Valuation of Equity Instruments measured at FVTOCI and FVTPL	-	57.92	-	57.92
- Fair Valuation of Mutual Funds measured at FVTPL				
- Sourcing commission claimed on incurrence basis	26,76.00	17,77.86		44,53.86
Total deferred tax liabilities	135,42.46	(90,30.68)	-	45,11.78
Deferred tax asset :				
- Unabsorbed and unused tax losses and unabsorbed depreciation	-	66,00.00		66,00.00
- Expenses deductible in future years:				
Provisions for impairment allowances on financial assets	137,10.05	(52,12.83)	-	84,97.22
Compensated absences and retirement benefits allowable on payment basis	3,68.04	95.88	-	4,63.92
- Others	39,13.72	(39,13.72)	-	-
Total deferred tax assets	179,91.82	(24,30.68)	-	155,61.14
Net deferred tax asset/(liabilities) excl MAT Credit	44,49.36	66,00.00	-	110,49.36
- Minimum alternate tax (MAT) entitlement	64,81.83	-	-	64,81.83
Deferred tax assets/(liabilities) (net)	109,31.19	66,00.00	-	175,31.19

d) Amounts recognised directly in equity

No aggregate amounts of current and deferred tax have arisen in the reporting periods which have not been recognised in net profit or loss or other comprehensive income but directly debited/ (credited) to equity

e) Tax losses

As at March 31, 2020, unrecognised deferred tax assets amounts to Rs. 242,20.54 lakhs which can be carried forward indefinitely and Rs. 79,29.04 lakhs which can be carried forward upto a specified period, respectively. These relate primarily to depreciation carry forwards and business losses. The deferred tax asset has not been recognised on the basis that its recovery is not probable in the foreseeable future.

Unrecognised deferred tax assets expire unutilised based on the year of origination as follows:

(₹ in lakhs)	
Year of expiry	Amount
After March 31, 2025	79,29.04

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TATA MOTORS FINANCE LIMITED (CIN - U45200MH1989PLC050444)

Notes forming part of financial statements for the year ended March 31, 2020

Note 12A

Property, plant and equipment

Particulars	Gross Block				Accumulated Depreciation		Net Block Balance as at March 31, 2020
	Balance as at April 01, 2019	Additions	Deletions	Balance as at March 31, 2020	Balance as at April 01, 2019	Deletions	
Buildings*	59,29.96	17,28.41	11,19.65	65,38.72	3,67.22	4,32.55	15,09.61
Furniture and fixtures	12,02.73	63.73	1,76.45	10,90.01	5,23.59	1,49.64	5,67.96
Vehicles	5,06.41	127.13	1,15.44	5,18.10	1,34.68	1,40.13	2,18.72
Vehicles - given on lease	84,97.32	94,79.20	6,80.70	172,95.82	9,95.15	21,39.68	27,98.88
Office equipments	6,76.24	2,38.11	65.92	8,48.43	1,47.13	2,41.15	3,55.41
Data processing machines	6,20.20	1,51.31	-	7,71.51	3,05.04	1,74.46	4,79.50
Total	174,32.86	117,87.89	21,58.16	270,62.59	24,72.81	44,20.00	59,30.08

* Includes Right of use assets having Gross Block value as on April 01, 2019 of Rs. 51,15.42 lakhs, additions during the year of Rs. 17,28.41 lakhs, deletions during the year of Rs. 4,49.67 lakhs, depreciation charge during the year of Rs. 15,64.95 lakhs and deletions in accumulated depreciation of Rs. 98.25 lakhs. Net block as on March 31, 2020 amounts to Rs. 45,27.47 lakhs Refer note 37 forming part of the financial statements.

Particulars	Gross Block				Accumulated Depreciation		Net Block Balance as at March 31, 2019
	Balance as at April 01, 2018	Additions	Deletions	Balance as at March 31, 2019	Balance as at April 01, 2018	Deletions	
Buildings	8,14.54	-	-	8,14.54	3,55.66	11.56	4,47.32
Furniture and fixtures	11,91.88	1,78.83	1,67.98	12,02.73	4,57.08	2,14.79	6,79.14
Vehicles	4,13.55	2,42.97	1,50.11	5,06.41	1,30.10	1,36.44	3,71.73
Vehicles - given on lease	22,70.54	62,26.78	-	84,97.32	1,72.14	8,23.01	75,02.17
Plant and equipments - given on lease	3,15.06	-	3,15.06	-	3,15.06	-	-
Office equipments	6,90.73	2,23.97	2,38.46	6,76.24	1,68.78	2,01.20	5,29.11
Data processing machines	3,91.27	2,28.93	-	6,20.20	1,50.83	1,54.21	3,05.04
Total	60,87.57	71,01.48	8,71.61	123,17.44	17,49.65	15,41.21	24,72.81

Note : Building includes Rs. 1,000/- being value of investment in 20 shares of Rs. 50/- each in Nilgiri Upvan Co-operative Housing Society Limited.

TATA MOTORS FINANCE LIMITED (CIN - U45200MH1989PLC050444)

Notes forming part of financial statements for the year ended March 31, 2020

Note 12B
Intangible Assets

(₹ in lakhs)

Particulars	Gross Block			Accumulated Amortisation			Net Block Balance as at March 31, 2020
	Balance as at April 01, 2019	Additions	Deletions	Balance as at March 31, 2020	Balance as at April 01, 2019	Amortisation Deletions	
Computer Software	8,49.83	8.01	-	8,57.84	4,14.83	1,43.22	5,58.05
Total	8,49.83	8.01	-	8,57.84	4,14.83	1,43.22	5,58.05
							2,99.79
							2,99.79

Particulars	Gross Block			Accumulated Amortisation			Net Block Balance as at March 31, 2019
	Balance as at April 01, 2018	Additions	Deletions	Balance as at March 31, 2019	Balance as at April 01, 2018	Amortisation Deletions	
Computer Software	7,95.65	54.18	-	8,49.83	2,77.55	1,37.28	4,14.83
Total	7,95.65	54.18	-	8,49.83	2,77.55	1,37.28	4,14.83
							4,35.00
							4,35.00

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Note 13

Other non-financial assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Advances	48,58.13	10,95.03
Deposits with statutory authorities (Net of provision Rs. 87.92 lakhs; March 31, 2019 Rs. 60.76 lakhs)	50.58	69.24
Deposits paid under protest	11,04.69	13,77.44
Prepaid expenses	21,79.68	23,65.89
Taxes recoverable and dues from government (Net of provision Rs. 3,03.69 lakhs; March 31, 2019 Rs. 3,15.64 lakhs)	39,61.17	28,01.32
Stamp papers	3,99.64	4,65.61
Others (Net of provision Rs. 1,29.80 lakhs; March 31, 2019 Rs. 19,04.19 lakhs)	19,24.12	40,20.79
Total	144,18.01	121,95.32

Note 14

Derivative financial Instruments as at March 31, 2020

(₹ in lakhs)

Particulars	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
Currency derivatives				
Forward exchange contracts	351,06.25	26,72.23	-	-
Interest rate derivatives				
Interest rate swaps	171,42.50	27.16	179,63.75	10,25.29
Other derivatives				
Cross currency interest rate swaps	1606,10.75	52,41.38	-	-
Total Derivative Financial Instruments		79,40.77		10,25.29
Derivative designated as hedge				
Cash flow hedging:				
Forward exchange contracts	351,06.25	26,72.23	-	-
Cross currency interest rate swaps	1606,10.75	52,41.38	-	-
Interest rate swaps	-	-	179,63.75	10,25.29
Subtotal	-	79,13.61	-	10,25.29
Undesignated Derivatives				
Interest Rate Swaps	171,42.50	27.16	-	-
Subtotal	-	27.16	-	-
Total Derivative Financial Instruments		79,40.77		10,25.29

Derivative financial Instruments as at March 31, 2019

(₹ in lakhs)

Particulars	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
Currency derivatives				
Forward exchange contracts	-	-	171,42.50	2,30.85
Interest rate derivatives				
Interest Rate Swaps	171,42.50	1,17.79	-	-
Other derivatives				
Cross currency interest rate swaps	-	-	-	-
Total Derivative Financial Instruments		1,17.79		2,30.85
Derivative designated as hedge				
Cash flow hedging:				
Forward exchange contracts	-	-	171,42.50	2,30.85
Cross currency interest rate swaps	-	-	-	-
Subtotal	-	-	-	2,30.85
Undesignated Derivatives				
Interest Rate Swaps	171,42.50	1,17.79	-	-
Subtotal	-	1,17.79	-	-
Total Derivative Financial Instruments		1,17.79		2,30.85

Note 15

Payables

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payables		
total outstanding dues of micro enterprises and small enterprises	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	233,18.28	236,58.74
Total	233,18.28	236,58.74
Other Payables		
total outstanding dues of micro enterprises and small enterprises	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	21,85.66	42,71.78
Total	21,85.66	42,71.78

Note: Information in respect of micro enterprises and small enterprises to whom the Company owes dues, which are outstanding as at the balance sheet date and disclosed above as defined under 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 and relied upon by the auditors.

Note 16

Debt securities (at amortised cost)

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
i. Privately placed non-convertible debentures (secured) (refer note i)	1886,93.17	3721,81.29
ii. Commercial Paper (unsecured) (net of unamortised discounting charges and borrowing cost of Rs. 32,70.23 lakhs; March 31, 2019 Rs. 83,36.17 lakhs)	4742,29.77	5606,63.83
Total (A)	6629,22.94	9328,45.12
i. Debt securities in India	6629,22.94	9328,45.12
ii. Debt securities outside India	-	-
Total (B)	6629,22.94	9328,45.12

Note (i): Nature and extent of security for secured borrowings outstanding

Nature and extent of Security created and maintained for secured non-convertible debentures (privately placed) listed on WDM segment of NSE as per SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

1(A) Nature

Privately placed non-convertible secured debentures are fully secured by first pari passu charge by way of registered mortgage on:

- i) One of the Company's residential flat and
- ii) a) All receivables of the Company arising out of loan and lease transactions
b) All other book debts, trade advances forming part of movable assets of the Company
c) Any other security as identified by the Company and acceptable to the debenture trustee

1(B) Extent

The minimum security of 100 % for the Non convertible debentures outstanding has been maintained.

Details of Non Convertible Debentures (Secured)

From Balance sheet Date	As at March 31, 2020		As at March 31, 2019	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Issued on private placement basis				
Repayable on Maturity:				
Maturing between 1 year to 3 Years	9.00% to 9.85%	464,92.53	7.78% to 9.85%	1942,19.70
Maturing within 1 Year	7.78% to 9.59%	1477,27.17	7.99% to 9.85%	1958,67.11
Total Face Value		1942,19.70		3900,86.81
Less: Unamortised borrowing cost		55,26.53		179,05.52
Total Amortised cost		1886,93.17		3721,81.29

Note 17

Borrowings (Other than debt securities) (at amortised cost)

	(₹ in lakhs)	
Particulars	As at March 31, 2020	As at March 31, 2019
(a) Term loans		
i. from banks (secured) (refer note i)	10909,92.78	9435,12.03
ii. from banks (unsecured)	874,94.23	1224,88.60
(b) Inter Corporate Deposits (unsecured)	-	50,00.00
(c) Loans repayable on demand from banks (secured) (refer note i)	2494,00.00	2645,00.00
(d) Cash Credit from banks (secured) (refer note i)	218,76.11	1304,71.48
(e) Collateralised Debt Obligation (secured) (refer note ii)	4228,24.24	3047,33.38
(f) Liability component of compound financial instruments	149,43.71	226,73.00
Total (A)	18875,31.07	17933,78.49
i. Borrowings in India	16999,89.38	17933,78.49
ii. Borrowings outside India	1875,41.69	-
Total (B)	18875,31.07	17933,78.49

Note (i)

Nature of Security for secured term loans from banks:

Secured term loans from banks are secured by a pari-passu charge in favour of the security trustee on:

- a) All receivables of the Company arising out of loan, lease transactions and trade advances.
- b) All other book debts.
- c) Receivables from pass through certificates in which Company has invested.
- d) Such other current assets as may be identified by the Company from time to time and accepted by the security trustee.

Nature of Security for cash credit and loans repayable on demand:

Cash credit and loans repayable on demand is secured by a pari-passu charge in favour of the security trustee on:

- a) All receivables of the Company arising out of loan, lease and trade advances;
- b) All other book debts;
- c) Receivables from pass through certificates in which Company has invested; and
- d) Such other current assets as may be identified by the Company from time to time and accepted by the security trustee.

Note (ii)

Collateralised debt obligation represent amount received against loans securitised/direct assignment, which does not meet the criteria for derecognition as per Ind AS 109.

Note (iii)

The borrowings have not been guaranteed by directors or others. Also the Company has not defaulted in repayment of principal and interest.

