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Chartered Accountants

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Independent Auditor's Report

To the Members of TMF Holdings Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of TMF Holdings Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as the "Group"), which comprise the consolidated Balance Sheet as at 31 March 2020, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of changes in equity and the consolidated Statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended.

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 Consolidated Financial Statements* section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of Matter

As described in Note 46 to the consolidated 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 Group's financial performance is dependent on future developments, which are highly uncertain.

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

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:
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Mumbai - 400 011, India

Independent Auditor's Report (Continued)**TMF Holdings Limited****Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 596,80.29 lakhs for year ended 31 March 2020</p> <p>Provision: INR 679,20.43 lakhs at 31 March 2020</p>	
<p><i>Refer to the accounting policies in "Note 3(xvii)(A)(iii) to the consolidated financial statements: Impairment of financial assets", "Note 3(iii) to the consolidated financial statements: Significant Accounting Policies- use of estimates and judgements", "Note 9 to the consolidated financial statements: Loans" and "Note 46 to the consolidated 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 Group'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>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)**TMF Holdings Limited****Key Audit Matters**

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Independent Auditor's Report (Continued)**TMF Holdings Limited****Key Audit Matters (continued)**

Key audit matter	How the matter was addressed in our audit
<p data-bbox="295 454 734 483">Impairment of loans to customers (Continued)</p> <p data-bbox="295 495 829 645">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 data-bbox="295 656 486 685"><i>Impact of COVID-19</i></p> <p data-bbox="295 696 829 775">On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.</p> <p data-bbox="295 786 829 864">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 data-bbox="295 875 829 1133" 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 Group'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 data-bbox="295 1144 829 1323">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 data-bbox="849 495 1013 524">Substantive tests</p> <ul data-bbox="849 535 1380 1413" 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 disclosures in the consolidated financial statements made by the Group regarding impact of COVID-19.

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Independent Auditor's Report (Continued)**TMF Holdings Limited****Key Audit Matters (continued)**

Key audit matter	How the matter was addressed in our audit
Going concern assumption	
<i>Refer to the "Note 46 to the consolidated financial statements"</i>	
<p>The financial statements of the Group 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 Holding Company's and respective subsidiaries' 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, credit risk and market risk; - Impact of COVID-19 and related uncertainties on the Group'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 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.
Information technology	
<p>Information Technology (IT) systems and controls</p> <p>The Group'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 Group uses multiple 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.

Independent Auditor’s Report (Continued)

TMF Holdings Limited

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
<p>Information technology (Continued)</p>	<ul style="list-style-type: none"> • 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. • 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. • 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 Holding Company’s management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company’s annual report, but does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Independent Auditor's Report (Continued)

TMF Holdings Limited

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

The Holding Company's management and the Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective management and the Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by management and the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and the Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.

Independent Auditor's Report (Continued)

TMF Holdings Limited

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

- 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated 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)

TMF Holdings Limited

Report on Other Legal and Regulatory Requirements (Continued)

- A. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and our reports of the subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India 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 Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 34(1) to the consolidated financial statements.
 - ii. The Group 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 Group.

B S R & Co. LLP

Independent Auditor's Report (Continued)

TMF Holdings 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 remuneration paid during the current year by the Holding Company to its director is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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



Vaibhav Shah
Partner

Mumbai
29 May 2020

Membership Number: 117377
UDIN: 20117377AAAABP5537

TMF Holdings Limited

Annexure A to the Independent Auditor's report on the consolidated financial statements of TMF Holdings Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated 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

In conjunction with our audit of the consolidated financial statements of TMF Holdings Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated 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 such companies considering the essential components of such internal controls 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 respective company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 internal financial controls with reference to consolidated 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 consolidated 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 consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.



Annexure A to the Independent Auditor's report on the consolidated financial statements of TMF Holdings Limited for the year ended 31 March 2020 (Continued)

Auditor's Responsibility (continued)

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated 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

Mumbai
29 May 2020

Membership No. 117377
UDIN: 20117377AAAABP5537

(Rs. in lakhs)

Particulars	Notes	As at	As at
		March 31, 2020	March 31, 2019
I ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	5	2162,54.45	1363,20.91
(b) Bank balance other than cash and cash equivalents	6	1387,40.55	1077,83.28
(c) Derivative financial instruments	16	79,40.76	1,17.79
(d) Receivables			
i. Trade receivables	7	203,19.43	291,18.80
ii. Other receivables	8	59,58.01	19,47.50
(e) Loans	9	32126,57.36	36315,34.31
(f) Investments	10	751,67.62	352,30.53
(g) Other financial assets	11	62,53.18	190,08.02
		36832,91.36	39610,61.14
2 Non-financial assets			
(a) Current tax assets (net)		317,25.28	215,66.76
(b) Deferred tax assets (net)	12	167,26.26	211,92.28
(c) Investments in joint venture (equity accounted investee)	13	-	1,93.87
(d) Property, plant and equipment	14	249,35.47	139,68.63
(e) Capital work-in-progress		69.70	26.84
(f) Goodwill	14A	205,18.53	205,18.53
(g) Other intangible assets	14B	4,29.64	6,20.58
(h) Other non-financial assets	15	166,83.09	148,99.36
		1110,87.97	929,86.85
3 Non-current assets held for sale		3,35.68	-
Total assets		37947,15.01	40540,47.99
II LIABILITIES AND EQUITY			
1 Financial liabilities			
(a) Derivative financial instruments	16	10,25.29	2,30.85
(b) Payables	17		
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		268,83.51	269,58.36
(ii) Other payables			
- total outstanding dues of micro enterprises and small		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		31,60.99	60,31.29
(c) Debt securities	18	9788,06.98	14392,65.94
(d) Borrowings (Other than debt securities)	19	23291,94.81	21533,00.71
(e) Subordinated liabilities	20	1365,51.40	1652,29.93
(f) Other financial liabilities	21	554,59.93	384,76.10
		35310,82.91	38294,93.18
2 Non-financial liabilities			
(a) Current tax liabilities (net)		2,72.08	15,30.61
(b) Provisions	22	78,43.64	127,42.63
(c) Other non-financial liabilities	23	64,38.77	96,69.41
		145,54.49	239,42.65
3 Equity			
(a) Equity share capital	24	1648,28.34	1598,28.34
(b) Other equity		592,49.27	407,83.82
Equity attributable to owners		2240,77.61	2006,12.16
Non-controlling interests		250,00.00	-
		2490,77.61	2006,12.16
Total liabilities and equity		37947,15.01	40540,47.99

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

As per our report of even date attached

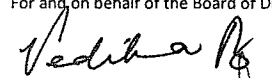
For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

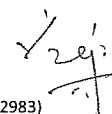


Vaibhav Shah
Partner
Membership No. 117377
UDIN - 2017377AANAABP5537
Place : Mumbai
Date: May 29, 2020

VEDIKA BHANDARKAR
Director
(DIN - 00033808)



P.B. BALAJI
Director
(DIN - 02762983)



SHYAM MANI
Managing Director
(DIN - 00273598)




ANAND BANG
Chief Financial Officer

Place: Mumbai
Date: May 29, 2020



VINAY LAVANNIS
Company Secretary

(Rs. in lakhs)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations			
(a) Interest income	25	4124,28.02	3616,53.59
(b) Dividend income		4,45.47	3,55.09
(c) Rental income		32,54.22	13,01.23
(d) Net gain on fair value changes	26	96,94.43	58,43.21
(e) Other fees and service charges		160,19.39	111,06.11
I Total Revenue from operations		4418,41.53	3802,59.22
II Other income	27	252,22.20	173,17.11
III Total income (I + II)		4670,63.73	3975,76.33
IV Expenses:			
(a) Finance cost	28	3083,02.83	2646,98.35
(b) Impairment of financial instruments and other assets	29	595,03.92	248,13.88
(c) Employee benefits expenses	30	299,27.96	355,08.31
(d) Depreciation, amortization and impairment	14	49,13.02	22,51.05
(e) Other expenses	31	495,09.89	579,68.80
Total expenses		4521,57.62	3852,40.39
V Profit before exceptional items, share of net profit/loss of joint venture and tax (III - IV)		149,06.11	123,35.94
VI Share of net loss of joint venture accounted for using equity method	13	-	(72.00)
VII Profit for the year before tax (V - VI)		149,06.11	122,63.93
VIII Tax expense / (income)	12		
Current tax		12,52.86	23,32.65
Deferred tax		(2,94.58)	(64,65.91)
Total tax expense		9,58.28	(41,33.26)
IX Profit for the year after tax (VII - IX)		139,47.83	163,97.20
X Other comprehensive income			
A i. Items that will not be reclassified to profit or loss			
a. Remeasurements of the defined benefit plans		3,47.14	4,50.15
b. Equity Instruments through Other Comprehensive Income		(17,27.01)	5,27.67
Subtotal (A)		(13,79.87)	9,77.82
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)		30,94.93	6,00.72
XI Total comprehensive income for the year (IX + X)		170,42.76	169,97.92
XII Earnings per equity share of Rs. 100 each			
Basic (in Rs.)		0.81	1.12
Diluted (in Rs.)		0.81	1.12

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: 20117377AAAAABP5537

Place: Mumbai

Date: May 29, 2020

For and on behalf of the Board of Directors



VEDIKA BHANDARKAR

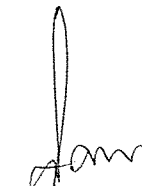
Director

(DIN - 00033808)

P.B. BALAJI

Director

(DIN - 02762983)



SHYAM MANI

Managing Director

(DIN - 00273598)



ANAND BANG

Chief Financial Officer

Place: Mumbai

Date: May 29, 2020



VINAY LAVANNIS

Company Secretary

TMF HOLDINGS LIMITED (formerly known as TATA MOTORS FINANCE LIMITED) (CIN - U65923MH2006PLC162503)
Consolidated Statement of Cash Flow for the year ended March 31, 2020