Details of Term Loans from banks (Secured)

From Balance sheet Date	As at March 31, 2020		As at March 31, 2019	
	Interest Rate Range	Amount	Interest Rate Range	Amount
1. Repayable on Maturity:				
Maturing between 3 Years to 5 Years	8.35% to 9.10%	1625,00.00	8.70% to 9.10%	1675,00.00
Maturing between 1 year to 3 Years	7.42% to 9.50%	1314,16.25	8.59% to 10.05%	1552,88.74
Maturing within 1 Year	7.50% to 9.25%	325,53.57	8.25% to 9.25%	747,50.00
Total repayable on maturity (A)		3264,69.82		3975,38.74
2. Repayable in Installments:				
I. on quarterly basis				
Maturing beyond 5 Years	-	-	9.63% to 9.63%	38,50.00
Maturing between 3 Years to 5 Years	7.95% to 8.80%	441,55.00	8.90% to 9.63%	368,00.00
Maturing between 1 year to 3 Years	7.35% to 9.05%	1157,37.00	6.85% to 9.63%	1096,00.00
Maturing within 1 Year	6.85% to 9.05%	653,58.00	8.90% to 9.00%	247,50.00
Subtotal (B)		2252,50.00		1750,00.00
II. on half yearly basis				
Maturing between 3 Years to 5 Years	8.70% to 9.10%	675,62.50	8.40% to 9.70%	1611,90.48
Maturing between 1 year to 3 Years	8.05% to 9.10%	1512,38.10	8.40% to 9.80%	1386,48.81
Maturing within 1 Year	8.05% to 9.80%	839,85.12	8.50% to 9.80%	563,21.43
Subtotal (C)		3027,85.72		3561,60.72
III. on yearly basis				
Maturing between 1 year to 3 Years	8.65% to 9.15%	341,66.67	9.00% to 9.00%	150,00.00
Maturing within 1 Year	8.90% to 9.15%	158,33.33	-	-
Subtotal (D)		500,00.00		150,00.00
Total repayable on installments (E = B+C+D)		5780,35.72		5461,60.72
Total term loans as per contractual terms (F = A+E)		9045,05.54		9436,99.46
Less: Unamortised borrowing costs		10,54.44		1,87.43
Total Amortised cost		9034,51.10		9435,12.03

Details of External Commercial Borrowings (USD)

From Balance sheet Date	As at March 31, 2020		As at March 31, 2019	
	Interest Rate Range	Amount	Interest Rate Range	Amount
1. Repayable on Maturity:				
Maturing between 3 Years to 5 Years	8.96% to 9.03%	755,26.50	-	-
Maturing between 1 year to 3 Years	8.11% to 8.88%	1133,35.59	-	-
Total repayable on maturity		1888,62.09		-
Less: Unamortised borrowing costs		13,20.40		-
Net		1875,41.69		-

Details of Collateralised Debt Obligation

From Balance sheet Date	As at March 31, 2020		As at March 31, 2019	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing between 3 Years to 5 Years	7.90% to 9.20%	3090,83.23	6.80% to 8.60%	2764,58.36
Maturing between 1 year to 3 Years	6.47% to 9.10%	1139,11.18	6.47% to 7.98%	783,97.87
Total		4229,94.42		3048,56.24
Less: Unamortised borrowing costs		1,70.18		1,22.86
Net		4228,24.24		3047,33.38

Details of Term Loans from banks (Unsecured)

From Balance sheet Date	As at March 31, 2020		As at March 31, 2019	
	Interest Rate Range	Amount	Interest Rate Range	Amount
1. Repayable on Maturity:				
Maturing between 1 year to 3 Years	8.35% to 8.35%	100,00.00	8.65% to 8.75%	200,00.00
Maturing within 1 Year	8.20% to 8.20%	100,00.00	9.40% to 9.40%	50,00.00
Total repayable on maturity (A)		200,00.00		250,00.00
2. Repayable in Installments:				
I. on half yearly basis				
Maturing between 1 year to 3 Years	8.40% to 8.90%	250,00.00	8.55% to 9.05%	675,00.00
Maturing within 1 Year	8.35% to 9.00%	425,00.00	8.70% to 9.05%	300,00.00
Total repayable in Installments (B)		675,00.00		975,00.00
Total term loans as per contractual terms (C = A+B)		875,00.00		1225,00.00
Less: Unamortised borrowing costs		5.77		11.40
Total Amortised cost		874,94.23		1224,88.60

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Details of Inter corporate deposits (ICDs)

From Balance sheet Date	As at March 31, 2020		As at March 31, 2019	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing within 1 Year	-	-	8.15%	50,00.00
Total				50,00.00

Details of Loans repayable on demand from banks (Secured)

From Balance sheet Date	As at March 31, 2020		As at March 31, 2019	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing within 1 Year	7.70% to 9.60%	2494,00.00	8.50% to 10.25%	2645,00.00
Total		2494,00.00		2645,00.00

Details of Cash credit facilities (Secured)

From Balance sheet Date	As at March 31, 2020		As at March 31, 2019	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing within 1 Year	8.80% to 10.90%	218,76.11	8.30% to 10.90%	1304,71.48
Total		218,76.11		1304,71.48

Note 18

Subordinated Liabilities (at amortised cost)

Particulars	As at March 31, 2020		As at March 31, 2019	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
(a) Perpetual Debt Instruments to the extent that do not qualify as equity (unsecured)	373,77.72	373,37.36		
(b) Privately placed subordinated unsecured redeemable, non-convertible debentures	1640,74.62	1629,17.56		
Total (A)	2014,52.34	2002,54.92		
i. Debt securities in India	2014,52.34	2002,54.92		
ii. Debt securities outside India	-	-		
Total (B)	2014,52.34	2002,54.92		

Details of Subordinated liabilities in the nature of Tier II unsecured redeemable non-convertible debentures

From Balance sheet Date	As at March 31, 2020		As at March 31, 2019	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Issued on private placement basis				
Repayable on Maturity:				
Maturing beyond 5 Years	8.35% to 10.25%	800,00.00	8.35% to 10.60%	735,00.00
Maturing between 3 Years to 5 Years	9.70% to 10.60%	390,10.00	9.85% to 11.00%	245,50.00
Maturing between 1 year to 3 Years	10.46% to 11.00%	244,85.00	10.70% to 11.00%	365,45.00
Maturing within 1 Year	10.70%	211,00.00	10.75% to 10.90%	288,95.00
Total Face Value		1645,95.00		1634,90.00
Less: Unamortised borrowing cost		5,20.38		5,72.44
Total Amortised cost		1640,74.62		1629,17.56

Details of Subordinated liabilities in the nature of unsecured non-convertible Perpetual Debentures*

Particulars	(Rs. in Lakhs)	Face Value (Rs.)
11.35% TMFL Perpetual "A" FY 2010-11	150,00.00	5 lakhs
11.50% TMFL Perpetual "A" FY 2012-13	26,90.00	5 lakhs
11.25% TMFL Perpetual "B" FY 2012-13	73,10.00	5 lakhs
11.03% TMFL Perpetual "A" FY 2013-14	52,70.00	10 lakhs
11.33% TMFL Perpetual "B" FY 2013-14	22,30.00	10 lakhs
11.10% TMFL Perpetual "A" FY 2014-15	50,30.00	10 lakhs
	375,30.00	
Less: Unamortised Borrowing Cost	1,52.28	
	373,77.72	

*Redemption period is not applicable as the NCDs are perpetual. The Company has a call option which can be exercised, after the prior approval of the Reserve Bank of India, at the expiry of 10 years from the date of allotment and at the end of every month thereafter. In case of non-exercise of the option at the expiry of 10 years from the date of allotment, coupon rate will be increased by 50 bps.

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Note 19

Other financial liabilities

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Interest accrued on borrowings	169,34.09	169,38.54
Payable for assigned receivables	158,62.98	37,41.49
Deposits	5,20.39	44.92
Lease liability for right of use assets	52,06.78	-
Others	76,21.14	13,51.45
Total	461,45.38	220,76.40

Note 20

Provisions

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	9,22.61	8,97.92
Provision for Indirect taxes	66,11.94	111,99.99
Provision for consumer disputes	1,41.11	3,23.46
Total	76,75.66	124,21.37

Movement of provisions during the year as required by Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Asset"

(a) Provision for Indirect taxes

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Opening Balance	-	-
Add : Provision during the year	111,99.99	111,99.99
Less : Utilisation/reversal during the year	45,88.05	-
Closing Balance	66,11.94	111,99.99

(b) Provision for consumer disputes

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Opening Balance	-	-
Add : Provision during the year	3,23.46	56.45
Less : Utilisation/reversal during the year	1,41.11	3,04.85
Closing Balance	3,23.46	37.84
	1,41.11	3,23.46

Note 21

Other non-financial liabilities

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Statutory Dues	25,08.65	29,54.83
Others	29,34.50	29,00.71
Total	54,43.15	58,55.54

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Note 22A

Equity Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹	Number	₹
Authorised				
Equity Shares of Rs.100 each with voting rights	12,00,00,000	1200,00.00	15,00,00,000	1500,00.00
		1200,00.00		1500,00.00
Issued, Subscribed and Fully Paid up				
Equity Shares of Rs.100 each	6,08,27,689	608,27.69	5,83,84,693	583,84.69
Total		608,27.69		583,84.69

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2020		As at March 31, 2019	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	5,83,84,693	583,84.69	5,38,73,415.00	538,73.42
Shares Issued during the year	24,42,996	24,43.00	45,11,278.00	45,11.27
Shares outstanding at the end of the year	6,08,27,689	608,27.69	5,83,84,693	583,84.69

b) Details of shares held by holding company and its subsidiaries:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of Issued Share Capital	No. of shares	% of Issued Share Capital
A. Equity shares with voting rights				
Holding Company				
TMF Holdings Limited	5,90,05,673	97.00	5,65,62,677	96.88
Subsidiaries of holding company				
Tata Motors Finance Solutions Limited	18,22,016	3.00	18,22,016	3.12

c) Details of shares held by each shareholder holding more than 5 percent of the issued share capital:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of Issued Share Capital	No. of shares	% of Issued Share Capital
Equity Share with voting rights				
TMF Holdings Limited	5,90,05,673	97.00	5,65,62,677	96.88

d) Terms / rights attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The voting rights of an equity shareholder on a poll are in proportion to its share of the paid-up equity capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of the equity shares held.

e) Distributions

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend on ordinary equity shares declared and paid:		
Interim dividend for 2019-20: Rs. Nil per share (For 2018-19 Rs. 3 per share (3%))	-	17,51.54
Dividends not recognised at the end of the reporting year:		
Final dividend for 2019-20: Rs. Nil per share (For 2018-19 Rs. 6.05 per share (6.05%))	-	35,32.27

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Note 22B

Instruments entirely equity in nature

(i) Perpetual Debt

(₹ in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Rs.	Number	Rs.
Balance as at beginning of the year	-	-	-	-
Increase during the year	2,500.00	250,00.00	-	-
Balance as at end of the year	2,500.00	250,00.00	-	-

The Company had issued 2,500 perpetual securities of face value of Rs. 10 lakhs each during the year. These securities are perpetual in nature with no maturity or redemption and are callable only at the option of the Company. The distribution on these securities are 11.50% p.a. respectively, with a step up provision if the securities are not called after 10 years. The payment of any Coupon may be cancelled or suspended at the discretion of the Board of Directors.

The Coupon on the Debentures shall not be cumulative except where the Issuer shall not be liable to pay Coupon and may defer the payment of Coupon, if

i. its capital to risk assets ratio ("CRAR") is below the minimum regulatory requirement prescribed by RBI; or

ii. the impact of such payment results in the issuer's CRAR falling below or remaining below the minimum regulatory requirement prescribed by Reserve Bank of India;

As these securities are perpetual in nature and the Company does not have any redemption obligation, these have been classified as equity.

Note 22C

Equity Component of Compound Financial Instrument

(₹ in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Rs.	Number	Rs.
Authorised				
Preference shares of Rs.100 each	8,00,00,000	800,00.00	5,00,00,000	500,00.00
		800,00.00		500,00.00
Issued, Subscribed and Fully Paid up				
Equity portion of cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	5,38,00,000	286,11.44	5,38,00,000	286,11.44
Equity portion of non-cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	1,85,00,000	185,00.00	1,85,00,000	185,00.00
Total	7,23,00,000	471,11.44	7,23,00,000	471,11.44

a) Reconciliation of the CCPS outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	7,23,00,000	471,11.44	3,75,00,000	206,83.85
Shares Issued during the year	-	-	3,48,00,000	264,27.59
Shares outstanding at the end of the year	7,23,00,000	471,11.44	7,23,00,000	471,11.44

b) Details of CCPS held by holding company and its subsidiaries:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of holding	No. of shares	% of holding
TMF Holdings Limited	33,500,000	46.33	33,500,000	46.33

c) Details of Compulsorily Convertible Preference Shares (CCPS) held by each shareholder holding more than 5% of Shares:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% of holding in that class of shares	Number of shares held	% of holding in that class of shares
TMF Holdings Limited	3,35,00,000	46.33	3,35,00,000	46.33
Aditya Birla Finance Limited	1,00,00,000	13.83	1,00,00,000	13.83
Kotak Mahindra Prime Limited	50,00,000	6.92	50,00,000	6.92

d) Terms / rights attached to preference shares:

The holders of the CCPS are entitled for dividend on a yearly basis, in preference to the equity shareholders of the Company, subject to applicable law, availability of profits of the Company, after provision for depreciation. The CCPS shall fully and mandatorily be converted into equity shares of the Company on the date falling at the expiry of 7 years from the CCPS allotment date. Fractional equity shares, if any, arising on conversion of the CCPS shall be disregarded.

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Notes forming part of financial statements for the year ended March 31, 2020

Conversion details for Compulsorily convertible preference share (CCPS) is as follows-

Particulars	Nominal Value	Conversion Date	Conversion Ratio
8.2% Cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	225,00.00	31-Mar-24	2.89 : 1
8.2% Cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	150,00.00	31-Mar-25	3.175 : 1
10% Cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	163,00.00	12-Jun-25	3.175 : 1
10% Non-cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	185,00.00	18-Sep-25	3.175 : 1

e) Distributions

The Board of Directors has recommended a final dividend of Rs. 10 per share (10%) on Non cumulative, non-participating Compulsorily convertible preference share of Rs. 100 each, subject to approval of the members of the Company at the forthcoming annual general meeting. The Company has paid an interim dividend of Rs. 8.2 per share (8.2%) and Rs. 10 per share (10%) on Cumulative, non-participating Compulsorily convertible preference share of Rs. 100 each on March 27, 2020.

Note 22D

(1) Other components of equity

(1) The movement of Equity Instruments through Other Comprehensive Income (OCI) is as follows :-

Particulars	[₹ in lakhs]	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	17,02.31	11,74.64
Other comprehensive income for the year	(17,27.01)	5,27.67
Balance at the end of the year	(24.70)	17,02.31

(2) The movement of Hedging Reserve is as follows :-

Particulars	[₹ in lakhs]	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	-	-
Gain/(loss) recognised on cash flow hedges	71,27.48	82,93.75
Gain/(loss) reclassified to profit or loss	(120,61.34)	(82,93.75)
Balance at the end of the year	(49,33.86)	-

(3) The movement of Cost of Hedging Reserve is as follows :-

Particulars	[₹ in lakhs]	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	(3,77.10)	-
Gain/(loss) recognised on cash flow hedges - Gain/(Loss)	9,53.52	(3,77.10)
Gain/(loss) reclassified to profit or loss	(4,07.79)	-
Balance at the end of the year	1,68.63	(3,77.10)

(4) The movement of Debt Instruments through other comprehensive income is as follows :-

Particulars	[₹ in lakhs]	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	-	-
Gain/(loss) on fair value of Debt instruments (net of ECL and tax effects)	88,62.92	-
Balance at the end of the year	88,62.92	-

(5) Summary of Other components of equity :-

Particulars	[₹ in lakhs]	
	Year ended March 31, 2020	Year ended March 31, 2019
Equity instruments through other comprehensive income	(24.70)	17,02.31
Hedging Reserve	(49,33.86)	-
Cost of hedging reserve	1,68.63	(3,77.10)
Debt instruments through other comprehensive income	88,62.92	-
Total	40,72.99	13,25.21

(II) Notes to reserves

(1) Special reserve

As per Section 45-1C of Reserve Bank of India Act, 1934 every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by the Reserve Bank of India from time to time and every such appropriation shall be reported to the Reserve Bank of India within twenty-one days from the date of such withdrawal.

(2) Capital redemption reserve

The Indian Companies Act, 2013 (the "Companies Act") requires that where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the company, in paying up unissued shares of the company to be issued to shareholders of the company as fully paid bonus shares.

(3) Securities Premium Account

The amount received in excess of face value of the equity shares is recognised in Securities Premium Account. Also, issue expenses in respect of new equity infusion & CCP5 infusion is recognised in Securities Premium Account.

(4) Capital reserve

The Capital Reserve represents the compensating reversal adjustment relating to amortisation of discount on the Zero Coupon Debentures which were charged against the Securities Premium Reserve earlier which is not allowed as per the Companies Act, 2013. This separate reserve head is created based on the FAQ issued by the Ind AS Transition Facilitation Group.

(5) General reserve

The Company has transferred a portion of net profit of the Company before declaring dividend to General Reserve pursuant to the earlier provision of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

(6) Retained earnings

Retained earnings are the profits that the Company has earned till date.

(7) Equity instrument through OCI

It represents the cumulative gains/(losses) arising on the revaluation of Equity Shares measured at fair value through OCI.

(8) Hedging Reserve through OCI

It represents the effective portion of the fair value of forward contracts, designated as cash flow hedge.

(9) Cost of hedge reserve

Fair value gain/(loss) attributable to cost of hedge on all financials instruments designated in cash flow hedge relationship are accumulated in cost of hedge reserve

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Note 23

Interest income

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Assets measured at Amortised Cost		
Interest on Loans*		
Interest on deposits with Banks	3178,55.77	2940,38.88
Other interest Income	96,35.07	58,14.78
	16,03.41	51.25
On Financial Assets measured at FVOCI		
Interest on Loans	154,48.00	-
Total	3445,42.25	2999,04.91

*Includes Excess interest spread recognized upfront on direct assignment transactions.

Note 24

Net gain on fair value changes

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Net gain/ (loss) on financial instruments at fair value through profit or loss		
Total	61,03.35	17,36.26
Fair Value changes:	61,03.35	17,36.26
- Realised		
- Unrealised	81,40.71	15,70.52
Total	(20,37.36)	1,65.74
	61,03.35	17,36.26

Note 25

Other income

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Support services income		
Balances written back	123,46.09	96,66.56
Miscellaneous income	33,00.15	12,66.86
Total	2,81.79	4,19.48
	159,28.03	113,52.90

Note 26

Finance Costs (on financial liabilities measured at amortised cost)

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on Borrowings		
Interest on Debt Securities	1631,46.89	1024,30.71
Interest on Subordinated Liabilities	607,84.48	820,10.45
Interest expense on lease liability	232,25.76	190,86.35
Other Finance Charges	4,60.59	-
Total	3,59.94	5,29.93
	2479,77.66	2040,57.44

Note 27

Impairment on financial instruments and other assets

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
Loans (at amortised cost)				
- Allowance for loan losses		(199,13.75)		(102,18.71)
- Loans written off (net of recoveries of Rs. 81,58.88 lakhs for the year ended March 31, 2020; Rs 95,64.99 lakhs for year ended March 31, 2019)	810,28.05		398,60.93	
Less: Delinquency support	(19,97.30)	790,30.75	(9,88.84)	388,72.10
Loans (at FVOCI)				
- Allowance for loan losses		16,88.98		-
Other assets				
- Allowance for doubtful assets		(3,70.76)		(66.49)
- Balances written off		3.16		-
Total		604,38.38		285,86.90

Note 28

Employee Benefit Expenses

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
Salaries		220,51.59		255,69.88
Contribution to provident and other funds		14,65.33		14,47.48
Staff welfare expenses		12,79.97		14,53.23
Total		247,96.89		284,70.59

Note 29

Other expenses

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
Rent, taxes and energy costs		14,21.17		33,69.14
Repairs and maintenance		2,51.11		4,65.99
Corporate social responsibility expense (refer note (ii))		3,38.61		2,12.28
Communication Costs		6,67.52		7,71.69
Printing and stationery		2,33.53		2,94.68
Advertisement and publicity		3,56.33		3,58.00
Director's fees, allowances and expenses		33.10		1,19.40
Auditor's fees and expenses (refer note (i))		86.16		102.37
Legal and professional charges		66,95.87		64,95.83
Credit risk & other insurance		32,38.19		9,13.39
Incentive/commission		50,29.32		84,86.57
Service provider fees		156,60.03		144,58.18
Net loss on derecognition of property, plant and equipment		38.23		12.40
Convat credit reversals		43,95.68		43,74.27
Others		60,40.78		79,30.70
Total		444,85.63		483,64.89

(i) Auditors' remuneration (excluding taxes):

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
As auditors - statutory audit		65.99		81.99
Tax audit		6.92		7.27
For other services*		67.93		4.22
Reimbursement of out of pocket expenses		6.60		8.89
Total		1,47.44		1,02.37

* Includes the payments made to auditors in 2019-20 of Rs.61.28 lakhs in relation to future issuance of foreign currency Bonds which has not been recognized in Statement of Profit & Loss account.

(ii) Corporate social responsibility

Corporate social responsibility expenses are spent towards various schemes of Corporate Social Responsibility (CSR) as prescribed under Section 135 of the Companies Act, 2013. No amount has been spent on construction / acquisition of an asset of the Company. The prescribed CSR expenditure required to be spent in the year 2019-20 as per the Companies Act, 2013 is Rs. 92.64 lakhs (Rs. 68.88 in 2018-19) in view of average net profits of the Company being Rs. 46,31.94 lakhs (2018-19 Rs. 34,44.00 lakhs) under section 198 of the Act for three immediately preceding financial years.

Note 30**Earnings per share**

Basic and diluted earnings per equity share are computed in accordance with Ind AS 33 – Earnings per share. Basic earnings per equity share are computed by dividing the net profit attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year (including Ordinary shares that will be issued upon conversion of a mandatorily convertible instrument).

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Company (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table sets forth, for the years indicated, the computation of earnings per share.

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Basic		
Weighted average no. of equity shares outstanding	8,37,04,134	7,39,01,649
Net profit attributable to equity share holders	59,15.92	203,87.66
Basic earnings per share (Rs.) *	7.07	27.59
Diluted		
Weighted average no. of equity shares outstanding	8,37,04,134	7,39,01,649
Net profit attributable to equity share holders	59,15.92	203,87.66
Diluted earnings per share (Rs.)	7.07	27.59
Face value per share (Rs.)	100	100

*The basic earnings per share has been restated for the effects of the compulsorily convertible preference shares for the year ended March 31, 2019 from Rs. 37.65 per share to Rs. 27.59 per share as required by Ind AS 33 - Earnings Per Share.

Note 31**Segment reporting**

The Company is primarily engaged in the business of financing and there are no separate reportable operating segments identified as per the Ind AS 108 - Segment Reporting.

Note 32**Contingent liabilities and commitments :-****1 Contingent liabilities to the extent not provided for:****a) Claims against the company not acknowledged as debts:**

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
In respect of value added tax and entry tax matters	-	1,12.70
In respect of service tax matters	-	60,99.05
In respect of consumer disputes	36,00.34	28,45.53
In respect of bonus under the Payment of Bonus (Amendment) Act, 2015	26.15	26.15
Total	36,26.49	90,83.43

b) Bank guarantee for which the Company is contingently liable:

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
In respect of guarantees given by banks for Income tax matters	99.00	99.00

c) The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

Pending the outcome of the review petition and directions from the EPFO, the impact for past periods, if any, is not ascertainable and consequently no financial effect has been provided for in the financial statements. As a matter of caution, the Company has complied with the aforesaid order on a prospective basis from the date of the SC order. The Company will reassess the position on receiving any further update or clarity on the subject.

2 Commitments:**Capital commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹. 4,28.38 lakhs (as at March 31, 2019: ₹.6,18.37 lakhs)

Other commitments

a) Loan commitment towards vehicle financing ₹. 2,10.25 lakhs (as at March 31, 2019: ₹. 44.54 lakhs)

b) Commitment for Investment ₹. 1,85.86 lakhs (as at March 31, 2019: ₹.2,06.73 lakhs)

Note 33

Related party disclosures

(I) Related parties and their relationship (as defined under IndAS-24 Related Party Disclosures)

(A) Parties where the control exists:

- Ultimate Holding Company: Tata Motors Limited
- Holding Company: TMF Holdings Limited

(B) Other Related Parties with whom transactions have taken place during the year

(i) Fellow subsidiaries, associates and joint arrangements within the Group

- Tata Motors Finance Solutions Limited
- Concorde Motors (India) Limited
- Tata Technologies Limited
- Tata Precision Industries (India) Limited
- Automobile Corporation of Goa Limited
- TML Distribution Company Limited
- Tata Motors Insurance Broking & Advisory Services Limited

(ii) Tata Sons and its subsidiaries and joint arrangements

- Tata Sons Private Limited
- Tata Limited
- Infiniti Retail Limited
- Tata Capital Limited
- Tata Capital Financial Services Limited
- Tata Capital Housing Finance Limited
- Tata Consultancy Services Limited
- Tata International Limited
- Tata AIG General Insurance Company Limited
- Tata Teleservices Limited
- Tata Teleservices (Maharashtra) Limited
- Tata International DLT Private Limited

(iii) Relatives of Key Management personnel

- Ms. Sonu Mani - Non Executive Director Spouse

(iv) Post Employment Benefit Plans

- Tata Motors Finance Limited Employees Gratuity Trust

(C) Key Management personnel :

- Mr. Samrat Gupta - Chief Executive Officer
- Mr. Anand Bang - Chief Financial Officer
- Mr. Naseer Munjee - Chairman & Independent Director (Non-Executive Director upto March 02, 2020)
- Ms. Vedika Bhandarkar - Independent Director
- Mr. Hoshang Sinor - Independent Director (upto December 05, 2019)
- Mr. P. D. Karkaria - Independent Director
- Mr. P. B. Balaji - Non-Executive Director
- Mr. Shyam Mani - Non Executive Director
- Mr. Mayank Pareek - Non-Executive Director
- Mr. Girish Wagh - Non-Executive Director

(ii) Transactions/Balances with Related parties

The following table summarizes related-party transactions for the year ended March 31, 2020 and balances as at March 31, 2020

('₹ in lakhs)

Particulars	Ultimate Holding Company	Holding Company	Other Related Parties	Total
a) Transactions during the year				Total
Income related to financing activities	450,82.47		-	450,82.47
Interest income on loans and investments	-	13,53.20	2,50.21	16,03.41
Dividend income			3,60.42	3,60.42
Rent Income	1,22.93		2,04.11	3,27.04
Other Income	1,10.63		-	1,10.63
Interest income on loans and investments	35.98		4.38	40.36
Amount received towards reimbursement of expenses	2.39		39.04	41.43
Service charges income		91.89	78,16.02	79,07.91
Expenses for support services (incl. reimbursement of expenses)	1,74.01		36,46.42	38,20.43
Interest Expenses		59,08.76	55.00	59,63.76
Rent Expenses (refer note (i))	29.93	5,59.61	-	5,89.54
Dividend paid		77,32.04	1,10.23	78,42.27
Other Expenses			2,22.34	2,22.34
Purchase of fixed assets	31,71.47		3,21.42	34,92.89
Loans and advances given		1860,00.00	350,00.00	2210,00.00
Loans and advances recovered		1620,00.00	350,00.00	1970,00.00
Recoveries from employee benefit trust			5,36.04	5,36.04
Proceeds against investments			4,49.98	4,49.98
Issue of share capital (including share premium)		150,00.00	-	150,00.00
Debt proceeds		300,00.00	-	300,00.00
b) Balances as at				Total
Receivable - loans and Advances	-	240,00.00	-	240,00.00
Other Receivables	160,38.13		1,23.98	161,62.11
Payables - Borrowings & debt securities	-	650,00.00	5,00.00	655,00.00
Other Payables	-	31,58.88	4,43.53	36,02.41

Note (i) : Company has entered into various lease rent agreement with Ultimate Holding Company as a lessee which meets the Lease definition as per Ind AS 116. Accordingly, the Company has recognized the Right of use assets and corresponding lease liability on date of transition i.e April 01, 2019. Rent expenses includes Rs. 24.98 lakhs (excl. taxes) which has been adjusted against the outstanding lease liability in accordance with Ind AS 116.

The following table summarizes related-party transactions for the period ended March 31, 2019 and balances as at March 31, 2019

Transactions	Ultimate Holding Company	Holding Company	Other Related Parties	Total
(₹ in lakhs)				
a) Transactions during the year				Total
Income related to financing activities	176,49.09		-	176,49.09
Interest income on loans and investments		48.16	90.00	1,38.16
Dividend income			2,52.05	2,52.05
Rent Income	3,42.76		1,65.45	5,08.21
Other Income	1,77.00		-	1,77.00
Amount received towards reimbursement of expenses		91.76	1,25.26	2,17.02
Service charges income	4.59		22,10.40	22,14.99
Expenses for support services (incl. reimbursement of expenses)	1,12.26		33,85.81	34,98.07
Interest Expenses	3.08	27,53.14	5,14.10	32,70.32
Reim. Expenses	35.95	6,87.29	-	7,23.24
Dividend paid		93,18.79	3,02.59	96,21.38
Processing Fees	10.22		0.13	10.35
Other expenses			7,16.52	7,16.52
Commission expenses			5,04.54	5,04.54
Purchase of fixed assets	97.53		66.99	1,64.52
Loans and advances given	150,00.00	440,00.00	-	590,00.00
Loans and advances recovered	150,00.00	440,00.00	-	590,00.00
Recoveries from employee benefit trust			2,12.85	2,12.85
Investments made		370,00.00	-	370,00.00
Security deposit refunded	2,35.00		-	2,35.00
Issue of share capital (including share premium)		300,00.00	-	300,00.00
Debt proceeds		150,00.00	-	150,00.00
Loans and advances taken / availed		2840,00.00	2570,00.00	5410,00.00
Loans and advances repaid		2890,00.00	2570,00.00	5460,00.00
b) Balances as at				Total
Receivable - loans and Advances			3,50.00	3,50.00
Other Receivables	36,76.52		90.57	37,67.09
Payables - Borrowings & debt securities		350,00.00	-	350,00.00
Other Payables		6,07.41	669,25.09	675,32.50

Transactions and balances with Key Management personnel and their relatives

	(₹ in lakhs)	
a) Transactions during the year	For year ended March 31, 2020	For year ended March 31, 2019
Interest paid on unsecured perpetual debentures	4.54	4.54
b) Balances as at	As at March 31, 2020	As at March 31, 2019
Net payable - Unsecured perpetual debentures	40.00	40.00

(c) Key management personnel remuneration

	(₹ in lakhs)	
Particulars	For year ended March 31, 2020	For year ended March 31, 2019
Short term employee benefits (refer notes below)	6,68.29	4,66.51

(i) Expenses towards provision for gratuity and leave encashment which are determined on actuarial basis at an overall Company level are not included in the above information.