Particulars	(Rs. in lakhs)	(Rs. in lakhs)
	For the year ended March 31, 2020	For the year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the year before tax	149,06.11	122,63.93
Adjustments for:		
Interest income on loans, deposits and investments	(4124,28.02)	(3616,53.58)
Finance costs (other than Interest expense on assets taken on lease)	3078,42.25	2646,98.34
Interest expense on assets taken on lease	4,60.59	-
Allowance for loan losses (net of writeoff)	598,73.78	248,38.51
Allowance for doubtful loans and advances (others)(net of writeoff)	(3,69.86)	(24.63)
Gain on sale of investments	(115,87.51)	(56,85.15)
MTM on investments measured at fair value through profit or loss	18,93.09	(1,58.06)
Dividend Income	(4,45.47)	(3,55.09)
Share of net (profit)/loss of joint venture accounted for using equity method	-	72.00
(Profit)/loss on sale of capital assets	7.56	32.39
Depreciation and amortization expense	49,13.02	22,51.05
Balance written back	(33,00.15)	(13,61.42)
MTM of derivatives not designated as hedges	4,41.96	(1,17.79)
Operating cash flow before working capital changes and discounting charges	(377,92.65)	(651,99.50)
Movements in working capital		
Trade receivables	87,64.86	761,75.25
Other receivables	(45,93.35)	(17,68.64)
Loans	3922,27.48	(10932,59.64)
Other financial assets	42,40.62	(69,75.45)
Trade payables	3,09.72	72,29.78
Other payables	(28,70.31)	3,54.35
Other non financial assets	(6,07.81)	(70,96.15)
Other financial liabilities	79,82.32	10765,49
Provisions	(16,36.25)	8,76.22
Other non financial liabilities	(8,75.77)	18,09.18
	3651,48.86	(10770,89.11)
Current taxes refund/(paid) (net)	(112,18.66)	(120,84.16)
Interest income received on loans, deposits and investments	4067,53.70	3596,70.85
Finance costs paid	(3141,49.87)	(2652,21.17)
Net cash from / (used in) operating activities	4465,34.03	(9947,23.59)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of capital assets	(138,67.98)	(77,71.44)
Proceeds from sale of capital assets	4,70.54	1,57.56
Purchase of mutual fund units	(173439,59.00)	(73926,25.00)
Redemption of mutual fund units	173002,46.51	74033,10.15
Investment in the equity shares	150,00.00	(2,65.86)
Investment in debentures	-	(6,65.00)
Investment in trust securities	(20.87)	(20.86)
Proceeds from sale of preference shares	99.98	-
Investment in Non-convertible debentures	(151,70.00)	-
Proceeds from redemption of debentures	110,00.00	-
Earmarked Deposits & Balances with Banks	-	37,36.60
Deposits/restricted deposits with banks	(436,99.00)	(435,59.95)
Realisation of deposits/restricted deposits with banks	127,41.74	103,54.47
Dividend income	4,45.47	3,55.09
Net cash used in investing activities	(767,12.62)	(269,94.23)

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TMF HOLDINGS LIMITED (formerly known as TATA MOTORS FINANCE LIMITED) (CIN - U65923MH2006PLC162503)
Consolidated Statement of Cash Flow for the year ended March 31, 2020

Particulars	(Rs. in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	150,00.00	600,00.00
Share issue expenses	(15.00)	(90.00)
Payment of dividend and DDT	(95,49.26)	(100,58.19)
Proceeds from issue of compulsory convertible preference shares	-	326,00.00
Payment of issue expenses on compulsory convertible preference shares	-	(3,91.20)
Proceeds from Debt securities	30154,78.53	44237,82.09
Repayment of Debt securities	(34937,96.27)	(44211,06.18)
Proceeds from Subordinated liabilities (net of issue expenses)	299,50.00	100,00.00
Repayment of Subordinated liabilities	(288,95.00)	-
Proceeds from borrowings (other than debt securities)	23511,66.77	33509,23.01
Repayment of borrowings (other than debt securities)	(21920,35.76)	(23347,29.69)
Proceeds from issue of Perpetual debt	250,00.00	-
Perpetual debt issue expenses	(4,64.29)	-
Interest payment on purchase of Right to use assets	(4,60.27)	-
Principal payment on purchase of Right to use assets	(12,67.33)	-
Net (used in)/cash from financing activities	(2898,87.87)	11109,29.84
Net increase / (decrease) in cash and cash equivalents (A + B + C)	799,33.54	892,12.01
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash and cash equivalents at the beginning of the period	1363,20.91	471,08.89
Cash and cash equivalents at the end of the period	2162,54.45	1363,20.91
Net increase / (decrease) in cash and cash equivalents [Refer: Notes below]	799,33.54	892,12.02
See accompanying notes forming part of the financial statements (1 to 46)		

Notes:

- Finance costs has been considered as arising from operating activities in view of the nature of the group's business
- Previous period figures have been regrouped, wherever necessary.

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 - 20117377AAAA005537
Place : Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors



VEDIKA BHANDARKAR
Director
(DIN - 00033808)

P.B. BALAJI
Director
(DIN - 02762983)



SHYAM MANI
Managing Director
(DIN - 00273598)



ANAND BANG
Chief Financial Officer



VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: May 29, 2020

A. Equity share capital

Equity Shares	March 31, 2020		March 31, 2019	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	1,598,283,442	1598,28.32	1,404,735,056	1404,73.50
Shares issued during the year	50,000,000	50,00.00	193,548,386	193,54.83
Shares outstanding at the end of the year	1,648,283,442	1648,28.32	1,598,283,442	1598,28.32

B. Other equity

(Rs.in lakhs)

Particulars	Equity component of compound financial instrument	Reserves				Other components of equity				Total
		Special reserve	Securities Premium Account	Capital reserve	Retained earnings	Equity instruments through OCI	Debt instruments through OCI	Cost of hedging Reserve	Hedging Reserve	
Balance as at April 01, 2019	370,72.59	381,54.03	1363,89.21	241,72.78	(1963,30.00)	17,02.31	-	(3,77.10)	-	407,83.83
Profit for the year	-	-	-	-	139,47.83	-	-	-	-	139,47.83
Other comprehensive income/(loss) for the year	-	-	-	-	3,47.14	(17,27.01)	88,62.92	5,45.73	(49,33.86)	30,94.93
Total Comprehensive income/(loss) for the year	-	-	-	-	142,94.97	(17,27.01)	88,62.92	5,45.73	(49,33.86)	170,42.75
Dividend paid (including dividend tax)	-	-	-	-	(80,98.01)	-	-	-	-	(80,98.01)
Equity infusion during the year	-	-	100,00.00	-	-	-	-	-	-	100,00.00
Share issue expenses and transaction cost incurred on equity shares	-	-	(15.00)	-	(4,64.29)	-	-	-	-	(4,79.29)
Transfer to Special Reserve	-	-	49,17.22	-	(49,17.22)	-	-	-	-	-
Balance as at March 31, 2020	370,72.59	381,54.03	1512,91.43	241,72.78	(1955,14.56)	(24.70)	88,62.92	1,68.63	(49,33.86)	592,49.27

(Rs.in lakhs)

Particulars	Equity component of compound financial instrument	Reserves				Other components of equity				Total
		Special reserve	Securities Premium Account	Capital reserve	Retained earnings	Equity instruments through OCI	Debt Instruments through OCI	Cost of hedging Reserve	Hedging Reserve	
Balance as at April 01, 2018	370,72.59	320,14.08	958,34.05	241,72.78	(2007,15.80)	11,74.64	-	-	-	(104,47.66)
Profit for the period	-	-	-	-	163,97.19	-	-	-	-	163,97.19
Other comprehensive income/(loss) for the year	-	-	-	-	4,50.15	5,27.67	-	(3,77.10)	-	6,00.72
Total Comprehensive income/(loss) for the year	-	-	-	-	168,47.34	5,27.67	-	(3,77.10)	-	169,97.91
Dividend paid (including dividend tax)	-	-	-	-	(63,21.59)	-	-	-	-	(63,21.59)
Equity infusion during the year	-	-	406,45.16	-	-	-	-	-	-	406,45.16
Share issue expenses and transaction cost incurred on equity shares	-	-	(90.00)	-	-	-	-	-	-	(90.00)
Transfer to Special Reserve	-	61,39.95	-	-	(61,39.95)	-	-	-	-	-
Balance as at March 31, 2019	370,72.59	381,54.03	1363,89.21	241,72.78	(1963,30.00)	17,02.31	-	(3,77.10)	-	407,83.82

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

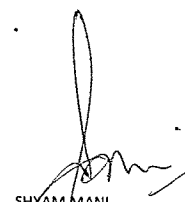


Vaibhav Shah
Partner
Membership No. 117377
DD: D. 2019347A00080P5534
Place : Mumbai
Date: May 29, 2020

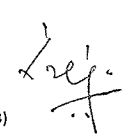
For and on behalf of the Board of Directors



VEDIKA BHANDARKAR
Director
(DIN - 00033808)



SHYAM MANI
Managing Director
(DIN - 00273598)



P.B. BALAJI
Director
(DIN - 02762983)



ANAND BANG
Chief Financial Officer



VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: May 29, 2020

Note 1 Background and operations

TMF Holdings Limited (the "Company") is registered as a Non-Banking Financial (Non-Deposit Accepting or Holding) Company with the Reserve Bank of India (RBI) with effect from August 9, 2006. Pursuant to application requesting for conversion of the Group to a Core Investment Company, submitted to RBI on June 23, 2017, RBI issued a fresh Certificate of Registration of NBFC - Non Deposit taking - Systemically Important - Core Investment Company (CIC) dated October 12, 2017 to the Company. The Company is a subsidiary of Tata Motors Limited. With effect from June 17, 2017, the name of the Company has changed to TMF Holdings Limited from Tata Motors Finance Limited.

The Company is primarily a holding company, holding investments in its subsidiaries and other Group companies.

The Company and its subsidiaries (collectively referred to as "the Group") is engaged primarily in lending activities providing finance for vehicles and to corporates dealers and vendors of ultimate parent company (referred to as "Tata Motors Limited"), through its PAN India branch network.

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

Note 2 Basis of preparation of financial statements

2.1 Statement of compliance

These financial statements of the Group 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 Group are discussed in para 3(iii) - Use of estimates and judgements.

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 Group 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 Ind AS 7 Statement of Cash Flows.

Note 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) Basis of Consolidation

Subsidiaries

The consolidated financial statements include the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Control exists when the Group

- (a) has power over the investee,
- (b) it is exposed, or has rights, to variable returns from its involvement with the investee and
- (c) has the ability to affect those returns through its power over the investee.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above. In assessing control, potential voting rights that currently are exercisable are taken into account. The results of subsidiaries acquired or disposed off during the year are included in the consolidated financial statements from the effective date of acquisition and up to the effective date of disposal, as appropriate.

The financial statements of the Group and its subsidiary companies have been consolidated on a line-by-line basis by adding together of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India. Accounting policies of the respective subsidiaries entities are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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Interest in Joint arrangements- Joint Venture

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The results, assets and liabilities of a joint venture are incorporated in these financial statements using the equity method of accounting as described below.

Equity method of accounting (equity accounted investees)

An interest in a joint venture is accounted for using the equity method from the date in which the investee becomes a joint venture and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses if any. The consolidated financial statements include the Group's share of profits or losses and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments in the nature of net investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture, unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred and where material, the results of joint ventures are modified to conform to the Group's accounting policies.