(ii) Includes sitting fees paid to non-executive directors is Rs. 33.10 lakhs and Rs. 1,19.40 lakhs for the year ended March 31, 2020 and 2019, respectively.

Note 34

Employee benefit obligations

a) Defined contribution plans

Superannuation fund

The Company makes contribution towards superannuation fund, a defined contribution retirement plan for qualifying employees. The Superannuation Fund is administered by the Trustees of the Tata Motors Limited Superannuation Fund. The Company is liable to pay to the superannuation fund to the extent of the amount contributed. The Company recognise such contribution as an expense in the year of contribution.

The amounts contributed in current year of Rs. 1,05.25 lakhs (previous year Rs. 1,10.63 lakhs) has been recognised in the Statement of Profit and Loss.

b) Defined benefit plans

Provident fund

In accordance with Indian law, eligible employees of Company 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 contributions, except the employer's contribution towards pension fund paid to the Regional Provident Fund office, as specified under the law, are made to the provident fund set up as an irrevocable trust by Tata Motors Limited. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation.

Given the prescribed investment pattern, most investment of provident fund have historically been in debt securities, which were giving secure returns. However, during the year ended March 31, 2020, with a ratings downgrade and potential bond default of some of the biggest companies, the total liability principal and interest guarantee has been actuarially valued as a defined benefit.

The amounts contributed in current year towards provident fund Rs. 5,70.72 lakhs (previous year Rs. 5,62.18 lakhs) and towards pension fund Rs. 3,32.61 (previous year Rs. 2,47.80 lakhs) has been recognised in the Statement of Profit and Loss. Contribution towards provident fund of Rs. 16.46 lakhs has been recognized in Other Comprehensive Income.

The following tables set out the funded status of the defined benefit provident fund plan and the amounts recognized in the Company's financial statements as at March 31, 2020.

	(₹ in lakhs)
Change in benefit obligations:	As at March 31, 2020
Defined benefit obligations at the beginning	128,04.95
Service cost	5,93.91
Employee contribution	11,88.65
Acquisitions (credit) / cost	(24.61)
Interest expense	10,97.81
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	10.12
Benefits paid	(13,83.64)
Defined benefit obligations at the end	142,87.19

	As at March 31, 2020
Change in plan assets:	
Fair value of plan assets at the beginning	128,64.38
Acquisition Adjustment	(24.61)
Interest income	11,21.00
Return on plan assets excluding amounts included in interest income	1,67.12
Contributions (employer and employee)	17,75.83
Benefits paid	(13,83.64)
Fair value of plan assets at the end	145,20.08

	As at March 31, 2020
Amount recognised in the balance sheet consists of	
Present value of defined benefit obligation	142,87.19
Fair value of plan assets	145,20.08
Effect of asset ceiling	(2,32.89)
Net liability	-

	Year ended March 31, 2020
Amount recognised in the Statement of Profit and Loss:	
Current service cost - Employer	5,93.91
Net interest on net defined benefit liability / (asset)	(23.19)
Cost recognised in P&L	5,70.72

	Year ended March 31, 2020
Amount recognised in Other Comprehensive Income (OCI):	
Actuarial (gain)/loss due to DBO experience	10.12
Actuarial (gain)/loss due to DBO assumption changes	-
Actuarial (gain)/loss arising during period	10.12
Return on plan assets (greater)/less than discount rate	(1,67.12)
Actuarial (gains)/ losses recognized in OCI	(1,57.00)
Adjustment for limit on net asset	1,73.46
Cumulative Actuarial (Gain) or Loss Recognized via OCI at Current Period End	16.46

The assumptions used in determining the present value obligation of the Provident Fund is set out below:

Particulars	As at March 31, 2020
Discount rate	6.90%
Expected rate of return on plan assets	8.60%
Remaining term to maturity of portfolio	14 years

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The breakup of the plan assets into various categories as at March 31, 2020 is as follows:

Particulars	As at March 31,	
	2020	
Central and State government bonds	46.18%	
Public sector undertakings and Private sector bonds	34.74%	
Equity shares of listed Companies	3.44%	
Cash (including Special Deposits)	12.95%	
Others	2.69%	
Total	100.00%	

The asset allocation for plan assets is determined based on investment criteria prescribed under the relevant regulations

As at March 31, 2020, the defined benefit obligation would be affected by approximately ₹ 5,61.86 lakhs on account of a 0.50% decrease in the expected rate of return on plan assets.

Gratuity

The gratuity defined benefit plan is a funded plan and the Company makes contributions to the Tata Motors Finance Limited Employees Gratuity Trust for funding the defined benefit gratuity plan for qualifying 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.

The following table sets out the funded and unfunded status and the amounts recognised in the financial statements for the gratuity plans

a) Changes in defined benefit obligations	As at March 31	
	2020	2019
	(₹ in lakhs)	
Defined benefit obligation, beginning of the year	39,08.24	36,92.41
Current service cost	4,04.65	4,73.71
Interest cost	2,79.52	2,71.35
Remeasurement (gains) / losses		
Actuarial (gain) / losses arising from change in financial assumptions	(90.31)	(1,54.88)
Actuarial (gain) / losses arising from change in demographic assumptions	(41.47)	(1,22.40)
Actuarial (gain) / losses arising from change in experience adjustments	(1,06.00)	36.50
Transfer between Subsidiaries		48.34
Benefits paid from plan assets	(5,56.27)	(3,36.79)
Defined benefit obligation, end of the year	37,98.36	39,08.24

b) Changes in plan assets	As at March 31	
	2020	2019
	(₹ in lakhs)	
Fair value of plan assets, beginning of the year	39,80.46	38,26.02
Interest Income on Plan Assets	2,85.08	2,81.64
Remeasurement gains / (losses)		
Return on plan assets, (excluding amount included in net interest expense)	(5.21)	1,61.25
Transfer in/(out) of assets		48.34
Benefits paid	(5,56.27)	(3,36.79)
Fair value of plan assets, end of the year	37,04.06	39,80.46

c) Amount recognised in balance sheet consists of:	As at March 31	
	2020	2019
	(₹ in lakhs)	
Present value of defined benefit obligation	(37,98.36)	(39,08.24)
Fair value of plan assets	37,04.06	39,80.46
Net Assets/ (Liability)	(94.30)	72.22

d) Amount recognised in the Statement of Profit and Loss:	As at March 31	
	2020	2019
	(₹ in lakhs)	
Current Service Cost	4,04.65	4,73.71
Interest on Defined Benefit Obligations (Net)	(5.56)	(10.29)
Net Charge to the Statement of Profit and Loss	3,99.09	4,63.42

e) Amount recognised in Other Comprehensive Income(OCI) for the year:	As at March 31	
	2020	2019
	(₹ in lakhs)	
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/(income)	5.21	1,61.25
Actuarial (gain) / losses arising from change in demographic assumptions	(41.47)	1,22.40
Actuarial (gain) / losses arising from change in financial assumptions	(90.31)	1,54.88
Actuarial (gain) / losses arising from change in experience adjustments	(1,06.00)	(36.50)
Net Impact on the other comprehensive income before tax	(2,32.57)	4,02.03

Notes forming part of financial statements for the year ended March 31, 2020

(₹ in lakhs)

f) The fair value of Company's Gratuity plan asset by category	As at	As at
	March 31, 2020	March 31, 2019
Asset Category		
- Government securities (quoted)	-	-
- Debt instruments (quoted)	-	-
- Debt instruments (unquoted)	-	-
- Equity shares (quoted)	-	-
- Insurer Managed Funds (unquoted)	100%	100%

g) The assumptions used in accounting for the gratuity plans are set out below:	As at	As at
	March 31, 2020	March 31, 2019
Discount rate	6.90%	7.70%
Expected return on plan assets	6.90%	7.70%
Salary Escalation rate	6% first year and 7% thereafter	8.00%
Mortality Tables	Indian Assured Lives mortality (2006-08) Ult	

(a) Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

(b) The estimates of future salary increases, considered in actuarial valuation, take into account the inflation, seniority, promotion and other relevant factors.

(₹ in lakhs)

h) The maturity profile of defined benefit obligation are set out below:	As at	As at
	March 31, 2020	March 31, 2019
Within next 12 months (next annual reporting period)	3,81.43	3,11.62
Between 1 and 5 years	16,95.44	17,73.68
Between 5 and 9 years	28,20.30	32,08.87
10 years and above	-	-

(₹ in lakhs)

i) Quantitative sensitivity analysis for significant assumptions:	As at	As at
	March 31, 2020	March 31, 2019
100 bps increase in discount rate	(2,62.24)	(2,83.43)
100 bps decrease in discount rate	2,97.17	3,22.23
100 bps increase in salary escalation rate	2,94.67	3,18.58
100 bps decrease in salary escalation rate	(2,64.92)	(2,85.53)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

j) Weighted Average Duration of Defined Benefit obligation:	As at	As at
	March 31, 2020	March 31, 2019
The weighted average duration of the defined benefit obligation	7.57 years	8 years

(₹ in lakhs)

k) The best estimate of the expected Contribution for the next year:	As at
	March 31, 2020
The Company expected contribution to the funded gratuity plans in FY 2020-21	3,81.43

l) Risk Exposure

Through its gratuity defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below :

Investment Risk: If future investment returns on assets are lower than assumed in valuation, the scheme's assets will be lower, and the funding level higher, than expected.
Change in bond yields: A decrease in yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

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Notes forming part of financial statements for the year ended March 31, 2020

Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)

Note 35A

Asset Liability Maturity Pattern of certain items of assets and liabilities

S. No.	Particulars	Period	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 month & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total	(% in lakhs)		
1	Deposits	March 31, 2020	43,09.65	18,00.71	242,83.62	180,52.91	788,84.79	14,07.00	-	-	-	1287,38.68		
		March 31, 2019	55,28.65	40,25.71	24,77.18	91,35.77	727,64.79	37,51.00	-	-	-	977,83.10		
2	Advances	March 31, 2020	589,39.14	284,01.81	450,79.34	2132,38.00	5023,59.29	12129,61.14	4835,10.79	1912,43.19	702,50.09	27357,32.70		
		March 31, 2019	825,76.14	833,83.86	1123,34.27	2472,25.73	5037,32.36	14745,71.83	4666,05.74	-	-	30406,80.02		
3	Investments	March 31, 2020	-	-	-	-	-	-	-	-	-	139,73.35		
		March 31, 2019	-	-	-	-	-	-	-	-	-	178,16.83		
4	Borrowings from banks / financial institutions	March 31, 2020	241,84.30	14,41.08	284,64.17	569,36.29	4297,44.79	5834,14.70	3455,25.09	-	-	14697,10.42		
		March 31, 2019	141,83.02	15,00.00	1586,87.50	999,95.94	5023,08.69	5058,88.07	3654,93.00	-	-	16519,06.22		
5	Market borrowings	March 31, 2020	2335,24.46	2052,43.81	1746,24.24	1196,51.70	1195,96.01	2774,79.28	708,50.05	814,26.35	825,55.14	12821,95.90		
		March 31, 2019	1635,56.72	1960,31.55	962,00.99	446,87.21	2455,72.98	3837,08.19	572,60.77	-	-	12695,73.56		

Notes:

- 1 Deposit is in the form of Fixed Deposits with Banks
- 2 Borrowings does not include Inter Corporate Deposits
- 3 Cash Credit and WCDL are shown in 6 months to 1 Year time bucket as per RBI guidelines
- 4 Market Borrowings includes Non convertible Debentures, Liability component of compound financial instruments, Commercial papers other than those subscribed by banks and Collateralised Debt Obligations

Note 35B

Capital to Risk Assets Ratio (CRAR)

The ratios calculated in accordance with the guidelines of the Reserve Bank of India, are as under:

S.No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	CRAR (%)	16.85%	15.25%
2	CRAR - Tier I capital (%)	12.87%	10.93%
3	CRAR - Tier II capital (%)	3.98%	4.32%
4	Amount of subordinated debt raised as Tier-II capital	300,00.00	250,00.00
5	Amount raised by issue of Perpetual Debt Instruments	250,00.00	-

Notes forming part of financial statements for the year ended March 31, 2020

Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)

Note 35C

Perpetual debt Instruments

(₹ in lakhs)

Sr. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1	Funds raised through perpetual debt instruments	250,00.00	-
2	Amount outstanding at the end of year	625,30.00	375,30.00
3	Percentage of amount of perpetual debt instrument of the amount of Tier I Capital	17.70% *	10.97%
4	Financial year in which interest on perpetual debt instruments is not paid on account of 'Lock-in Clause'	NIL	NIL

* Before adjusting securitisation exposure

Note 35D

Disclosure on securitisation/direct assignment of standard assets

I) Securitisation of standard assets effected in line with the revised guidelines issued by RBI, dated August 21, 2012

Sr. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1	No. of special purpose vehicles (SPVs) sponsored by the Company for securitisation transactions	17	14
2	Total amount of securitised assets as per books of the SPVs sponsored by the Company (as certified by the SPV's auditors)	4002,66.21	3140,00.33
3	Total amount of exposures retained by the company to comply with Minimum Retention Requirement (MRR) as on the date of balance sheet		
	a. Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b. On-balance sheet exposures		
	First loss	481,82.06	328,25.11
	Others	129,69.08	91,43.13
4	Amount of exposures to securitisation transactions other than MRR		
	a. Off-balance sheet exposures		
	i) Exposures to own securitizations		
	First loss	-	-
	Bank Guarantee	135,30.46	228,65.09
	Excess Interest Spread	107,36.20	-
	ii) Exposures to third party securitizations		
	First loss	-	-
	Others	-	-
	b. On-balance sheet exposures		
	i) Exposures to own securitizations		
	First loss	-	-
	Second Loss (In the Form of Fixed Deposits)	263,92.76	149,58.00
	Others	-	140,47.36
	ii) Exposures to third party securitizations		
	First loss	-	-
	Others	-	-

The above information is based on information submitted by the SPVs, which is duly submitted by the SPV's auditors.