(ii) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Acquisition related costs are recognized in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognized at their fair value at the acquisition date, except certain assets and liabilities required to be measured as per the applicable standard.

Purchase consideration in excess of the Group's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognized, after reassessment of fair value of net assets acquired, in the Capital Reserve.

Business combinations arising from transfer of interests in entities that are under common control are accounted for using the pooling of interest method. The difference between any consideration transferred and the aggregate historical carrying values of assets and liabilities of the acquired entity are recognised in shareholder's equity.

(iii) Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 (xvii) A- Business model assessment for classification and measurement of financial assets
- b) Note 3 (xvii) A and 43 - Impairment of financial assets based on the expected credit loss model
- c) Note 3(iv) - Recognition of interest income/expenses using Effective Interest Rate (EIR) method.
- d) Note 3(ix) and 3(x) - Useful lives of property, plant and equipment and intangible assets.
- e) Note 3(xiii) and 35 - Measurement of assets and obligations of defined benefit employee plans.
- f) Note 3(vi) and 12 - Recognition of deferred tax assets.
- g) Note 3(xiv) - Measurement and recognition of Provisions and Contingencies.
- h) Note 3(xix) and 37 - Fair value measurement of Financial Instruments.
- i) Note (xvii) A - Effective Interest Rate (EIR) methodology that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments.
- j) Note (xi)- Determination of lease term where Group is a lessee

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(iv) Revenue recognition

(a) Interest income

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 consolidated statement of profit and loss.

(b) Dividend

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

- when the Group'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 Group satisfies the performance obligation over time and are accrued as and when they are due.

(v) Foreign currency

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

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 consolidated 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.

(vi) 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 consolidated statement of profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside the consolidated statement of profit and loss.

Current income taxes are determined based on respective taxable income of Group and tax rules applicable for respective tax jurisdictions.

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 Group intends to settle its current and deferred tax assets and liabilities on a net basis.

(vii) Cash and Cash equivalent

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.

(viii) **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.

(ix) **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 Group 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 consolidated 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 consolidated 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 the 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
Motor Vehicle	4 years
Vehicles On Operating Lease	4 & 6 years

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.

(x) **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 consolidated 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 Assets	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 consolidated statement of profit and loss when the asset is derecognised.

(xi) 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 mentioned below

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

(i) Right of use of assets

The Group 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 Group 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 Group 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised in the consolidated 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 Group 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 consolidated 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.

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

The Group 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 consolidated statement of profit and loss on a straight-line basis over the lease term.

(B) Group 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 Group 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 consolidated 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 consolidated statement of profit and loss in the form of depreciation over the operating lease term.

Lease rental income is recognised in the consolidated 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 Group 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 for part 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 Group's net investment in the lease.

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(xii) Impairment of Non financial assets

Goodwill

Cash generating units to which goodwill is allocated are tested for impairment annually at each balance sheet date, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that unit and then to the other assets of the unit pro rata on the basis of carrying amount of each asset in the unit. Goodwill impairment loss recognized is not reversed in subsequent period.

Property, plant and equipment and other intangible assets

At each balance sheet date, the Group 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 Group 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 consolidated statement of profit and loss.

(xiii) 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.

(B) Post Employment/retirement benefit Plans

(1) Defined contribution plans

Superannuation fund

For superannuation fund, Group does not carry any further obligations, apart from the contributions made. Payments/Contributions to the Group's defined contribution plans are accounted for on an accrual basis (i.e. when employees have rendered the service entitling them to the contribution) and are recognised as an expense in the consolidated statement of profit and loss.

(2) Defined benefit plans

(a) Provident fund

In accordance with Indian law, eligible employees of TMF Holdings Limited and one of the subsidiary 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 (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, 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. 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 Group 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 consolidated statement of profit and loss.

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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

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.

(xiv) Provisions and Contingent Liabilities

A provision is recognised if, as a result of a past event, the Group 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 Group.

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

(xv) Dividend (including dividend distribution tax)

Any dividend declared or paid by Group and its subsidiaries 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 group may pay dividend out of accumulated profits of previous years transferred to consolidated statement of profit and loss. However, in the absence of accumulated profits a group 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.

(xvi) 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 Group and make strategic decisions is vested in the Board of Directors Committee who has been identified as the chief operating decisions maker.

(xvii) 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 Group 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 Group 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 (FVTOCI), or
- c. at fair value through profit or loss (FVTPL)

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

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(I) Debt Instruments

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

(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 finance receivables 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 Group recognises interest income, impairment losses and reversals in the consolidated 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 consolidated 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 Group 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 consolidated 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 Group has irrevocable option to present in OCI subsequent changes in the fair value. the Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Where the Group 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 consolidated 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 consolidated statement of profit and loss.

(III) Impairment of financial assets

The Group 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.

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 Group 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 Group 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 Group 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 Group 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 Group 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 1st time.

Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the group 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 Group based on its internal data. While the internal estimates of PD, LGD rates by the Group 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 group 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 Group 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 Group 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 Group'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 Group 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 consolidated 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.

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 Group's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries against such financial assets are credited to the consolidated statement of profit and loss.

(IV) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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 consolidated statement of profit and loss.

(B) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments, issued by the Group, 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 Group'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 at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group, 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.

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 Group 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 Group de-recognises financial liabilities when and only when, the Group'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 consolidated 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 consolidated 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 Group 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 (For example- Conversion option) issued by the Group 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 Group'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.

(xviii) Derivatives and Hedging activities

The Group 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 16.

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.

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 Group 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 Group 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 Group 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 Group 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 reserve within equity.

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.

(xix) Fair value measurement

A number of Group'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:

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

(xx) Offsetting financial instruments

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

(xxi) Recent Accounting Pronouncement

**(A) New accounting pronouncements adopted by the Group 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 consolidated 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 Group

The Group 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 Group 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 Group 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 Group

There is no impact on the Group's financial statements on adoption of this amendment.

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 Group

The Group 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 Group

The Group 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 Group

The Group 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 Group

The Group 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 Group

The Group 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 Group

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

TMF HOLDINGS LIMITED (formerly known as TATA MOTORS FINANCE LIMITED) (CIN - U65923MH2006PLC162503)
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2020

Note 4A: Group Information

Particulars of subsidiaries and joint venture which have been considered in the preparation of the consolidated financial statements:

Sr. no	Name of the Company	Country of Incorporation	% of holding either directly or through subsidiaries	
			As at March 31, 2020	As at March 31, 2019
<u>Subsidiaries</u>				
1	Tata Motors Finance Limited (formerly known as Sheba Properties Limited)	India	100	100
2	Tata Motors Finance Solutions Limited	India	100	100
<u>Joint Venture</u>				
1	Loginomic Tech Solutions Private Limited	India	26	26

Note 4B: Additional information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary /Joint Ventures

Sr. No	Name of the Company	As % of consolidated net assets	Net Assets (total assets minus total liabilities)	As % of consolidated profit or loss	Share of profit or loss	As % of other comprehensive income	Share of OCI	As % of total comprehensive income	Share of total comprehensive income	(Rs.in lakhs)	
										100%	(262%)
<u>Parent</u>											
1	TMF Holdings Limited	173%	4309,13.30	8%	10,56.30	0%	2.51	6%	10,58.81		
<u>Subsidiaries</u>											
1	Tata Motors Finance Limited (formerly known as Sheba Properties Limited)	135%	3366,53.88	42%	59,15.90	96%	29,63.90	52%	88,79.80		
2	Tata Motors Finance Solutions Limited	54%	1335,63.30	126%	176,13.89	4%	1,28.52	104%	177,42.41		
<u>Joint ventures (as per proportionate consolidation /investment as per the equity method)</u>											
1	Loginomic Tech Solutions Private Limited	0%	-	0%	-	-	-	0%	-		
<u>Adjustments arising out of consolidation</u>											
		100%	(6520,52.87)	(76%)	(106,38.26)	-	-	(62%)	(106,38.26)		
		100%	2490,77.61	100%	139,47.83	100%	30,94.93	100%	170,42.76		

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Note 5

Cash and cash equivalents

Particulars	(Rs.in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Cash on hand	1,67.82	21,45.15
Balance with banks	710,43.95	968,41.50
Cheques, drafts on hand	42.68	373,34.26
Bank deposit with maturity of less than 3 months	1450,00.00	-
Total	2162,54.45	1363,20.91

Note 6

Bank Balance other than cash and cash equivalents

Particulars	(Rs.in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Deposits with banks	600,00.00	600,00.00
Earmarked balances with banks	1,09.72	0.18
Margin money / cash collateral with banks	786,30.83	477,83.10
Total	1387,40.55	1077,83.28

Note 7

Trade Receivables

Particulars	(Rs.in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Unsecured	203,53.93	291,18.80
Less: Provision for impairment	(34.50)	-
Total	203,19.43	291,18.80

Note 8

Other Receivables

Particulars	(Rs.in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Secured, considered good		
Unsecured considered good	59,58.01	19,47.50
-From related parties		
Due for less than 6 months		
Due for more than 6 months		
-From Others	-	
Doubtful		
Total	59,58.01	19,47.50

No other receivable are due from directors or other officers of the group 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.

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Note 9

Loans (at amortised cost)

Particulars	(Rs.in lakhs)	
	As at March 31, 2020	As at March 31, 2019
(A)		
i. At Amortised Cost		
From Financing Activities		
- Term loans	27956,47.49	34639,28.48
- Finance Lease receivables	3,54.96	-
- Channel Financing	420,86.37	954,51.00
- Credit substitutes (refer note (i))	704,60.27	1648,83.98
From other than financing activities		
- Inter corporate deposits	50.00	-
Total (i) - Gross	29085,99.09	37242,63.46
Less: Impairment loss allowance	(662,31.45)	(927,29.15)
Total (i) - Net	28423,67.64	36315,34.31
ii. At fair value through Other comprehensive income (FVOCI)		
From Financing Activities		
- Term loans	3719,78.70	-
Less: Impairment loss allowance	(16,88.98)	-
Total (ii) - Net	3702,89.72	-
Total (A) = (i)+(ii)	32126,57.36	36315,34.31
(B)		
Secured by tangible assets (refer note (ii))	32364,56.13	35317,44.80
Unsecured	441,21.66	1925,18.66
Total (B) - Gross	32805,77.79	37242,63.46
Less: Impairment loss allowance	(679,20.43)	(927,29.15)
Total (B) - Net	32126,57.36	36315,34.31
Loans in India		
- Public Sector	-	-
- Others	32805,77.79	37242,63.46
Total (C) - Gross	32805,77.79	37242,63.46
Less: Impairment loss allowance	(679,20.43)	(927,29.15)
Total (C) - Net	32126,57.36	36315,34.31

Notes

(i) Investments in bonds, debentures and other financial instruments which, in substance, form a part of the Group'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) Group covers/secures the credit risk associated with the loans lent to customers by creating an exclusive charge/ hypotheciation/ security on the assets/vehicles as mentioned/sepecified in the loan agreement with the customers. This includes vehicle term loan lending done to Micro and Small Enterprises, for which the Group has availed the benefit of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme to secure credit default risk.