Note: These securitisation transactions do not qualify for derecognition under Ind AS.

II) Details of Assignment transactions undertaken by applicable NBFCs

(₹ in lakhs)

Sr No	Particulars	March 31, 2020	March 31, 2019
1	No. of contracts assigned during the year	58,911	5,097
2	Aggregate value (net of provisions) of accounts sold*	5042,09.45	658,64.22
3	Aggregate consideration	5042,09.45	658,64.22
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / loss over net book value	-	-

*represents the carrying value of portfolios sold out of loans classified as amortised cost

Notes forming part of financial statements for the year ended March 31, 2020

Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)

Note 35E

Disclosure of restructured advances

Sr. No.	Type of Restructuring => Asset Classification =>		Others				
			Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1, 2019 [opening figures]	No. of Borrowers	-	4.00	12.00	-	16.00
		Amount Outstanding	-	2,73.37	4,65.72	-	7,39.09
		Provision Amount	-	15.70	2,19.74	-	2,35.44
2	Fresh restructuring during the year 2019 - 2020	No. of Borrowers	-	2.00	-	-	2.00
		Amount Outstanding	-	10.09	-	-	10.09
		Provision Amount	-	0.57	-	-	0.57
3	Upgradations to restructured standard category during the financial year	No. of Borrowers	-	(2.00)	(1.00)	-	(3.00)
		Amount Outstanding	-	(1,28.61)	(4.78)	-	(1,33.39)
		Provision Amount	-	(7.24)	(0.27)	-	(7.51)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
5	Down gradations of restructured accounts during the financial year	No. of Borrowers	-	(1.00)	1.00	-	-
		Amount Outstanding	-	(8.35)	7.57	-	(0.77)
		Provision Amount	-	(0.47)	0.76	-	0.29
6	Write offs of restructured accounts during the financial year	No. of Borrowers	-	-	(3.00)	-	(3.00)
		Amount Outstanding	-	-	(2,21.02)	-	(2,21.02)
		Provision Amount	-	-	(1,28.04)	-	(1,28.04)
7	Recovery from restructured accounts during the financial year	No. of Borrowers	-	-	(3.00)	-	(3.00)
		Amount Outstanding	-	(31.99)	(1,88.67)	-	(2,20.66)
		Provision Amount	-	(2.56)	(88.36)	-	(90.92)
8	Sale of restructured accounts during the financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
9	Restructured accounts as on March 31, 2020 [closing figures]	No. of Borrowers	-	3.00	6.00	-	9.00
		Amount Outstanding	-	1,14.52	58.82	-	1,73.34
		Provision Amount	-	6.01	3.83	-	9.83

The Company has not done any restructuring under CDR mechanism and SME Debt restructuring mechanism and hence no disclosure is required for same.

For the previous year i.e. financial year 2018-19

Sr. No.	Type of Restructuring => Asset Classification =>		Others				
			Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1, 2018 [opening figures]	No. of Borrowers	-	8.00	26.00	-	34.00
		Amount Outstanding	-	7,66.45	1,05.63	-	8,72.08
		Provision Amount	-	48.30	21.30	-	69.60
2	Fresh restructuring during the year 2018 - 2019	No. of Borrowers	-	4.00	-	-	4.00
		Amount Outstanding	-	2,73.37	-	-	2,73.37
		Provision Amount	-	15.70	-	-	15.70
3	Upgradations to restructured standard category during the financial year	No. of Borrowers	-	(2.00)	(1.00)	-	(3.00)
		Amount Outstanding	-	(2,19.85)	(0.18)	-	(2,20.03)
		Provision Amount	-	(1.90)	(0.11)	-	(2.01)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
5	Down gradations of restructured accounts during the financial year	No. of Borrowers	-	(5.00)	5.00	-	-
		Amount Outstanding	-	(4,90.69)	4,42.84	-	(47.85)
		Provision Amount	-	(45.91)	2,16.47	-	1,70.55
6	Write offs of restructured accounts during the financial year	No. of Borrowers	-	(1.00)	(2.00)	-	(3.00)
		Amount Outstanding	-	(55.90)	(6.23)	-	(62.14)
		Provision Amount	-	(0.49)	(3.81)	-	(4.30)
7	Recovery from restructured accounts during the financial year	No. of Borrowers	-	-	(16.00)	-	(16.00)
		Amount Outstanding	-	-	(76.34)	-	(76.34)
		Provision Amount	-	-	(14.10)	-	(14.10)
8	Sale of restructured accounts during the financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
9	Restructured accounts as on March 31, 2019 [closing figures]	No. of Borrowers	-	4.00	12.00	-	16.00
		Amount Outstanding	-	2,73.37	4,65.72	-	7,39.09
		Provision Amount	-	15.70	2,19.74	-	2,35.44

The Company has not done any restructuring under CDR mechanism and SME Debt restructuring mechanism and hence no disclosure is required for same.

Notes forming part of financial statements for the year ended March 31, 2020

Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)

Note 35F

Break up of 'Provisions and Contingencies' shown under the head 'Expenditure' in the Statement of Profit and Loss

(₹ in lakhs)			
S. No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1	Provision for doubtful loans and advances (others)	(3,70.76)	(66.49)
2	Provision for doubtful Loans	(182,24.77)	(102,18.71)
3	Provision made towards income tax	(29,94.74)	(66,00.00)
4	Provision on consumer disputes	(1,82.35)	2,67.01

Note 35G

Investments

(₹ in lakhs)			
S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Value of investments		
(i)	Gross value of investments		
(a)	In India	139,73.35	178,16.83
(b)	Outside India	-	-
(ii)	Provision for depreciation		
(a)	In India	-	-
(b)	Outside India	-	-
(iii)	Net value of investments		
(a)	In India	139,73.35	178,16.83
(b)	Outside India	-	-
2	Movement of provisions held towards depreciation of investments		
(i)	Opening balance	-	-
(ii)	Add: Provisions made during the year	-	-
(iii)	Less: Utilised	-	-
(iv)	Closing balance	-	-

Note 35H

Capital Market

(₹ in lakhs)			
S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	236,76.48	257,07.69
2	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	-	-
3	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
4	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
5	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
6	loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
7	bridge loans to companies against expected equity flows / issues;	-	-
8	underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
9	financing to stockbrokers for margin trading;	-	-
10	all exposures to Venture Capital Funds (both registered and unregistered)	11,06.86	19,48.45
		247,83.34	276,56.14

Notes forming part of financial statements for the year ended March 31, 2020

Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)

Note 35I

Ratings assigned by credit rating agencies and migrations of ratings in respect of all credit facilities and debt instruments during the year:

S. No.	Rating agency	Year ended	Instruments					
			Long-term bank facilities	Short-term bank facilities	Secured Non-convertible debentures	Unsecured subordinated Tier II NCDs	Commercial papers	Perpetual debt
1	CRISIL	31-Mar-20	CRISIL AA-/NEGATIVE	CRISIL A1+	CRISIL AA-/NEGATIVE	CRISIL AA-/NEGATIVE	CRISIL A1+	CRISIL A / NEGATIVE
		31-Mar-19	CRISIL AA/NEGATIVE	CRISIL A1+	CRISIL AA/NEGATIVE	CRISIL AA/NEGATIVE	CRISIL A1+	CRISIL A+ / NEGATIVE
2	ICRA	31-Mar-20	ICRA AA-/NEGATIVE	ICRA A1+	ICRA AA-/NEGATIVE	ICRA AA-/NEGATIVE	ICRA A1+	ICRA A / NEGATIVE
		31-Mar-19	ICRA AA/NEGATIVE	ICRA A1+	ICRA AA/NEGATIVE	ICRA AA/NEGATIVE	ICRA A1+	ICRA A+ / NEGATIVE
3	CARE	31-Mar-20	CARE AA-/NEGATIVE	NA	CARE AA-/NEGATIVE	CARE AA-/NEGATIVE	CARE A1+	CARE A / NEGATIVE
		31-Mar-19	CARE AA / STABLE	NA	CARE AA / STABLE	CARE AA / STABLE	CARE A1+	CARE A+ / STABLE

Note 35J

Details of financing of parent company's products

S. No.	Particulars	(₹ in lakhs)			
		As at March 31, 2020		As at March 31, 2019	
		No's	Amount	No's	Amount
1	Commercial vehicle#	1,11,391	10632,96.00	1,42,187	15977,87.00
2	Passenger vehicle#	26,520	1818,11.00	46,500	3013,49.00

#Represents financing of products of ultimate parent entity Tata Motors Limited.

Note 35K

Concentration of advances

S. No.	Particulars	(₹ in lakhs)	
		As at March 31, 2020	As at March 31, 2019
1	Total advances to twenty largest borrowers / customer	860,59.55	594,57.47
2	Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	3.10%	1.91%

Note 35L

Concentration of exposures

S. No.	Particulars	(₹ in lakhs)	
		As at March 31, 2020	As at March 31, 2018
1	Total exposure to twenty largest borrowers / customer	860,59.55	594,57.47
2	Percentage of exposures to twenty largest borrowers / customer to total exposure of the NBFC on borrowers / customer	3.10%	1.91%

Note 35M

Concentration of NPAs

S. No.	Particulars	(₹ in lakhs)	
		As at March 31, 2020	As at March 31, 2019*
1	Total exposure to top four NPA accounts (refer note below)	14,41.04	19,34.44

* Exposure to IL&FS group entities of Rs. 15,66.53 lakhs is excluded in line with National Company Law Appellate Tribunal's (NCLAT) order dated February 25, 2019 in respect of I.A No. 620 of 2019 in Company Appeal (AT) No. 346 of 2018.

Notes forming part of financial statements for the year ended March 31, 2020

Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)

Note 35N

Sector-wise NPAs (Percentage of NPAs to total advances in that sector)

S. No.	Sector	As at March 31, 2020	As at March 31, 2019
1	Agriculture and allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	0.03%	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	6.02%	3.25%
7	Other personal loans	-	-

Notes:

- (a) For the year ended March 31, 2019 exposure to IL&FS group entities of Rs. 15,04.26 lakhs is excluded for percentage of NPA in line with National Company Law Appellate Tribunal's (NCLAT) order dated February 25, 2019 in respect of I.A No. 620 of 2019 in Company Appeal (AT) No. 346 of 2018.
- (b) Percentage of Gross NPA to total advances at Company level as per RBI regulations for current and comparative years are as below :-
March 31, 2020 : 5.89%, March 31, 2019 : 2.92%

Note 35O

Customer complaints

(Numbers)			
S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No of complaints pending at the beginning of the year	284	184
2	No of complaints received during the year*	5,718	4,760
3	No of complaints redressed during the year	5,774	4,660
4	No of complaints pending at the end of the year	228	284

*complaints include legal cases lodged

Note 35P

Movement of NPAs

(₹ in lakhs)			
S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Net NPAs to net advances	5.10%	1.85%
2	Movement of NPAs (Gross)		
(i)	Opening balances	1013,56.72	1032,90.89
(ii)	Additions during the year	1467,57.03	719,04.04
(iii)	Reductions during the year	844,86.01	738,38.21
(iv)	Closing balances	1636,27.74	1013,56.72
3	Movement of Net NPAs		
(i)	Opening balances	569,87.95	570,76.35
(ii)	Additions during the year	1076,11.99	397,77.79
(iii)	Reductions during the year	240,51.18	398,66.19
(iv)	Closing balances	1405,48.76	569,87.95
4	Movement of provisions for NPAs (excluding provisions on standard assets)		
(i)	Opening balances	443,68.77	462,14.54
(ii)	Provisions made during the year	391,45.04	321,26.25
(iii)	Write-off / write-back of excess provisions	604,34.83	339,72.02
(iv)	Closing balances	230,78.98	443,68.77

(a) For the year ended March 31, 2019 exposure to IL&FS group entities of Rs. 15,04.26 lakhs is excluded for percentage of Gross NPA in line with National Company Law Appellate Tribunal's (NCLAT) order dated February 25, 2019 in respect of I.A No. 620 of 2019 in Company Appeal (AT) No. 346 of 2018.

- (b) Gross NPA and percentage of Net NPAs to net advances as per RBI regulations for current and comparative years are as below :-
Gross NPA : March 31, 2020 : Rs. 1636,27.74 lakhs, March 31, 2019 : Rs. 911,46.19 lakhs
Net NPAs to net advances : March 31, 2020 : 5.10%, March 31, 2019 : 1.52%

Notes forming part of financial statements for the year ended March 31, 2020

Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)

Note 35Q

Forward Rate Agreement / Interest Rate Swap

(₹ in lakhs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	The notional principal of swap agreements	1957,17.00	171,42.50
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	69,15.47	2,30.85
(iii)	Collateral required by the applicable NBFC upon entering into swap	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap book	69,15.47	(1,13.06)

The Company as per its risk management policy, uses foreign exchange forward and other Interest Rate Swap (IRS) to hedge the risk exposure relating to changes in foreign currency exchange rate and interest rate.

Refer note 3 for accounting policies on derivative and hedging activities and note 43 for risk management policies adopted by the Company.