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TMF HOLDINGS LIMITED (formerly known as TATA MOTORS FINANCE LIMITED) [CIN - U65923MH2006PLC162503]
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Note 10
Investments

	As at March 31, 2020						As at March 31, 2019				(Rs.in lakhs)
	At fair value			At fair value			At fair value				
	Amortised cost (1)	Through other comprehensive income (2)	Through profit or loss (3)	Sub total (5=2+3+4)	Total (6=1+5)	Amortised cost (7)	Through other comprehensive income (8)	Through profit or loss (9)	Sub total (11=8+9+10)	Total (12=7+11)	
i. Mutual funds	-	-	553,21.48	553,21.48	553,21.48	-	-	-	-	-	-
ii Debt securities	8,35.00	-	58,72.79	58,72.79	67,07.79	106,65.00	-	67,50.00	67,50.00	174,15.00	
iii Equity instruments*	-	60,70.44	66,06.05	126,76.49	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	
v Trust Securities	-	-	11,06.86	11,06.86	11,06.86	-	-	19,48.45	19,48.45	19,48.45	
Total (A) - Gross	10,25.00	60,70.44	689,07.18	749,77.62	760,02.62	109,54.98	77,97.45	164,79.40	242,76.85	352,31.83	
i. Investments outside India											
ii. Investments in India					760,02.62					352,31.83	
Total (B)	-	-	-	-	760,02.62	-	-	-	-	352,31.83	
Less: Allowance for impairment loss (C)	(8,35.00)	-	-	-	(8,35.00)	(1,30)	-	-	-	(1,30)	
Total (D) = (A - C)	1,90.00	60,70.44	689,07.18	749,77.62	751,67.62	109,53.68	77,97.45	164,79.40	242,76.85	352,30.53	

* 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.

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Annexure to Note 10

(Rs. 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 fair value other comprehensive income				
	Investment in equity shares				
	(i) Quoted				
10	Tata Steel Limited	570,188	15,37.23	570,188	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	130,000	1,31.35	130,000	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
	(ii) Unquoted - Group Companies				
10	Taj Air Limited	4,200,000	-	4,200,000	-
1,000	Tata International Limited	19,350	22,48.23	19,350	24,26.30
100	Tata Industries Limited	993,753	20,50.00	993,753	20,50.00
	Subtotal (a)		60,70.44		77,97.45
	Investments measured at fair value through profit and loss				
	Investment in equity shares				
	(i) Quoted				
10	Automobile Corporation of Goa Limited	48,315	1,41.90	48,315	2,70.54
	(ii) Unquoted				
10	Tata Technologies Limited	811,992	64,64.15	811,992	73,40.41
10	Tata Hitachi Construction Machinery Company Private Limited	285,714	-	285,714	1,70.00
			66,06.05		77,80.95
	Investment in compulsory convertible debentures (unquoted)				
	9% Jasper Industries (P) Ltd.	30	20,31.05	30	30,00.00
	9.25% Bhandari Automobiles (P) Ltd.	2,000,000	20,07.73	2,000,000	20,00.00
	9.5% ABT Industries	175	18,34.01	175	17,50.00
			58,72.79		67,50.00
	Investment in trust securities (partly paid)				
10	SBI Macquarie Infrastructure Trust (Partly paid upto Rs 8.60 (at March 31, 2019: Rs 8.46)	15,000,000	11,06.86	15,000,000	19,48.45
			11,06.86		19,48.45
	Investment in mutual funds (Quoted)				
		-	553,21.48	-	-
			553,21.48		-
	Subtotal (b)		689,07.18		164,79.40
	Investments measured at Amortised cost				
	Investment in Preference shares				
	(i) Fully Paid Non - Cumulative Redeemable Preference shares (Unquoted)				
100	6% Tata Precision Industries (India) Limited	40,000	40.00	40,000	40.00
	(ii) Fully Paid Cumulative Redeemable Preference shares (Unquoted)				
100	8.50% Tata Precision Industries (India) Limited	150,000	1,50.00	150,000	1,50.00
	(iii) Fully Paid Cumulative Redeemable Non Participating Preference shares (unquoted)				
1,000	12.50% Tata Capital Limited	-	-	6,665	99.98
			1,90.00		2,89.98
	Investments in Debentures and Bonds				
	(i) Fully Paid Secured, Non - Cumulative, Non - Convertible, Redeemable Debentures				
12.50	8.49% NTPC Limited (issued as bonus)	275,752	-	275,752	-
			-		-
	(ii) Fully Paid Secured Compulsorily Convertible Debentures				
10	9.75% Concorde Motors (India) Limited Less: Allowance for impairment loss		-	100,000,000	100,00.00 (1.30)
			-		99,98.70
	(iii) Fully paid unsecured optionally convertible zero coupon debentures				
100	Loginomic Tech Solutions Private Limited ("TruckEasy") Less: Allowance for impairment loss (refer note 3)	835,000	8,35.00 (8,35.00)	665,000	6,65.00 -
			-		6,65.00
	Subtotal (c)		1,90.00		109,53.68
	Total (a + b + c)		751,67.62		352,30.53

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Note 11

Other financial assets

Particulars	(Rs.in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Deposits (Net of provision of Rs. 48.61 lakhs; March 31, 2019 Rs 25.25 lakhs)	8,52.30	9,42.07
Interest accrued on investments and deposits	32,42.15	34,46.37
Application money receivable towards securities	-	145,27.56
Others (Net of provision of Rs. 13,62.28 lakhs; March 31, 2019 Rs 16.64 lakhs)	21,58.73	92.02
Total	62,53.18	190,08.02

Note 12

Income taxes

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

Particulars	(Rs. 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	14,51.24	44,09.35
MAT credit (recognised)/writtenoff for the year	-	(20,57.37)
Adjustments for current tax of prior periods	(1,98.38)	(19.33)
Total current tax expense	12,52.86	23,32.65
<u>Deferred tax</u>		
Decrease (increase) in deferred tax assets	(37,33.50)	19,31.11
(Decrease) increase in deferred tax liabilities	34,38.91	(83,97.02)
Total deferred tax expense/(benefit)	(2,94.59)	(64,65.91)
Income Tax expense	9,58.28	(41,33.26)

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	(Rs. in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Profit/(Loss) before taxes	149,06.11	123,35.94
Income tax expense at statutory tax rates applicable to individual respective entities	52,08.76	43,10.67
Tax effect of the amount which are not taxable in calculating taxable income :		
- Effect of income that is exempt from taxation	(1,55.65)	(1,24.75)
- Effect of expenses not deductible for tax computation	20,71.09	27,19.05
- Utilisation/credit of unrecognised tax losses, unabsorbed depreciation and other tax benefits	(235,09.67)	(33,77.31)
- Deferred tax assets not recognised because realization is not probable	115,41.35	88,97.49
- Previously unrecognised and unused tax losses now utilised	-	(124,25.16)
- Deferred tax asset now created on previously unrecognised and unused tax losses	-	(66,00.00)
- Adjustments recognised in relation to the current tax of prior years	(1,98.38)	(19.33)
- Taxes on income at different rates	-	23,51.98
- Deferred tax liability on undistributable earnings of subsidiaries	6,42.79	1,34.10
- Others	53,57.99	-
Income tax expense/(credit) recognised for the year at effective tax rate	9,58.28	(41,33.26)

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c) Deferred tax assets/liabilities (net)

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

(Rs. in lakhs)				
Particulars	As at April 01, 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2020
Deferred tax liabilities :				
- Fair Valuation of Equity Instruments measured at FVTOCI and FVTPL	57.92	(6,76.13)	47,60.60	4142.39
- Income to be taxed on actual receipt basis	-	31,03.98	-	31,03.98
- Sourcing commission claimed on incurrence basis	49,53.42	3,68.28	-	53,21.70
- Undistributable earnings in subsidiaries	1,34.10	6,42.78	-	7,76.88
Total deferred tax liabilities	51,45.44	34,38.91	47,60.60	133,44.95
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	89,96.77	73,87.67	-	163,84.44
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	160,60.69	75,56.75	-	236,17.44
Net deferred tax asset/(liabilities) excl MAT Credit	109,15.25	41,17.84	(47,60.60)	102,72.49
- Minimum alternate tax (MAT) entitlement	102,77.02	(38,23.25)	-	64,53.77
Deferred tax assets/(liabilities) (net)	211,92.27	2,94.59	(47,60.60)	167,26.26

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

(Rs. in lakhs)				
Particulars	As at April 01, 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)	-	-
- Fair Valuation of Equity Instruments measured at FVTOCI and FVTPL	-	57.92	-	57.92
- Undistributable earnings in subsidiaries	-	1,34.10	-	1,34.10
- Others	2676.00	22,77.42	-	49,53.42
Total deferred tax liabilities	13542.46	(83,97.02)	-	51,45.44
Deferred tax asset :				
- Unabsorbed and unused tax losses and depreciation carry forwards	-	66,00.00	-	66,00.00
- Provisions for impairment allowances on financial assets	137,10.05	(47,13.27)	-	89,96.78
- Compensated absences and retirement benefits allowable on payment basis	368.04	95.88	-	4,63.92
- Others	3913.72	(39,13.72)	-	-
Total deferred tax assets	179,91.81	(19,31.11)	-	160,60.70
Net deferred tax asset/(liabilities) excl MAT Credit	44,49.35	64,65.91	-	109,15.26
- Minimum alternate tax (MAT) entitlement	82,19.65	20,57.37	-	102,77.02
Deferred tax assets/(liabilities) (net)	126,69.00	85,23.28	-	211,92.28

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, unrecognized deferred tax assets amount to Rs. 286,20.57 lakhs and Rs. 190,91.74 lakhs which can be carried forward indefinitely and up to a specified period, respectively. These relate primarily to business losses, depreciation carry forwards and other deductible temporary differences. The deferred tax asset has not been recognized on the basis that its recovery is not probable in the foreseeable future.

Unrecognized deferred tax assets expire unutilized based on the year of origination as follows:

March 31,	Rs. in lakhs
2023	-
2025	60,92.60
Thereafter	129,99.14
Total	190,91.74

Note 13

Joint Ventures:

Details and financial information of joint ventures

Details of the Group's joint venture at the end of the year is as follows:-

Place of incorporation and principal place of business	Name of joint venture	Proportion of ownership interest and voting rights held by the Group		Principal Activity
		As at March 31, 2020	As at March 31, 2019	
India	Loginomic Tech Solutions Private Limited	26.00%	26.00%	Software Service Provider

The above joint venture is accounted for using the equity method in these consolidated financial statements

The summarised financial information below represents amount shown in the joint venture financial statements for equity accounting purposes.

(Rs. In lakhs)

Particulars	(Rs. In lakhs)	
	As at March 31, 2020	As at March 31, 2019
i) Non-current assets	17.42	27.76
ii) Current assets	2,60.30	3,56.06
iii) Non-current liabilities	(8,35.00)	(6,65.00)
iv) Current liabilities	(5,67.31)	(1,50.31)
Net Assets	(11,24.59)	(4,31.50)

The above amounts of assets and liabilities include the following:

(Rs. In lakhs)

Particulars	(Rs. In lakhs)	
	As at March 31, 2020	As at March 31, 2019
a) Cash and cash equivalents	2.75	1,05.26
b) Non current financial liabilities (excluding trade payable and provisions)	8,35.00	6,65.00
c) Current financial liabilities (excluding trade payable and provisions)	5,67.31	60.36

(Rs. In lakhs)

Particulars	(Rs. In lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue	19,67.52	9,66.68
Post-tax profit (loss) for the year	(6,60.79)	(2,76.93)
Total comprehensive income for the year	(6,60.79)	(2,76.93)
Dividends received during the year	-	-

The above profit / (loss) for the year include the following:

(Rs. In lakhs)

Particulars	(Rs. In lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Depreciation and amortisation	4.67	9.59
b) Interest income	0.86	3.23
c) Interest expense	1,76.90	1.17
d) Income tax expense / (income)	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

(Rs. In lakhs)

Particulars	(Rs. In lakhs)	
	As at March 31, 2020	As at March 31, 2019
Net assets of the joint venture	(11,24.60)	(4,31.50)
Proportion of the Company's ownership interest in the joint venture in %	26%	26%
Proportion of the Company's interest in joint venture in INR	(2,92.40)	(1,12.19)
Cost of Investments (including Goodwill)	3,06.06	3,06.06
Opening carrying amount of the Group's interest in the joint venture	1,93.87	-
Less: Impairment Loss allowance recognised/(reversed) (refer note below)	(1,93.87)	-
Carrying amount of the Group's interest in the joint venture	-	1,93.87

Note:

During the financial year, provision for impairment loss allowance for investments held in joint venture has been recognised as the Group does not expect to recover its cost of investment.

TMF HOLDINGS LIMITED (formerly known as TATA MOTORS FINANCE LIMITED) (CIN - U65923MH2006PLC162503)
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2020

Note 14

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	Depreciation for the period	Deletions		
Buildings*	99,22.09	17,28.41	11,19.65	105,30.85	8,30.82	16,37.91	4,32.56	20,36.17	84,94.68
Furniture and fixtures	56,02.43	73.99	6,74.38	50,02.04	47,19.58	2,09.15	6,00.43	43,28.30	6,73.74
Vehicles	9,10.09	1,42.14	3,67.04	6,85.19	4,70.04	1,62.11	2,88.61	3,43.54	3,41.65
Vehicles - given on lease	91,13.18	94,79.20	11,13.70	174,78.68	14,79.10	21,89.83	7,05.12	29,63.81	145,14.87
Office equipments	36,09.03	2,70.87	15,50.29	23,29.61	29,55.41	3,11.27	15,16.80	17,49.88	5,79.73
Data processing machines	18,33.91	1,52.42	10,27.25	9,59.08	14,51.73	2,03.80	10,27.24	6,28.29	3,30.79
Total	309,90.73	118,47.03	58,52.31	369,85.45	119,06.68	47,14.07	45,70.76	120,49.99	249,35.47

* 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. 49,27.47 lakhs. Refer note 38 forming part of the financial statements.

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.

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	Depreciation for the period	Deletions		
Building	48,06.67	-	-	48,06.67	7,56.28	74.54	-	8,30.82	39,75.85
Furniture and fixtures	55,91.58	1,78.83	167.98	56,02.43	44,80.46	3,87.41	148.29	47,19.58	8,82.85
Vehicles	7,83.88	2,85.82	159.61	9,10.09	4,53.99	1,54.57	138.52	4,70.04	4,40.05
Vehicles - given on lease	31,22.89	62,26.78	2,36.49	91,13.18	6,06.65	9,85.53	1,13.08	14,79.10	76,34.08
Plant and equipments - given on lease	3,15.06	-	3,15.06	-	3,15.06	-	3,15.06	-	-
Office equipments	36,84.71	2,24.03	2,99.71	36,09.03	29,42.49	2,86.87	2,73.95	29,55.41	6,53.62
Data processing machines	15,29.44	3,04.47	-	18,33.91	12,75.30	1,76.43	-	14,51.73	3,82.17
Total	198,34.23	72,19.93	11,78.85	258,75.31	108,30.23	20,65.35	9,88.90	119,06.68	139,68.63

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TMF HOLDINGS LIMITED (formerly known as TATA MOTORS FINANCE LIMITED) (CIN - U65923MH2006PLC162503)
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2020

Note 14A
Goodwill

Particulars	(Rs.in lakhs)		
	Balance as at April 01, 2019	Impairment charge/(reversal)	Balance as at March 31, 2020
Goodwill	205,18.53	-	205,18.53

Particulars	(Rs.in lakhs)		
	Balance as at April 01, 2018	Impairment charge/(reversal)	Balance as at March 31, 2019
Goodwill	205,18.53	-	205,18.53

As at March 31, 2020, goodwill of Rs. 205,18.53 lakhs has been allocated to the business acquisition made of Sheba Properties Limited (now known as Tata Motors Finance Limited) which is the Cash Generating Unit (referred to as "CGU"). The recoverable amount of the cash generating unit has been determined based on value in use. Value in use has been determined based on future cash flows, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.

Note 14B
Intangible Assets

Particulars	Gross Block			Accumulated Amortisation			Net Block	
	Balance as at April 01, 2019	Additions	Deletions	Balance as at April 01, 2019	Amortisation during the period	Deletions	Balance as at March 31, 2020	Balance as at March 31, 2020
Computer Software	25,13.63	8.01	-	18,93.06	1,98.95	-	20,92.01	4,29.64

Particulars	Gross Block			Accumulated Amortisation			Net Block	
	Balance as at April 01, 2018	Additions	Deletions	Balance as at April 01, 2018	Amortisation during the year	Deletions	Balance as at March 31, 2019	Balance as at March 31, 2019
Computer Software	24,15.85	97.78	-	17,07.36	1,85.70	-	18,93.06	6,20.58

Note 15

Other non-financial assets

Particulars	(Rs.in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Capital Advances	48,91.25	10,95.03
Deposits with statutory authorities (including under protest)	11,81.40	14,71.76
Prepaid expenses	21,85.85	30,37.94
Taxes recoverable, statutory deposits and dues from government (Net of provision of Rs 3,03.69 lakhs; March 31, 2019)	57,74.61	45,72.87
Others (Net of provision of Rs 1,61.53 lakhs; March 31, 2019 Rs 19,52.89 lakhs)	26,49.98	47,21.76
Total	166,83.09	148,99.36

Note 16

Derivative financial instruments as at March 31, 2020

Particulars	(Rs.in lakhs)			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
Currency derivatives				
Forward exchange contracts	35,106.25	26,72.23	-	-
Interest rate derivatives				
Interest Rate Swaps	17,142.50	27.16	17,963.75	10,25.29
Other derivatives				
Cross currency interest rate swaps	160,610.75	52,41.37	-	-
Total Derivative Financial Instruments		79,40.76		10,25.29
Derivative designated as hedge				
Cash flow hedging:				
Forward exchange contracts	35,106.25	26,72.23	-	-
Cross currency interest rate swaps	160,610.75	52,41.37	-	-
Interest rate swaps	-	-	17,963.75	10,25.29
Subtotal		79,13.60		10,25.29
Undesignated Derivatives				
Interest Rate Swaps	17,142.50	27.16		
Subtotal		27.16		-
Total Derivative Financial Instruments		79,40.76		10,25.29

Derivative financial instruments as at March 31, 2019

Particulars	(Rs.in lakhs)			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
Currency derivatives				
Forward exchange contracts	-	-	17,142.50	2,30.85
Interest rate derivatives				
Interest Rate Swaps	17,142.50	1,17.79	-	-
Total Derivative Financial Instruments		1,17.79		2,30.85
Derivative designated as hedge				
Cash flow hedging:				
Forward exchange contracts	-	-	17,142.50	2,30.85
Subtotal			17,142.50	2,30.85
Undesignated Derivatives				
Interest Rate Swaps	17,142.50	1,17.79	-	-
Subtotal	17,142.50	1,17.79	-	-
Total Derivative Financial Instruments		1,17.79		2,30.85

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Note 17
Payables

Particulars	(Rs.in lakhs)	
	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	268,83.51	269,58.36
Other Payables		
total outstanding dues of micro enterprises and small enterprises	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	31,60.99	60,31.29
Total	300,44.50	329,89.65

Note: Information in respect of micro enterprises and small enterprises to whom the Group 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 Group and relied upon by the auditors.

Note 18
Debt securities (at amortised cost)

Particulars	(Rs.in lakhs)	
	As at March 31, 2020	As at March 31, 2019
i. Privately placed non-convertible debentures		
- Secured #	1886,93.17	3721,81.29
- Unsecured	2153,10.46	902,15.06
ii Commercial Paper (unsecured)	5748,03.35	9768,69.59
Total (A)	9788,06.98	14392,65.94
i. Debt securities in India	9788,06.98	14392,65.94
ii. Debt securities outside India	-	-
Total (B)	9788,06.98	14392,65.94

Nature 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 Group's residential flat and
 - ii) a) All receivables of the Group arising out of loan and lease transactions
 - b) All other book debts, trade advances forming part of movable assets of the Group
 - c) Any other security as identified by the Group 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 Cumulative 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

Details of Non Cumulative Debentures (Unsecured)

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	9.45% to 11.00%	2211,82.60	8.60% to 8.85%	362,03.33
Maturing within 1 Year	8.60% to 8.85%	362,03.33	8.60% to 8.85%	612,95.29
Total Face Value		2573,85.93		974,98.62
Less: Unamortised borrowing cost		420,75.47		72,83.56
Total Amortised cost		2153,10.46		902,15.06

Note 19

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

(Rs.in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
(a) Term loans		
i. from banks in INR (secured) (refer note (i) below)	12989,77.06	10929,38.86
ii. from banks in INR (unsecured)	1424,91.56	2024,79.94
(b) Inter Corporate Deposits from related parties (unsecured)	-	50,00.00
(c) Liability component of compound financial instruments	23,93.49	32,68.96
(d) Compulsory convertible preference shares (refer note (v) below)	752,32.36	804,18.15
(e) Loans repayable on demand		
i. from banks in INR (secured) (refer note (ii) below)	3454,00.00	3339,89.46
ii. from banks in INR (unsecured)	200,00.00	-
(f) Cash Credit from banks (secured) (refer note (ii) below)	218,76.10	1304,71.96
(g) Collateralised Debt Obligation (secured) (refer note (iii) below)	4228,24.24	3047,33.38
Total (A)	23291,94.81	21533,00.71
i. Borrowings in India	21416,53.12	21533,00.71
ii. Borrowings outside India	1875,41.69	-
Total (B)	23291,94.81	21533,00.71

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:

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

Note (ii)

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

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

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

Note (iii)

Collateralised debt obligation represent amount received against loans securitised, which does not qualify for derecognition.