Quantitative Disclosures

(₹ in lakhs)

S. No.	Particulars	March 31, 2020		March 31, 2019	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	For hedging	1957,17.00		171,42.50	
(ii)	Marked to Market Positions				
	a) Asset (+)	79,13.61	27.16	-	1,17.79
	b) Liability (-)	-	(10,25.29)	(2,30.85)	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-

Note 35R

Disclosure on Restructuring of MSME advances

RBI vide its notification DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019 has allowed a one-time restructuring of existing loans to MSMEs classified as 'standard' without any downgrade in the asset classification, subject to the prescribed conditions

The details of such restructured cases during the year is as follows

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
No. of accounts restructured	107	-
Amount	17,75.66	-

Note 36S

Disclosure on liquidity risk as per RBI notification RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(₹ in lakhs)

Sr. No.	No. of Significant Counterparties*	Amount	Percentage to Total Deposits	Percentage to Total Liabilities
1	31	20382,24.09	NA	72%

*Represents counterparties accounting for more than 1% of total liabilities

(ii) Top 20 large deposits (amount in Rs lakhs and percentage of Total Deposits) - Not Applicable

(iii) Top 10 Borrowings

(₹ in lakhs)

Amount	% of Total Borrowings
11600,29.31	42%

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Notes forming part of financial statements for the year ended March 31, 2020

Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)

(iv) Funding Concentration based on significant instrument / product

		(₹ in lakhs)	
Sr. No.	Name of the instrument/product	Amount	% to Total Liabilities
1	Term Loans (including External Commercial Borrowings)	11784,87.01	42%
2	Collateralised Debt Obligation (CDO)	4228,24.23	15%
3	Commercial Paper	4742,29.77	17%
4	Working Capital Demand Loan	2494,00.00	9%
5	Subordinated Debt	2014,52.33	7%
6	Non-Convertible Debentures	1886,94.91	7%

(v) Stock ratios

Sr. No.	Particulars	Total public funds	Total liabilities	Total assets
1	Commercial papers as a percentage of	16%	17%	15%
2	Non-convertible debentures (original maturity of less than one year) as a percentage of	none	none	none
3	Other short-term liabilities as a percentage of	34%	35%	31%

Note: Interest accrued but not due has been excluded from Borrowings/Total Public funds

(vi) Institutional set-up for liquidity risk management

Tata Motors Finance Limited (TMFL) has an Asset Liability Supervisory Committee (ALCO), a Board level Sub-committee to oversee liquidity risk management. ALCO consists of Non-Executive Director, Independent Directors, Chief Executive Officer and Group Chief Financial Officer. The ALCO meetings are held once in 3 months. TMFL has a Risk Management Committee (RMC), a sub-committee of the Board, which oversees overall risks to which the Company is exposed including liquidity risk management. ALCO's views on liquidity and asset liability management are presented to RMC for its independent review on a quarterly basis. The ALCO and RMC also updates the Board at regular intervals.

Note 36T

COVID19 Regulatory Package - Asset Classification and Provisioning in terms of RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020*

Particulars	(₹ in lakhs)
	Amount
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3;	6858,56.35
(ii) Respective amount where asset classification benefits is extended.	1056,14.66
(iii) Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5;	NA
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.	NA

* Based on the confirmations received upto May 09, 2020

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Notes forming part of financial statements for the year ended March 31, 2020

Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)

Note 35U

Disclosure on Asset Classification and Provisions as per RBI notification RBI/2019-20/170 DOR (NBFC), CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020

(₹ in lakhs)						
Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7= 4-6
Performing Asset						
Standard Asset	Stage-1	22760,15.69	132,40.80	22627,74.89	91,04.06	41,36.74
	Stage-2	3545,85.36	221,75.36	3324,10.00	14,18.34	207,57.02
Subtotal		26306,01.05	354,16.16	25951,84.89	105,22.40	248,93.76
Non-Performing Asset (NPA)						
SubStandard	Stage-3	1465,51.48	214,58.73	1250,92.75	140,66.79	73,91.94
Doubtful up to 1 Year	Stage-3	151,46.10	12,64.88	138,81.21	41,69.93	(29,05.05)
1 to 3 Years	Stage-3	8,65.90	1,97.59	6,68.31	5,10.96	(3,13.97)
More than 3 Years	Stage-3	10,64.26	1,57.77	9,06.49	8,85.60	(7,27.83)
Subtotal of Doubtful		170,76.26	16,20.24	154,56.01	55,66.49	(39,46.25)
Loss	Stage-3	-	-	-	-	-
Subtotal of NPA		1636,27.74	230,78.97	1405,48.76	196,33.29	34,45.69
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage-1	2,10.25	0.97	2,09.28	-	0.97
	Stage-2	-	-	-	-	-
	Stage-3	-	-	-	-	-
Subtotal		2,10.25	0.97	2,09.28	-	0.97
TOTAL	Stage-1	22762,25.94	132,41.77	22629,84.17	91,04.06	41,37.71
	Stage-2	3545,85.36	221,75.36	3324,10.00	14,18.34	207,57.02
	Stage-3	1636,27.74	230,78.97	1405,48.76	196,33.29	34,45.69

Note 35V

Other disclosures

- 1 No penalties were imposed by RBI and other regulators during the financial year 2019-20. (financial year 2018-19: Nil)
- 2 The Company does not have any exposure in real estate sector during the financial year 2019-20. (financial year 2018-19: Nil)
- 3 The Company has not exceeded the prudential exposure limits in respect to single borrower limit / group borrower limit during the financial year 2019-20. (financial year 2018-19: Nil)
- 4 The Company is only registered with Reserve Bank of India as a Systemically Important Non Deposit Taking Non Banking Financial Company.
- 5 The Company has not drawn down any amounts from the reserves during the financial year 2019-20 except as disclosed in Statement of Changes In Equity. (financial year 2018-19: Nil)
- 6 The Company has not sold any Financial Assets to Securitisation / Reconstruction Company for Asset Reconstruction during financial year 2019-20. (financial year 2018-19: Nil)
- 7 The Company has not purchased any non-performing financial assets during the financial year 2019-20. (financial year 2018-19: Nil)
- 8 Overseas assets (for those with joint ventures and subsidiaries abroad)
The Company does not have any joint venture or subsidiary abroad, hence not applicable
- 9 Unsecured advances
As at March 31, 2020, the amount of unsecured advances stood at Rs. 493,98.02 Lakhs (March 31, 2019: Rs. 300,71.44 Lakhs)
The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or authority

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Note 36

Fair value measurements

Financial Instruments by categories

The following table presents the carrying amounts of each category of financial assets and liabilities as at March 31, 2020:

(₹ in lakhs)						
Financial assets	Amortised cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a) Investments-other than Subsidiaries	1,90.00	60,70.44	77,12.91	-	-	139,73.35
(b) Loans	23654,42.98	3702,89.72	-	-	-	27357,32.70
(c) Trade & other receivables	247,55.01	-	-	-	-	247,55.01
(d) Cash and cash equivalents	1902,97.62	-	-	-	-	1902,97.62
(e) Other bank balances	1287,38.68	-	-	-	-	1287,38.68
(f) Other financial assets	54,74.85	-	-	-	-	54,74.85
(g) Derivative financial instruments	-	-	-	79,13.61	27.16	7,940.77
Total	27148,99.14	3763,60.16	77,12.91	79,13.61	27.16	31069,12.97

Financial liabilities	Amortised Cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a) Borrowings	18875,31.07	-	-	-	-	18875,31.07
(b) Debt securities	6629,22.94	-	-	-	-	6629,22.94
(c) Trade & other payables	255,03.94	-	-	-	-	255,03.94
(d) Subordinated liabilities	2014,52.34	-	-	-	-	2014,52.34
(e) Derivative financial instruments	-	-	-	10,25.29	-	10,25.29
(f) Other financial liabilities	461,45.38	-	-	-	-	461,45.38
Total	28235,55.67	-	-	10,25.29	-	28245,80.96

Fair value hierarchy

Set out below, is a comparison by class of carrying amounts and fair value of the Company's financial assets/liabilities, other than those with the carrying amounts that are reasonable approximations of fair values:

Particulars	(₹ in lakhs)					
	Carrying value	Fair value	As at March 31, 2020			Total
			Level 1	Level 2	Level 3	
Financial assets measured at fair value						
(a) Investments	137,83.35	137,83.35	30,20.98	-	107,62.37	137,83.35
(b) Derivative instruments	79,40.77	79,40.77	-	79,40.77	-	79,40.77
(c) Loans	3702,89.72	3702,89.72	-	-	3702,89.72	3702,89.72
Total	3920,13.84	3920,13.84	30,20.98	79,40.77	3810,52.09	3920,13.84

Particulars	(₹ in lakhs)					
	Carrying value	Fair value	As at March 31, 2020			Total
			Level 1	Level 2	Level 3	
Financial assets measured at amortised cost for which fair value is disclosed						
(a) Loans	23654,42.98	23514,23.48	-	-	23514,23.48	23514,23.48
Total	23654,42.98	23514,23.48	-	-	23514,23.48	23514,23.48

Particulars	(₹ in lakhs)					
	Carrying value	Fair value	As at March 31, 2020			Total
			Level 1	Level 2	Level 3	
Financial liabilities measured at fair value						
(a) Derivative instruments	10,25.29	10,25.29	-	10,25.29	-	10,25.29
Total	10,25.29	10,25.29	-	10,25.29	-	10,25.29

Particulars	(₹ in lakhs)					
	Carrying value	Fair value	As at March 31, 2020			Total
			Level 1	Level 2	Level 3	
Financial liabilities measured at amortised cost for which fair value is disclosed						
(a) Borrowings	4377,67.95	4459,92.21	-	4459,92.21	-	4459,92.21
(b) Debt securities	1886,93.17	1916,62.63	-	1916,62.63	-	1916,62.63
(c) Subordinated liabilities	2014,52.34	2220,04.04	-	2220,04.04	-	2220,04.04
(d) Lease liabilities (forming part of Other financial liabilities)	52,06.78	52,49.78	-	52,49.78	-	52,49.78
Total	8331,20.24	8649,08.66	-	8649,08.66	-	8649,08.66

The following table presents the carrying amounts of each category of financial assets and liabilities as at March 31, 2019:

(₹ in lakhs)						
Financial assets	Amortised cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a) Investments-other than Subsidiaries	2,89.98	77,97.45	97,29.40	-	-	178,16.83
(b) Loans	30406,80.02	-	-	-	-	30406,80.02
(c) Trade & other receivables	42,78.47	-	-	-	-	42,78.47
(d) Cash and cash equivalents	700,79.17	-	-	-	-	700,79.17
(e) Other bank balances	977,83.10	-	-	-	-	977,83.10
(f) Other financial assets	138,34.10	-	-	-	-	138,34.10
(g) Derivative financial instruments	-	-	-	-	1,17.79	1,17.79
Total	32269,44.83	77,97.45	97,29.40	-	1,17.79	32445,89.47

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Financial liabilities	Amortised cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a) Borrowings	17933,78.49	-	-	-	-	17933,78.49
(b) Debt securities	9328,45.12	-	-	-	-	9328,45.12
(c) Trade & other payables	279,30.52	-	-	-	-	279,30.52
(d) Subordinated liabilities	2002,54.92	-	-	-	-	2002,54.92
(e) Derivative financial instruments	-	-	-	2,30.85	-	2,30.85
(f) Other financial liabilities	220,76.40	-	-	-	-	220,76.40
Total	29764,85.45	-	-	2,30.85	-	29767,16.30

Fair value hierarchy

Set out below, is a comparison by class of carrying amounts and fair value of the Company's financial assets/liabilities, other than those with the carrying amounts that are reasonable approximations of fair values:

Particulars	As at March 31, 2019					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
(a) Investments	175,26.85	175,26.85	55,40.15	-	119,86.70	175,26.85
(b) Derivative instruments	1,17.79	1,17.79	-	1,17.79	-	1,17.79
Total	176,44.64	176,44.64	55,40.15	1,17.79	119,86.70	176,44.64
Financial assets measured at amortised cost for which fair value is disclosed						
(a) Loans	30406,80.02	30378,95.58	-	-	30378,95.58	30378,95.58
Total	30406,80.02	30378,95.58	-	-	30378,95.58	30378,95.58
Financial liabilities measured at fair value						
(a) Derivative instruments	2,30.85	2,30.85	-	2,30.85	-	2,30.85
Total	2,30.85	2,30.85	-	2,30.85	-	2,30.85
Financial liabilities measured at amortised cost for which fair value is disclosed						
(a) Borrowings	3573,99.43	3569,83.73	-	3569,83.73	-	3569,83.73
(b) Debt securities	3721,81.29	3788,85.86	-	3788,85.86	-	3788,85.86
(c) Subordinated liabilities	2002,54.92	2145,14.50	-	2145,14.50	-	2145,14.50
Total	9298,35.64	9503,84.09	-	9503,84.09	-	9503,84.09

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

2. 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

3. 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. This level of hierarchy include investments in certain unquoted equity shares.

There has been no transfers between level 1, level 2 and level 3 during the current year

Valuation technique used to determine fair value of financial instruments

- Derivatives are fair valued using market observable rates and published prices together with forecast cash flow information where applicable are classified in level 2.
- The fair value of loans arising from financing activities has been estimated by discounting expected cash flows using rates at which loans of similar credit quality and maturity would be made and internal assumptions such as expected credit losses and estimated collateral value as at March 31, 2020 and March 31, 2019. Since significant unobservable inputs are applied in measuring the fair value of loans arising from finance activities are classified in Level 3.
- The fair value of borrowings is estimated by discounting expected future cash flows, using a discount rate equivalent to the risk-free rate of return, adjusted for the credit spread considered by the lenders for instruments of similar maturity and credit quality are classified in level 2.
- The fair value of the long term borrowings carrying floating-rate of interest is not impacted due to interest rate changes and will not be significantly different from their carrying amounts.
- Costs of certain unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. These investments in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments at FVTOCI as the directors believes this provides a more meaningful presentation for medium or long term strategic investments, than reflecting changes in fair value immediately in profit or loss.

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- (f) Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially 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.

Fair value of financial assets/liabilities measured at amortised cost

The carrying amounts of other financial assets and other financial liabilities other than those disclosed in table above valued at level 2 and level 3 are considered to be the same as their fair values due to the short term maturities of instruments or no material differences in the values.

Reconciliation of level 3 fair value measurement is as below :

Particulars	₹ in lakhs	
	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	119,86.70	107,74.97
Additions during the year	3845,89.96	-
MTM gain/(loss) recognized in OCI	117,56.48	12,11.73
MTM gain/(loss) recognized in P&I	(10,46.26)	-
Realised during the year	(262,34.79)	-
Balance at the end of the year	3810,52.09	119,86.70

Note 37

Company as a Lessee

The Company has leases for the office premises at its PAN India branches, rented yards for repossessed vehicles and for other equipments like Gensets. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of revenue) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (refer Note 12)

Leases of rented offices are generally limited to a lease term of 2 to 12 years. Leases of rented yards generally have a lease term ranging from 5 years to 9 years. Lease payments are generally fixed however the Company has one lease arrangement where rentals are variable in nature not linked to an underlying index.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company.