Note (iv)

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

Details of Term Loans from banks (Secured)

(Rs.in lakhs)

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%	1875,00.00	8.70% to 9.10%	1925,00.00
Maturing between 1 year to 3 Years	7.42% to 9.65%	1634,16.25	8.59% to 10.05%	1702,88.74
Maturing within 1 Year	7.50% to 9.90%	555,53.57	8.25% to 9.25%	797,50.00
Total repayable on maturity (A)		4064,69.82		4425,38.74
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 9.95%	458,21.67	8.70% to 9.63%	713,00.00
Maturing between 1 year to 3 Years	7.35% to 9.60%	1524,01.67	6.85% to 9.63%	1096,00.00
Maturing within 1 Year	6.85% to 9.60%	836,92.67	8.90% to 9.00%	247,50.00
Subtotal (B)		2819,16.00		2095,00.00
ii. on half yearly basis				
Maturing between 3 Years to 5 Years	8.70% to 9.10%	675,62.50	8.40% to 9.60%	2011,90.50
Maturing between 1 year to 3 Years	8.05% to 9.10%	1512,38.10	8.40% to 9.80%	1686,48.81
Maturing within 1 Year	8.05% to 9.80%	839,85.12	8.50% to 9.80%	563,21.43
Subtotal (C)		3027,85.71		4261,60.73
iii. on yearly basis				
Maturing between 3 Years to 5 Years	8.65% to 9.50%	131,25.00		-
Maturing between 1 year to 3 Years	8.60% to 9.50%	721,66.67	9.00% to 9.00%	150,00.00
Maturing within 1 Year	8.30% to 9.50%	360,83.33	-	-
Subtotal (D)		1213,75.00		150,00.00
Total repayable on installments (E = B+C+D)		7060,76.71		6506,60.73
Total term loans as per contractual terms (F = A+E)		11125,46.54		10931,99.47
Less: Unamortised borrowing costs		11,11.16		2,60.61
Total Amortised cost		11114,35.38		10929,38.86

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		-

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%	283,97.87
Total		4229,94.41		3048,56.24
Less: Unamortised borrowing costs		1,70.17		1,22.86
Net		4228,24.24		3047,33.38

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%	1475,00.00
Maturing within 1 Year	8.35% to 9.00%	425,00.00	8.70% to 9.05%	300,00.00
Subtotal (B)		675,00.00		1775,00.00
ii. on yearly basis				
Maturing between 1 year to 3 Years	8.95% to 8.95%	150,00.00	-	-
Maturing within 1 Year	8.95% to 9.30%	400,00.00	-	-
Subtotal (C)		550,00.00		-
Total repayable on installments (D = B+C)		1225,00.00		1775,00.00
Total term loans as per contractual terms (G = A+F)		1425,00.00		2025,00.00
Less: Unamortised borrowing costs		8.44		19.93
Total Amortised cost		1424,91.56		2024,80.07

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
Less: Unamortised borrowing costs		-		-
Net		-		50,00.00

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	8.40% to 9.25%	3454,00.00	8.00% to 10.25%	3339,89.46
Total		3454,00.00		3339,89.46
Less: Unamortised borrowing costs		-		-
Net		3454,00.00		3339,89.46

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	8.70% to 8.70%	200,00.00	-	-
Total		200,00.00		-
Less: Unamortised borrowing costs		-		-
Net		200,00.00		-

Details of Cash credit facilities (Secured)

(Rs.in lakhs)

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%	218,76.10	8.30% to 10.90%	1304,71.96
Total		218,76.10		1304,71.96
Less: Unamortised borrowing costs		-		-
Net		218,76.10		1304,71.96

Note (v)

TMF Holdings Limited (i.e. Parent Company) has call option to purchase from the holders of the instrument and the holders of the instruments have put option on the TMF Holdings Limited (i.e. Parent Company) for 1,00,00,000, 1,25,00,000 and 1,63,00,000 cumulative non-participative compulsory convertible preference shares (Face Value :Rs 100) issued by Tata Motors Finance Limited in September 2020, December 2020 and December 2021.

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
10% Cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	163,00.00	12-Jun-25	3.175 : 1

Note 20

Subordinated Liabilities (at amortised cost)

(Rs.in lakhs)

Particulars	As at	As at
	March 31, 2020	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	991,73.68	1278,92.57
Total (A)	1365,51.40	1652,29.93
i. Debt securities in India	1365,51.40	1652,29.93
ii. Debt securities outside India	-	-
Total (B)	1365,51.40	1652,29.93

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 10.00%	150,00.00	8.35% to 10.60%	385,00.00
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		995,95.00		1284,90.00
Less: Unamortised borrowing cost		4,21.32		5,97.43
Total Amortised cost		991,73.68		1278,92.57

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 Group 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 21

Other financials liabilities

(Rs.in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued on borrowings	226,17.37	213,73.88
Lease liability for right of use assets	52,06.78	-
Others	276,35.78	171,02.22
Total	554,59.93	384,76.10

Note 22

Provisions

(Rs.in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	10,64.33	11,55.24
Provision for Indirect taxes	66,26.52	112,14.56
Provision for consumer disputes	1,52.79	3,72.83
Total	78,43.64	127,42.63

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

(a) Provision for Indirect taxes

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	112,14.56	112,14.56
Add : Provision during the year	-	-
Less : Utilisation/reversal during the year	45,88.04	-
Closing Balance	66,26.52	112,14.56

(b) Provision for consumer disputes

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	3,72.83	72.79
Add : Provision during the year	1,52.79	3,45.67
Less : Utilisation/reversal during the year	3,72.83	45.63
Closing Balance	1,52.79	3,72.83

Note 23

Other non-financial liabilities

(Rs.in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Dues	31,44.70	34,90.96
Others	32,94.07	61,78.45
Total	64,38.77	96,69.41

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Note 24A

Equity Share Capital

(Rs.in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs.	No. of shares	Rs.
Authorised				
Equity Shares of Rs.10 each with voting rights	2,500,000,000	2500,00.00	2,500,000,000	2500,00.00
		2500,00.00		2500,00.00
Issued, Subscribed and Fully Paid up				
Equity shares of Rs. 10 each	1,648,283,442	1648,28.34	1,598,283,442	1598,28.34
Total		1648,28.34		1598,28.34

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

(Rs.in lakhs)

Equity Shares	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs.	No. of shares	Rs.
Shares outstanding at the beginning of the year	1,598,283,442	1598,28.34	1,404,735,056	1404,73.50
Shares Issued during the year	50,000,000	50,00.00	193,548,386	193,54.84
Shares outstanding at the end of the year	1,648,283,442	164,828.34	1,598,283,442	159,828.34

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

(Rs.in lakhs)

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 shares with voting rights				
Tata Motors Limited	1,648,283,442	100.00	1,598,283,442	100.00

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

(Rs.in lakhs)

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				
Tata Motors Limited	1,648,283,442	100.00	1,598,283,442	100.00

d) Terms / rights attached to equity shares:

The Company has 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) The Board of Directors at its meeting held on May 29, 2020 has recommended a final dividend of Rs Nil on fully paid equity share of Rs 10 each (March 31, 2019 – Rs.0.406 per equity share (4.06%)).

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Note 24B
Equity Component of Compound Financial Instrument

(Rs. in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs.	No. of shares	Rs.
Authorised				
Preference shares of Rs.100 each	75,000,000	750,00.00	75,000,000	750,00.00
		750,00.00		750,00.00
Issued, Subscribed and Fully Paid up				
Equity portion of cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	43,400,000	370,72.59	43,400,000	370,72.59
Total		370,72.59		370,72.59

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

(Rs. in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs.	No. of shares	Rs.
Shares outstanding at the beginning of the year	43,400,000	370,72.59	43,400,000	370,72.59
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	43,400,000	370,72.59	43,400,000	370,72.59

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

(Rs. in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of holding	No. of shares	% of holding
Tata Motors Limited	43,400,000	100.00	13,000,000	29.95
Apurva Goswamy	-	-	2,200,000	5.07

c) Terms/rights attached to preference shares

The Company has cumulative, non-participating compulsorily convertible preference shares (CCPS) having a face value of Rs. 100 each. The holders of the CCPS are entitled for dividend @ 3% on a yearly basis, in preference to the equity shareholders of the Company, subject to applicable law and 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. The conversion ratio of the CCPS shall be 2.15: 1. Fractional equity shares, if any, arising on conversion of the CCPS shall be disregarded.

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

Particulars	(Rs. in lakhs)	Conversion Date
Cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	130,00.00	2-Mar-23
Cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	304,00.00	28-Mar-23

d) Distribution:

- The Board of Directors at its meeting held on March 26, 2020 recommended an interim dividend of Rs. 2.70 per Compulsorily Convertible Preference Shares (CCPSs). The same has been paid on March 27, 2020.
- The Board of Directors at its meeting held on May 29, 2020 recommended a final dividend of Rs. 0.30 per share (0.30%) on Cumulative, non-participating Compulsorily convertible preference share of Rs 100 each which is subject to approval of the members of the Company at the forthcoming annual general meeting.

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Note 24D

(I) Other components of equity

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

Particulars	(Rs. 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	(Rs. 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	(Rs. 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	(Rs. 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	(Rs. 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

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Note 24D

(I) Other components of equity

(II) Notes to reserves

a) Special reserve

As per Section 45-IC 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.

b) 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.

c) 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 & CCPS infusion is recognised in Securities Premium Account.

d) 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

e) General reserve

The Group 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.

f) Retained earnings

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

g) Equity Instrument through OCI

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

h) Hedging Reserve through OCI

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

(i) Cost of hedge reserve

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

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Note 25
Interest Income

Particulars	(Rs.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#	3860,47.16	3545,82.13
Interest on deposits with Banks	104,88.32	66,10.27
Other interest Income	1.45	9.25
On Financial Assets measured at Fair Value through Other Comprehensive Income		
Interest income from loans	154,48.00	-
On Financial Assets measured at Fair Value through Profit & Loss		
Interest income from investments	4,43.09	4,51.94
Total	4124,28.02	3616,53.29

includes excess interest spread recognised upfront on direct assignment transactions.

Note 26
Net gain on fair value changes

Particulars	(Rs.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		
Total	96,94.43	58,43.21
Fair Value changes:		
- Realised	115,87.51	56,85.15
- Unrealised	(18,93.08)	1,58.06
Total	96,94.43	58,43.21

Note 27
Other Income

Particulars	(Rs.in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Support services income	192,43.19	140,56.59
Balances Written back	33,93.91	13,61.42
Miscellaneous income	25,85.10	18,99.10
Total	252,22.20	173,17.11

Note 28
Finance Costs (on financial liabilities measured at amortised cost)

Particulars	(Rs.in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on Borrowings	1995,38.01	1276,20.02
Interest on Debt Securities	903,73.73	1195,71.67
Interest on Subordinated Liabilities	174,41.05	166,98.75
Interest expense on lease liability	4,60.59	-
Other Finance Charges	4,89.45	8,07.91
Total	3083,02.83	2646,98.35

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Note 29
Impairment on financial instruments

(Rs.in lakhs)		
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loans (at amortised cost)		
-Allowance for loan losses	(241,07.46)	(101,34.68)
-Loans written off (net of recoveries of Rs. 98,24.42 lakhs for the year ended March 31, 2020; Rs. 177,14.42 lakhs for year ended March 31, 2019)	820,98.77	349,73.19
Loans (at FVOCI)		
-Allowance for loan losses	16,88.98	-
Other assets		
-Provision for doubtful loans and advances (others)	(1,79.53)	(24.63)
-Other assets written off	3.16	
Total	595,03.92	248,13.88

Note 30
Employee Benefits Expenses

(Rs.in lakhs)		
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries	267,18.06	321,04.58
Contribution to provident and other funds	17,65.04	17,81.34
Staff welfare expenses	14,44.86	16,22.39
Total	299,27.96	355,08.31

Note 31
Other expenses

(Rs.in lakhs)		
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent, taxes and energy costs	9,90.43	28,30.28
Repairs and maintenance	3,05.72	5,16.82
Corporate social responsibility expense	3,38.61	2,12.28
Communication Costs	8,10.70	8,89.90
Printing and stationery	2,70.03	3,20.60
Advertisement and publicity	4,67.03	3,85.45
Director's fees, allowances and expenses	88.90	1,70.00
Auditor's fees and expenses	1,37.86	1,61.11
Legal and Professional charges	78,48.78	78,73.67
Credit risk & other insurance	32,47.30	9,34.34
Incentive/commission	52,41.01	94,38.14
Cenvat credit reversals	52,13.88	54,38.94
Service Provider Fees	172,24.30	192,75.65
Net loss on derecognition of property, plant and equipment	7.56	32.39
Others	73,17.78	94,89.23
Total	495,09.89	579,68.80

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Note 32

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 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 (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	(Rs. in Lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic		
Weighted average no. of equity shares outstanding	1,729,434,972	1,462,534,437
Net profit attributable to equity share holders	139,47.83	163,97.20
Basic earnings per share (Rs.)	0.81	1.12
Diluted		
Weighted average no. of equity shares outstanding	1,729,434,972	1,462,534,437
Net profit	139,47.83	163,97.19
Diluted earnings per share (Rs.)	0.81	1.12
Face value per share (Rs.)	10	10

Note 33

Segment reporting

The Group primarily operates in one reportable segment of financing and hence there are no separate reportable operating segments to be reported as per the IndAS 108 - Segment Reporting.

Note 34

Contingent liabilities and commitments :-

1 Contingent liabilities to the extent not provided for:

A Claims against the group not acknowledged as debts:

Particulars	(Rs. 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 income tax matters	20,62.58	3,02.80
In respect of service tax matters	-	60,99.05
In respect of consumer disputes	40,98.48	32,89.85
In respect of bonus under the Payment of Bonus (Amendment) Act, 2015	26.15	26.15
Total	61,87.21	98,30.55

B Provident Fund

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 Group has complied with the aforesaid order on a prospective basis from the date of the SC order. The Group will reassess the position on receiving any further update or clarity on the subject.

C Bank guarantee for which the Group is contingently liable:

Particulars	(Rs. 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

2 Commitments:

A Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 5,39.95 lakhs (as at March 31, 2019: Rs.6,68.35 lakhs)

B Other commitments

a) Loan commitment towards vehicle financing Rs.6,22.74 lakhs (as at March 31, 2019: Rs.3,03.05 lakhs)

b) Commitment for Investment Rs.1,85.86 lakhs (as at March 31, 2019: Rs.5,41.73 lakhs)

Note 35

Employee benefit obligations

a) Super annuation plan

The Group 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 Group is liable to pay to the superannuation fund to the extent of the amount contributed and recognises such contribution as an expense in the year of contribution.

On account of the above contribution plans, a sum of Rs. 1,31.36 lakhs (previous year Rs. 1,38.48 lakhs) has been recognised in the Consolidated Statement of Profit and Loss.

b) Provident fund plan

Defined contribution plans

In accordance with Indian law, eligible employees of one of the subsidiary 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' basic salary. The contribution is paid to the Regional Provident Fund office. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the year in which employee renders the related services.

On account of the above contribution plans, a sum of Rs. 1,86.48 lakhs (previous year Rs. 2,05.24 lakhs) has been recognised in the Consolidated Statement of Profit and Loss.

Defined benefit plans

In accordance with Indian law, eligible employees of TMF Holdings Limited and one of the subsidiary 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 by the TMF Holdings Limited and one of the subsidiary Company to Tata Motors Limited provident fund towards provident fund amounts to Rs. 5,98.65 lakhs (Previous year Rs. 5,73.00 lakhs) and to Regional Provident Fund office amounts to Rs. 3,32.61 lakhs (Previous year Rs. 2,47.80 lakhs).

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.

Change in benefit obligations:	As at March 31, 2020
Defined benefit obligations at the beginning	132,96.70
Service cost	6,05.51
Employee contribution	12,24.12
Acquisitions (credit) / cost	(24.61)
Interest expense	11,41.58
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	4.55
Benefits paid	(13,83.64)
Defined benefit obligations at the end	148,64.21

Change in plan assets:	As at March 31, 2020
Fair value of plan assets at the beginning	133,58.42
Acquisition Adjustment	(24.61)
Interest income	11,65.66
Return on plan assets excluding amounts included in interest income	1,74.32
Contributions (employer and employee)	18,22.77
Benefits paid	(13,83.64)
Fair value of plan assets at the end	151,12.92

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Amount recognised in the balance sheet consists of	As at March 31, 2020
Present value of defined benefit obligation	148,64.21
Fair value of plan assets	151,12.92
Effect of asset ceiling	(2,48.71)
Net liability	-

Amount recognised in the Statement of Profit and Loss:	Year ended March 31, 2020
Current service cost - Employer	6,05.51
Net interest on net defined benefit liability / (asset)	(24.08)
Cost recognised in P&L	5,81.43

Amount recognised in Other Comprehensive Income (OCI):	Year ended March 31, 2020
Actuarial (gain)/loss due to DBO experience	4.55
Actuarial (gain)/loss due to DBO assumption changes	-
Actuarial (gain)/loss arising during year	4.55
Return on plan assets (greater)/less than discount rate	(1,74.32)
Actuarial (gains)/ losses recognized in OCI	(1,69.77)
Adjustment for limit on net asset	1,86.99
Cumulative Actuarial (Gain) or Loss Recognized via OCI at Current Period End	17.22

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	14.0

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 deposit)	12.95%
Others	2.69%
Total	100.00%

As at March 31, 2020, the defined benefit obligation would be affected by approximately Rs. 5,64.20 Lakhs on account of a 0.50% decrease in the expected rate of return on plan assets.

Gratuity plan

The gratuity defined benefit plan is a funded plan and the Company makes contributions to the Tata Motors Limited Gratuity Trusts for funding the defined benefit gratuity plan for qualifying employees. The plan provides for a lumpsum 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	(Rs. in lakhs)	
	As at March 31	
	2020	2019
Defined benefit obligation, beginning of the year	47,97.33	45,38.51
Current service cost	4,99.56	5,81.20
Interest cost	3,36.06	3,34.24
Remeasurement (gains) / losses		
Actuarial (gain) /losses arising from change in financial assumptions	(1,01.79)	(2,00.85)
Actuarial (gain) /losses arising from change in demographic assumptions	(47.73)	(1,48.47)
Actuarial (gain) /losses arising from change in experience adjustments	(209.08)	88.20
Past service cost	-	-
Transfer between Subsidiaries	-	-
Benefits paid from plan assets	(8,65.83)	(3,95.50)
Benefits paid directly by the employer	-	-
Defined benefit obligation, end of the year	44,08.52	47,97.33

b) Changes in plan assets	(Rs. in lakhs)	
	As at March 31	
	2020	2019
Fair value of plan assets, beginning of the year	48,13.83	46,61.25
Interest cost	3,39.48	3,44.27
Remeasurement (gains) / losses		
Return on plan assets, (excluding amount included in net Interest expense)	5.76	189.03
Transfer in/(out) of assets	-	-
Employer's contribution	55.72	14.78
Benefits paid	(8,65.83)	(3,95.50)
Fair value of plan assets, end of the year	43,48.96	48,13.83

c) Amount recognised in balance sheet consist off	(Rs. in lakhs)	
	As at March 31	
	2020	2019
Present value of defined benefit obligation	44,08.52	47,97.33
Fair value of plan assets	(43,48.96)	(48,13.83)
Net Liability / (Assets)	59.56	(16.50)

d) Amount recognised in the Statement of Profit and Loss:	(Rs. in lakhs)	
	As at March 31	
	2020	2019
Current Service Cost	4,99.56	5,81.20
Interest on Defined Benefit Obligations (Net)	(3.42)	(10.03)
Net Charge to the Statement of Profit and Loss	4,96.14	5,71.17

e) Amount recognised in Other Comprehensive Income(OCI) for the Year:	(Rs. in lakhs)	
	As at March 31	
	2020	2019
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	5.76	1,89.03
Actuarial gains/(losses) arising from changes in demographic assumptions	47.73	1,48.47
Actuarial gains/(losses) arising from changes in financial assumptions	1,01.79	2,00.85
Actuarial gains/(losses) arising from changes in experience adjustments on plan liabilities	2,09.08	(88.20)
Net impact on the other comprehensive income before tax	3,64.36	4,50.15

f) The fair value of Company's Gratuity plan asset by category	(Rs. in lakhs)		
	As at	As at	As at
	March 31, 2020	March 31, 2019	April 1, 2018
Asset Category			
Insurer managed funds			
- Government securities (quoted)	-	-	-
- Debt instruments (quoted)	-	-	-
- Debt instruments (unquoted)	-	-	-
- Equity shares (quoted)	-	-	-
- Insurer Managed Funds (unquoted)	-	-	-
Total	100%	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation