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the year:

Particulars	₹ in lakhs	
	Right-of-use assets	Borrowings
	Buildings	Lease Liabilities
As at April 01, 2019	51,15.42	51,15.42
Additions	17,28.41	17,28.41
Deletions	(3,51.42)	(3,70.05)
Depreciation expense	(15,64.95)	-
Interest expense	-	4,60.59
Payments	-	(17,27.59)
As at March 31, 2020	49,27.46	52,06.78

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate.

Refer Note 43 on Financial Risk Management for maturity analysis of lease liabilities at March 31, 2020

Set out below, are the amounts recognised in profit and loss	₹ in lakhs	
	For the year ended March 31, 2020	
Depreciation expense of right-of-use assets	15,64.95	
Interest expense on lease liabilities	4,60.59	
Rent expense- Short term leases	1,47.21	
Leases of low value assets	18.15	
Variable lease payments (not being linked to any index or rate)	4,74.25	

Note 38

Company as a Lessor

The Company has given passenger and commercial vehicles under operating lease.

The Company has recognised lease rental income from leasing of these assets amounting to Rs. 32,05.46 lakhs (Previous year: 11,07.28 lakhs) in the Statement of Profit and Loss. There are no variable lease rentals recognized during the year.

Although the risks associated with rights that the Company retains in underlying assets are not considered to be significant, the Company employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Company when a property has been subjected to excess wear-and-tear during the lease term.

The undiscounted maturity analysis of future lease receivables is as follows-

Particulars	₹ in lakhs	
	As at March 31, 2020	As at March 31, 2019
Within 1 year	60,24.19	25,69.61
1-2 years	54,37.58	23,31.96
2-3 years	37,42.89	16,65.24
3-4 years	21,39.03	8,91.36
4-5 years	8,06.28	1,40.39
Total	181,49.97	75,98.56

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Note 39

Finance Lease receivables

The Company has entered into lease arrangements as a lessor that are considered to be finance leases. The Company leases vehicles and as it transfers substantially all of the risks and rewards of ownership of the assets they are classified as finance leases. The lease term for these leases are 2.5 years.

The maturity analysis of lease receivables, including the undiscounted lease payments to be received are as follows:

Particulars	₹ in lakhs	
	March 31, 2020	March 31, 2019
Less than 1 year	1,67.81	-
1-2 years	1,67.81	-
2-3 years	62.29	-
3-4 years	-	-
4-5 years	-	-
Total undiscounted lease payments receivable	3,97.91	-
Unearned finance income	(42.95)	-
Net investment in the lease	3,54.96	-

Further, Company has recognized following amounts in statement of profit and loss during the year

Particulars	₹ in lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Finance income on the net investment in the lease	10.47	-

Note 40

Assets held for sale

The Company has decided to sell a residential flat forming part of the building block which has been classified as "Assets Held for Sale" as they meet the criteria laid down under Ind AS 105- "Non-current Assets Held for Sale and Discontinued Operations". The sale is expected to be completed before the next 12 months.

The residential flat classified as held for sale during the reporting date was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. There is no impact in the statement of profit or loss as the carrying amount is lower than the fair value less costs to sell.

Note 41

Reconciliation of Movement In Borrowings to cash flows from financing activities

Particulars	₹ in lakhs				
	As at April 01, 2019	Cash flows (net)	Exchange difference	Amortisation / EIR adjustments	As at March 31, 2020
Debt securities	9328,45.12	(3161,25.62)	-	462,03.44	6629,22.94
Borrowings (Other than debt securities)	17933,78.49	802,36.76	119,15.09	20,00.73	18875,91.07
Subordinated liabilities	2002,54.92	10,55.00	-	1,42.42	2014,52.34
Total	29264,78.53	(2348,33.86)	119,15.09	483,46.60	27519,06.35

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Note 42

Maturity Analysis of Assets and Liabilities

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled

Particulars	March 31, 2020			March 31, 2019		
	Current	Non current	Total	Current	Non current	Total
I ASSETS						
1 Financial assets						
(a) Cash and cash equivalents	1902,97.62	-	1902,97.62	700,79.17	-	700,79.17
(b) Bank Balance other than cash and cash equivalents	501,07.85	786,30.83	1287,38.68	649,58.00	328,25.10	977,83.10
(c) Derivative financial instruments(assets)	27.45	79,18.32	79,40.77	-	1,17.79	1,17.79
(d) Receivables						
i. Trade receivables	187,88.70	-	187,88.70	33,87.67	-	33,87.67
ii. Other receivables	59,66.31	-	59,66.31	8,90.80	-	8,90.80
(e) Loans	12578,45.90	14778,86.80	27357,32.70	10318,00.85	20088,79.17	30406,80.02
(f) Investments	-	139,73.35	139,73.35	-	178,16.83	178,16.83
(g) Other financial assets	29,26.26	25,48.59	54,74.85	122,83.07	15,51.03	138,34.10
2 Non-financial assets						
(a) Current tax assets (net)	-	154,73.02	154,73.02	-	70,98.68	70,98.68
(b) Deferred tax assets (net)	-	157,65.31	157,65.31	-	175,31.19	175,31.19
(c) Property, plant and equipment	-	211,32.51	211,32.51	-	98,44.63	98,44.63
(d) Capital work-in-progress	-	69.70	69.70	-	26.84	26.84
(e) Other intangible assets	-	2,99.79	2,99.79	-	4,35.00	4,35.00
(f) Other non-financial assets	84,03.30	60,14.71	144,18.01	96,44.14	25,51.18	121,95.32
3 Non-current assets held for sale	3,35.68	-	3,35.68	-	-	-
Total assets	15346,99.07	16397,07.93	31744,07.00	11930,43.70	20986,77.44	32917,21.14
II LIABILITIES						
1 Financial liabilities						
(a) Derivative financial instruments(liability)	-	10,25.29	10,25.29	-	2,30.85	2,30.85
(b) Payables						
i. Trade payables						
- total outstanding dues of micro enterprises and small enterprises						
- total outstanding dues of creditors other than micro enterprises and small enterprises	233,18.28	-	233,18.28	236,58.74	-	236,58.74
ii. Other payables						
- total outstanding dues of micro enterprises and small enterprises						
- total outstanding dues of creditors other than micro enterprises and small enterprises	21,85.66	-	21,85.66	42,71.78	-	42,71.78
(c) Debt securities	6194,82.15	434,40.79	6629,22.94	7562,64.80	1765,80.32	9328,45.12
(d) Borrowings (Other than debt securities)	7984,49.76	11490,81.31	18875,31.07	7389,99.45	10543,79.04	17933,78.49
(e) Subordinated liabilities	360,90.25	1853,62.09	2014,52.34	288,88.59	1713,66.33	2002,54.92
(f) Other financial liabilities	353,07.57	108,37.81	461,45.38	213,69.63	7,06.77	220,76.40
2 Non-financial liabilities						
(a) Current tax liabilities (net)	53.31	-	53.31	51.65	-	51.65
(b) Provisions	1,37.39	75,38.27	76,75.66	1,33.84	122,87.53	124,21.37
(c) Other non-financial liabilities	54,43.14	-	54,43.14	58,55.54	-	58,55.54
Total liabilities	14604,67.51	13772,85.56	28377,53.07	15794,94.03	14155,50.83	29950,44.86
Net	742,31.56	2624,22.37	3366,53.93	(3864,50.33)	6831,26.61	2966,76.28

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Notes forming part of financial statements for the year ended March 31, 2020

Note 43

Financial risk management

The Company's activities expose it to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's risk management strategies focus on the un-predictability of these elements and seek to minimise the potential adverse effects on its financial performance. Centralised treasury department and risk management department advises on financial risks and the appropriate financial risk governance framework for the Company and provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

All hedging activities are carried out by Centralised treasury department possessing the appropriate skills, experience and supervision. The Company's policy is to hedge the exposure by taking derivative instruments and not to trade in derivatives for speculative purposes.

(A) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its

- operating activities, primarily loans arising from financing activities;
- investing activities, including primarily investments in debt securities, preference shares, equity shares and mutual fund schemes; and
- financing activities, including term deposits and balances with banks and financial institutions and other financial instruments.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure, being the total of the carrying amount of balances with banks, time deposits with banks, loans arising from financing activities, investment in debt instruments, derivative instruments, trade receivables and other financial assets excluding equity investments.

Financial assets that are neither past due or impaired

Credit risk on cash and cash equivalents and deposits with banks/financial institutions is generally low as the said deposits have been made with banks/financial institution who have been assigned high credit rating by international/domestic rating agencies.

Credit risk on derivative instruments is generally low as the Company enters into derivative contracts with reputed banks.

Investments of surplus funds are made only with internally approved financial institutions/counter party and primarily include investments in mutual funds and bank deposits.

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding the derivative contracts, trade receivables and other financial assets are neither impaired nor past due, there were no indications as at March 31, 2020, that defaults in payment obligations will occur.

J) Loans - Credit quality of financial assets and Impairment loss

Loans originate from financing activities to customers. Credit risk for loans is managed by the Company through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which the Company grants credit terms in the normal course of business. Credit risk is monitored by the credit risk department of the Company independent Risk department/function who have the responsibility for reviewing and managing credit risk.

For the loans financed to customers the Company covers/secures the credit risk associated with the loans lent to customers by creating an exclusive charge/hypothecation/security on the assets as mentioned/specified in the loan agreement with the customers.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company is in retail lending business on pan India basis.

Vehicle Finance (consisting of new Commercial Vehicles, Passenger Vehicles) is lending against security. Hypothecation endorsement is made in favour of the Company in the Registration Certificate in respect of all registerable collateral. Portfolio is reasonably well diversified across South, North, East and Western parts of the country. Similarly, sub segments within Vehicle Finance like Heavy Commercial Vehicles, Light Commercial Vehicles, Car and Multi Utility Vehicles, and Small Commercial Vehicles, leading to well diversified sub product mix.

The maximum credit exposure to any individual customer from the financing business as of March 31, 2020 was Rs. 120,15.23 lakhs lakhs (March 31, 2019: Rs. 110,39.75 lakhs).

On account of adoption of Ind AS 109, the Company uses the 3 staging Expected Credit Loss (ECL) model to assess the provision for impairment loss allowance. The model takes into account a continuing credit evaluation of Company's customers' financial condition; ageing of loans; the value and adequacy of collateral received from the customers; the Company's historical loss experience; and adjusted for forward looking information. The Company defines default as an event when there is no reasonable expectation of recovery.

The Company makes allowances for losses on its portfolio of loans on the basis of expected future collection from receivables. The future collection are estimated on the basis of past collection trend which are adjusted for changes in current circumstances as well as expected changes in collection on account of future with respect to certain macro economic factor. The Company's impairment assessment and measurement approach is set out in Note 3(xv) - Accounting policies.

The following table provides information about the credit quality of financial assets and impairment loss

The ageing of loans as of balance sheet date is given below. The ageing analysis have been considered from the due date.

Loans	(₹ in lakhs)					
	As at March 31, 2020			As at March 31, 2019		
	Gross carrying amount	Impairment allowance	Net amount	Gross carrying amount	Impairment allowance	Net amount
Current (not past due)	19304,00.81	91,50.10	19212,50.71	23776,29.60	125,44.00	23650,85.61
01-30 days past due*	3457,74.00	41,00.20	3416,73.80	3987,34.42	57,65.61	3929,68.81
31-90 days past due*	3545,99.55	221,76.65	3324,22.90	2396,93.22	155,59.82	2241,33.39
above 90 days past due*	1634,54.43	230,69.15	1403,85.28	1028,60.98	443,68.77	584,92.21
Total	27942,28.79	584,96.10	27357,32.69	31189,18.22	782,38.20	30406,80.02

*Includes future principal instalments which are not past due aggregating to Rs. 7399,29.13 lakhs as of March 31, 2020 (March 31, 2019 Rs. 6666,75.58 lakhs)

Changes in the allowance for credit losses in loans are as follows:

	(₹ in lakhs)	
	For the year ended March 31,	
	2020	2019
Balance at the beginning	782,38.20	894,21.12
Impairment loss recognised/(reversed)	612,85.96	286,78.01
Amounts written off	(810,28.05)	(398,60.93)
Balance at the end	584,96.11	782,38.20

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Notes forming part of financial statements for the year ended March 31, 2020

(B) Management of Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as and when required.

The Company manages the liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company invests its surplus funds in bank fixed deposit and liquid schemes of mutual funds, which carry no/negligible mark to market risks.

The below table analyses the Company's non-derivative and derivative financial liabilities as at the reporting date, into relevant maturity groupings based on the remaining period (as at that date) to the contractual maturity date. The amounts disclosed in the below table are the contractual un-discounted cash flows.

The table below provides details regarding the contractual maturities of financial liabilities, including estimated/contractual interest payments as at March 31, 2020:

	(₹ in lakhs)					
	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contractual cash flows
Non derivatives financial liabilities						
Borrowings	18875,31.07	8648,17.40	5406,90.95	7433,00.78	15,09.82	21503,18.95
Trade and other payables	255,03.94	255,03.94	-	-	-	255,03.94
Debt securities	6629,22.94	6275,01.97	473,15.54	-	-	6748,17.51
Subordinated liabilities	2014,52.34	541,37.13	317,51.78	1046,56.53	877,32.50	2782,77.94
Lease liabilities	52,06.78	15,82.35	11,64.91	24,64.71	14,84.88	66,96.85
Other financial liabilities (other than lease liabilities)	409,38.60	341,29.16	40.08	67,69.36	-	409,38.60
Derivatives financial liabilities						
Derivative contracts	10,25.29	-	-	10,25.29	-	10,25.29
Total	28245,80.96	16076,71.95	6209,63.26	8582,16.67	907,27.20	31775,79.08

Contractual maturities of borrowings includes cash flows relating to collateralized debt obligations. This represents the amount received against the transfer of loans arising from financing activities in securitisation transactions and/or direct assignments, which do not qualify for derecognition. The liability of the Company in such cases is limited to the extent of credit enhancements provided. The contractual maturities of such collateralized debt obligations are as follows:

	(₹ in lakhs)				
	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Total contractual cash flows
Collateralized debt obligations	4228,24.24	2445,12.82	1494,19.88	717,94.87	4657,27.57

The table below provides details regarding the contractual maturities of financial liabilities, including estimated/contractual interest payments as at March 31, 2019:

	(₹ in lakhs)					
	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contractual cash flows
Non derivatives						
Borrowings	17933,78.49	8561,41.82	4134,37.48	8064,67.10	85,48.21	20845,94.61
Trade and other payables	279,30.52	279,30.52	-	-	-	279,30.52
Debt securities	9328,45.12	7795,24.00	1500,01.97	473,15.54	-	9768,41.51
Subordinated liabilities	2002,54.92	493,56.47	511,22.13	893,86.39	849,61.93	2748,26.91
Other financial liabilities	220,76.40	220,76.40	-	-	-	220,76.40
Derivatives						
Derivative contracts	2,30.85	-	-	2,30.85	-	2,30.85
Total	29767,16.29	17350,29.21	6145,61.57	9433,99.88	935,10.14	33865,00.80

Contractual maturities of borrowings includes cash flows relating to collateralized debt obligations. This represents the amount received against the transfer of loans arising from financing activities in securitisation transactions and/or direct assignments, which do not qualify for derecognition. The liability of the Company in such cases is limited to the extent of credit enhancements provided. The contractual maturities of such collateralized debt obligations are as follows:

	(₹ in lakhs)				
	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Total contractual cash flows
Collateralized debt obligations	3047,33.38	1666,99.00	1098,90.00	578,80.00	3344,69.00

(C) Management of Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as equity price risk. 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. Financial instruments affected by market risk include borrowings, investments and derivative financial instruments.

The Company exposure to market risk is a function of asset liability management activities. The Company continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee (ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the Company's risk management framework. ALCO activities are in turn monitored and reviewed by a board sub-committee.

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Notes forming part of financial statements for the year ended March 31, 2020

(i) Foreign currency risk

Foreign exchange risk is the risk of impact/changes related to fair value or future cash flows of a financial instrument exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The fluctuation in foreign currency exchange rates may have potential impact on the Statement of Profit and Loss and equity, where assets/liabilities are denominated in a currency other than the functional currency of the Company.

The Company's foreign currency exposure arises mainly from variable rate foreign currency borrowings denominated in USD. The Company, as per its risk management policies, enters into derivative financial instruments like currency swaps and forward contracts to mitigate risk of changes in exchange rate in foreign currency. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company policy is to fully hedge its foreign currency borrowings at the time of drawdown till the repayment.

No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's profit and loss & financial position arising from the effects of reasonably possible changes to foreign exchange rates on variable rate foreign currency borrowings as the exposure is fully hedge by entering into derivative financial instruments.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's borrowings obligations with floating/variable interest rates.

The Company borrows through various instruments which has interest rate reset clause which is exposed to interest rate risk. For the foreign currency denominated floating interest rate borrowings, the Company manages its interest rate risk by entering into interest rate swap and cross currency interest rate swap derivative instruments in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The interest rate exposure on account of variable/floating rate foreign currency borrowings is mitigated by some of the derivative contracts entered into by the Company as disclosed in (iv) derivative financial instruments and hedging activities below.

As at the end of reporting period, the Company had following variable interest rate borrowings and derivatives to hedge the interest rate risk:

(₹ in lakhs)		
	As at March 31, 2020	As at March 31, 2019
Non derivative Financial Liabilities		
Variable rate borrowings	13882,06.29	13156,99.46
Derivative financial liabilities to hedge interest		
Interest rate Swap	351,06.25	172,88.75
Cross Currency Interest rate Swap	1606,10.75	-
Net Exposure	11924,89.29	12984,10.71

Interest rate risk

Profit or loss is sensitive to interest expense from variable rate borrowings as a result of changes in interest rate. Increase/decrease of 100 basis points in interest rates at the reporting date would result in an impact (decrease/increase in case of profit/(loss) before tax of Rs. 119,24.89 lakhs and Rs. 129,84.11 lakhs on income for the year ended March 31, 2020 and 2019 respectively.

The above sensitivity analysis assumes that all other variables remain constant and the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities.

The fair value of some of the Company's investments measured at fair value through other comprehensive income and fair value through profit and loss exposes the Company to equity price risks. These investments are subject to changes in the market price of securities. The fair value of Company's investment in equity securities as at March 31, 2020 and March 31, 2019 was Rs. 126,76.48 lakhs and Rs. 133,58.39 lakhs respectively.

	(₹ in lakhs)			
	Impact on profit for the year		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Equity price Sensitivity				
Increase in equity price by 10 %*	660.60	761.00	607.04	575.00
Decrease in equity price by 10 %*	(6,60.60)	(7,61.00)	(6,07.04)	(5,75.00)

(Note: The impact is indicated on equity before consequential tax impact, if any).

Notes forming part of financial statements for the year ended March 31, 2020

Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, convertible and non-convertible debt securities, and other long-term/short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings.

The Company monitors the capital structure on the basis of regulatory capital ratio viz. CRAR

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to provide return to shareholders by continuing to distribute dividends in future periods. Refer the below note for dividend declared and paid.

Total debt includes all long and short-term borrowings as disclosed in notes 16 to 18 to the financial statements. Equity comprises all components excluding (profit)/loss on cash flow hedges.

Below are the key regulatory capital ratios at the year end dates

Particulars	As at March 31, 2020	As at March 31, 2019
CRAR (%) *	16.85%	15.25%
CRAR - Tier I capital (%)	12.87%	10.93%
CRAR - Tier II capital (%)	3.98%	4.32%

*The above ratios have been computed in accordance with the guidelines issued by RBI on March 13, 2020.

In addition the Company has financial covenants relating to the borrowing facilities that it has taken from the lenders which is monitored and complied by the Company.

Note 44**Transfer of financial assets**

The Company transfers loans arising from financing activities through securitisation and assignment transactions. In most of these transactions, the Company also provides credit enhancements to the transferee.

Because of the existence of credit enhancements in such transactions, the Company continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement, even if it does not collect the equivalent amounts from the original asset and continues to retain substantially all risks and rewards associated with the receivables, and hence, such transfer does not meet the derecognition criteria resulting into the transfer not being recorded as sale. Consequently, the proceeds received from the transfer are recorded as collateralized debt obligation.

The carrying amount of loans arising from financing activities along with the associated liabilities is as follows:

Nature of Assets	(* in lakhs)			
	As at March 31, 2020		As at March 31, 2019	
	Carrying amount of asset sold	Carrying amount of associated liabilities	Carrying amount of asset sold	Carrying amount of associated liabilities
Loans	4257,37.31	4228,24.24	2996,21.07	3047,33.38

Net of provision of Rs. 49,38.30 lakhs and Rs.38,09.29 lakhs as at March 31, 2020, and March 31, 2019 respectively.

Note 45

Since early 2020, the COVID-19 pandemic has impacted several countries across the globe, including India. This resulted in countries announcing lockdown and quarantine measures that sharply stalled economic activity. The Government of India initiated a nation-wide lockdown from March 22, 2020 for three weeks which has since been extended until May 31, 2020. The Reserve Bank of India (RBI) has announced several measures to ease the financial system stress, including enhancing system liquidity, moratorium of three months for dues falling between March 01, 2020 to May 31, 2020 on loan repayments for specific borrower segments, asset classification standstill benefit to overdue accounts where a moratorium has been granted and relaxation in liquidity coverage requirement, among others. On May 23, 2020 the RBI permitted extension of the moratorium for further three months until August 31, 2020.

In respect of accounts overdue but standard as at February 29, 2020, where moratorium benefit has been granted, the RBI guidelines permit the staging of those accounts at March 31, 2020 based on the days past due status as on February 29, 2020. For eligible accounts, the Company has considered this asset classification benefit at March 31, 2020. The Company holds provisions as at March 31, 2020 against the potential impact of COVID-19 based on the information available at this point in time. These provisions are determined based on management's assessment of impairment loss allowance which is subject to a number of management judgements and estimates.

The Indian economy would be impacted by this pandemic with significant contraction in industrial and services output across small, medium and large businesses. The Company's business is expected to be impacted by lower business opportunities and revenues in the short to medium term and likely increase in stage 3 loans and allowances. The impact of the COVID-19 pandemic on the Company's financial performance remains highly uncertain and dependent on the spread of COVID-19, further steps taken by the Government of India and the RBI to mitigate the economic impact, steps taken by the Company and its ultimate Holding Company and the time it takes for economic activities to resume at normal levels. The impact of this pandemic may be different from that estimated at the date of approval of these financial statements and the Company will continue to closely monitor changes to future economic conditions. The Company's capital and liquidity position is strong and would continue to be the focus area for the Company.

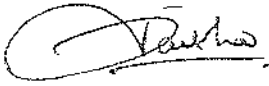
Note 46

Fraud

As required by Reserve Bank of India circular No RBI/2011-12/424 DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated March 02, 2012 on monitoring of frauds, the Company has reported fraud amounting to ₹ 1,73.70 lakhs during the year ended March 31, 2020 (during the year ended March 31, 2019: ₹ 2,50.41 lakhs) vide form FMR 1.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors

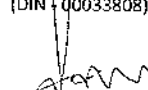


Vaibhav Shah
Partner
Membership No. 117377
UDIN: 20117377AAAABD1614

Place : Mumbai
Date : May 29, 2020



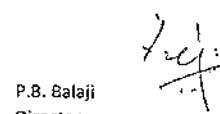
Vedika Bhandarkar
Director
(DIN - 00033808)



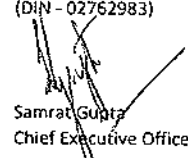
Shyam Mani
Director
(DIN - 00273598)



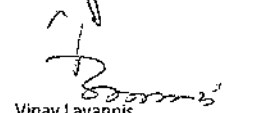
Anand Bang
Chief Financial Officer



P.B. Balaji
Director
(DIN - 02762983)



Samrat Gupta
Chief Executive Officer



Vinay Lavannis
Company Secretary

Place: Mumbai
Date: May 29, 2020

Schedule to the Balance Sheet as at March 31, 2020 of a non-deposit taking non-banking financial Company

(Disclosure as per Annexure 1 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015)


Particulars		(₹ in lakhs)	
Liabilities side:		Amount outstanding	Amount overdue
(1)	Loans and advances availed by the non-banking financial Company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured (Note-1)	1906,43.04	-
	: Unsecured (other than falling within the meaning of public deposits)	2127,16.28	-
	(b) Deferred Credits	-	-
	(c) Term Loans	11803,02.94	-
	(d) Inter-corporate loans and borrowings	-	-
	(e) Commercial Papers (Note-2)	4742,29.77	-
	(f) Other Loans		
	- Working capital demand loan	2494,00.00	-
	- Cash Credit from banks	218,76.11	-
	- Collateral Debt Obligation	4247,28.57	-
Assets side:			Amount Outstanding
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
	(a) Secured		27301,73.05
	(b) Unsecured		493,98.02
(3)	Break up of Leased Assets and stock on hire and other assets towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease		3,54.96
	(b) Operating lease		2,73.63
	(ii) Stock on hire including hire charges under sundry debtors :		
	(a) Assets on hire		-
	(b) Repossessed Assets		-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		247,86.24
	(b) Loans other than (a) above (refer note 1 & note 2 below)		27694,42.56
(4)	Break-up of Investments:		
	<u>Current Investments:</u>		
	1 Quoted :		
	(i) Shares : (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of mutual funds		-
	(iv) Government Securities		-
	(v) Others		-
	Investment in Senior Pass Through Certificates		-
	2 Unquoted:		
	(i) Shares : (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of mutual funds		-
	(iv) Government Securities		-
	(v) Others		-
	<u>Long Term Investments:</u>		
	1 Quoted :		
	(i) Shares : (a) Equity (Investment in subsidiary)		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of mutual funds		-
	(iv) Government Securities		-
	(v) Others		19,14.11


Schedule to the Balance Sheet as at March 31, 2020 of a non-deposit taking non-banking financial Company

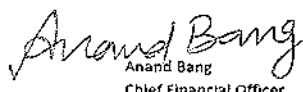
2	Unquoted:			
(i)	Shares :	{a) Equity (Investment in subsidiaries)		-
		{b) Preference		1,90.00
(ii)	Debentures and Bonds			-
(iii)	Units of mutual funds			-
(iv)	Government Securities			-
(v)	Others			118,69.24
(5)	Borrower group-wise classification of assets financed as in (2) and (3) above :			
			Amount net of provisions	
	Category	Secured	Unsecured	Total
1	Related Parties			
(a)	Subsidiaries			
(b)	Companies in the same group	-	240,00.00	240,00.00
(c)	Other related parties			
2	Other than Related Parties	26723,05.53	253,04.40	26976,09.93
	Total	26723,05.53	493,04.40	27216,09.93
(6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
	Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provision)	
1	Related Parties			
(a)	Subsidiaries	-		-
(b)	Companies in the same group	127,02.46		127,02.46
(c)	Other related parties	-		-
2	Other than Related Parties			
	<u>Quoted</u>			
	Investment in Equity Shares	1,64.02		1,64.02
	<u>Unquoted</u>			
	Investment in NCDs	-		-
	Investment in Senior Pass Through Certificates	-		-
	Investment in Units of Mutual fund	-		-
	Others	11,06.86		11,06.86
	Total	139,73.35		139,73.35
(7)	Other information			
	Particulars			
(i)	Gross Non-Performing Assets			
(a)	Related parties			-
(b)	Other than related parties			1636,27.74
(ii)	Net Non-Performing Assets			
(a)	Related parties			-
(b)	Other than related parties			1405,48.76
(iii)	Assets acquired in satisfaction of debt			-

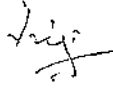
Note 1: Includes Zero coupon debentures of Rs. 1550,94.91 lakhs, net of unamortised premium on redemption and unamortised borrowing cost of Rs. 55,24.79 lakhs.


Note 2: Commercial Paper of Rs. 4742,29.77 lakhs are net of unamortised discounting charges and unamortised borrowing cost amounting to Rs. 32,70.23 lakhs.



Vedika Bhandarkar
Director
(DIN - 00033808)


Shyam Mani
Director
(DIN - 00273598)


Anand Bang
Chief Financial Officer


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Vinay Lavannis
Company Secretary

Place: Mumbai
Date : May 29, 2020