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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.

h) The maturity profile of defined benefit obligation are set out below:	(Rs. in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Within next 12 months (next annual reporting)	4,14.39	3,62.61
Between 1 and 5 years	20,33.41	22,37.07
Between 5 and 9 years	31,82.73	39,00.27
10 years and above	-	-

i) Quantitative sensitivity analysis for significant assumptions:	(Rs. in lakhs)	
	As at March 31, 2020	As at March 31, 2019
100 bps increase in discount rate	(2,96.11)	(3,38.79)
100 bps decrease in discount rate	3,35.42	3,85.29
100 bps increase in salary escalation rate	3,32.59	3,85.84
100 bps decrease in salary escalation rate	(2,99.13)	(3,46.31)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to

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 March 31, 2020	As at March 31, 2019
The weighted average duration of the defined benefit obligation	7.62 Years	8.08 Years

k) The best estimate of the expected Contribution for the next year:	(Rs. in lakhs)	
	As at March 31, 2020	
The Group expected contribution to the funded gratuity plans in FY 2019-20.	5,65.75	

l) Risk Exposure

Through its gratuity defined benefit plans, the Group 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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Note 36

Related party disclosures

(A) Related parties and their relationship

(I) Parties where the control exists:

- Holding Company: Tata Motors Limited

(II) Subsidiaries

Tata Motors Finance Limited

Tata Motors Finance Solutions Limited

(III) Joint ventures

Loginomic Tech Solutions Private limited

(IV) Other related parties with whom transactions have taken place

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

Concorde Motors (India) Limited

Tata Technologies Limited

TML Distribution Company Limited

Tata Motors Insurance Broking Services Limited

Tata Precision Industries (India) Limited

Automobile Corporation of Goa 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 ALG General Insurance Company Limited

Tata Teleservices Limited

Tata Teleservices (Maharashtra) Limited

Tata International DLT Private Limited

(iii) Post Employment Benefit Plans

Tata Motors Finance Limited Employees Gratuity Trust

(V) Key Management personnel :

Mr. Guenter Butschek - Chairman & Director

Mr. Shyam Mani - Managing Director

Mr. Hoshang Sinor - Independent Director (upto December 05, 2019)

Mr. Phillie Karkaria - Independent Director

Ms. Vedika Bhandarkar - Independent Director

Mr. P. B. Balaji - Independent Director

Mr. Anand Bang - Chief Financial Officer

(B) 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

	(Rs. in Lakhs)		
Transactions	Holding Company	Joint venture	Other Related parties
a) Transactions during the year			
Purchase of fixed assets	31,71.47	-	3,33.42
Loans and advances given	-	95.00	54,41.03
Recoveries from employee benefit trust	-	-	8,38.86
Contributions paid to employee benefit trust	-	-	55.72
Loans and advances recovered	256,77.68	-	127,62.63
Investments made	-	1,70.00	-
Proceeds against investments	-	-	104,49.98
Provision on doubtful loans and investments	-	(9,30.00)	-
Expenses for support services (incl. reimbursement of expenses)	1,98.08	-	40,59.11
Rent Expenses	29.93	-	-
Dividend paid	76,76.81	-	-
Interest Expenses	1,46.99	-	1,16.15
Other Expenses	-	-	4,39.13
Income related to financing activities	450,82.47	-	-
Dividend income	-	-	3,60.42
Rent Income	1,31.65	-	2,14.80
Other Income	1,10.63	-	-
Interest income on loans and investments	46.37	2.37	27,28.08
Service charges income	-	-	48,57.71
Amount received towards reimbursement of expenses	2.39	-	2,33.94
Loans and advances taken / availed	400,00.00	-	10,00.00
Loans and advances repaid	400,00.00	-	10,00.00
Issue of share capital (including share premium)	150,00.00	-	-

Note 36

Related party disclosures

(Rs. in Lakhs)			
b) Balances as at	Holding Company	Joint venture	Other Related parties
Receivable - loans and Advances	-	95.00	-
Other Receivables	160,38.13	0.97	2,20.60
Debt investments	-	8,35.00	-
Payables - Borrowings & debt securities	-	-	5,00.00
Other Payables	20.90	-	5,17.58
Provision on doubtful loans and investments	-	(9,30.00)	-

Note: Provision for doubtful debts based on expected credit losses was recognised on the receivables owed by related parties amounting to Rs 9,30.00 lakhs.

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

(Rs. in Lakhs)			
Transactions	Holding Company	Joint venture	Other Related parties
a) Transactions during the year			
Purchase of fixed assets	97.53	-	66.99
Loans and advances given	450,00.00	-	254,16.76
Security deposit refunded	2,35.00	-	-
Recoveries from employee benefit trust	-	-	2,88.07
Loans and advances recovered	1220,33.03	-	259,78.34
Investments made	600,00.00	9,30.87	-
Expenses for support services (incl. reimbursement of expenses)	1,17.29	-	40,98.03
Processing Fees paid	10.22	-	-
Rent Expenses	35.95	-	-
Dividend paid	63,21.31	-	-
Interest Expenses	6.16	-	70.38
Other Expenses	-	-	8,98.12
Income related to financing activities	176,49.09	-	-
Dividend income	-	-	2,76.24
Rent Income	4,89.56	-	1,89.05
Other Income	1,77.00	-	-
Interest income on loans and investments	55,85.06	-	13,07.48
Service charges income	7.94	-	17.21
Loans and advances taken / availed	-	-	65,00.00
Loans and advances repaid	-	-	65,00.00

(Rs. in Lakhs)			
b) Balances as at	Holding Company	Joint venture	Other Related parties
Receivable - loans and Advances	-	-	3,50.00
Other Receivables	308,86.51	-	74,87.92
Debt investments	-	6,65.00	-
Payables - Borrowings & debt securities	-	-	100,00.00
Other Payables	-	-	20,67.73

iii) Key management personnel remuneration

(Rs. In Lakhs)		
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short term employee benefits (refer note below)	7,85.30	9,52.72

Note:

- Expenses towards provision for gratuity and leave encashment which are determined actuarial basis at an overall Company level are not included in the above information.
- Includes sitting fees paid to non-executive directors is Rs. 77.90 lakhs and Rs. 1,70.00 lakhs for the year ended March 31, 2020 and 2019, respectively.

Note 37

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:

						(Rs. in Lakhs)
Financial assets	Amortised cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a) Investments	1,90.00	60,70.44	689,07.18	-	-	751,67.62
(b) Loans	28423,67.64	3702,89.72	-	-	-	32126,57.36
(c) Trade & other receivables	262,77.44	-	-	-	-	262,77.44
(d) Cash and cash equivalents	2162,54.45	-	-	-	-	2162,54.45
(e) Other bank balances	1387,40.55	-	-	-	-	1387,40.55
(f) Other financial assets	62,53.18	-	-	-	-	62,53.18
(g) Derivative financial instruments	-	-	-	7,913.60	27.16	79,40.76
Total	32300,83.26	3763,60.16	689,07.18	79,13.60	27.16	36832,91.36

Financial liabilities	Amortised Cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a) Borrowings	23291,94.81	-	-	-	-	23291,94.81
(b) Debt securities	9788,06.98	-	-	-	-	9788,06.98
(c) Trade & other payables	300,44.50	-	-	-	-	300,44.50
(d) Subordinated liabilities	1365,51.40	-	-	-	-	1365,51.40
(e) Derivative financial instruments	-	-	-	10,25.29	-	10,25.29
(f) Other financial liabilities	554,59.93	-	-	-	-	554,59.93
Total	35300,57.62	-	-	10,25.29	-	35310,82.91

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

Financial assets	Amortised cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a) Investments	109,53.68	77,97.45	164,79.40	-	-	352,30.53
(b) Loans	36315,34.32	-	-	-	-	36315,34.32
(c) Trade & other receivables	310,66.30	-	-	-	-	310,66.30
(d) Cash and cash equivalents	1363,20.91	-	-	-	-	1363,20.91
(e) Other bank balances	1077,83.28	-	-	-	-	1077,83.28
(f) Other financial assets	190,08.02	-	-	-	-	190,08.02
(g) Derivative financial instruments	-	-	-	-	1,17.79	1,17.79
Total	39366,66.51	77,97.45	164,79.40	-	1,17.79	39610,61.15

Financial liabilities	Amortised cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a) Borrowings	21533,00.71	-	-	-	-	21533,00.71
(b) Debt securities	14392,65.94	-	-	-	-	14392,65.94
(c) Trade & other payables	329,89.65	-	-	-	-	329,89.65
(d) Subordinated liabilities	1652,29.93	-	-	-	-	1652,29.93
(e) Derivative financial instruments	-	-	-	2,30.85	-	2,30.85
(f) Other financial liabilities	384,76.10	-	-	-	-	384,76.10
Total	38292,62.33	-	-	2,30.85	-	38294,93.18

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Fair value hierarchy

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

(Rs. in Lakhs)

Particulars	As at March 31, 2020					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
(a) Investments	749,77.62	749,77.62	583,42.46	58,72.79	107,62.37	749,77.62
(b) Derivative instruments	79,40.76	79,40.76	-	79,40.76	-	79,40.76
(c) Loans	3702,89.72	3702,89.72	-	-	3702,89.72	3702,89.72
Total	4532,08.10	4532,08.10	583,42.46	138,13.55	3810,52.09	4532,08.10

Particulars	As at March 31, 2020					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost for which fair value is disclosed						
(a) Loans	28423,67.64	28283,58.56	-	-	28283,58.56	28283,58.56
Total	28423,67.64	28283,58.56	-	-	28283,58.56	28283,58.56

Particulars	As at March 31, 2020					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
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	As at March 31, 2020					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost for which fair value is disclosed						
(a) Borrowings	4252,17.73	5176,09.12	-	5176,09.12	-	5176,09.12
(b) Debt securities	4040,03.62	4172,70.36	-	4172,70.36	-	4172,70.36
(c) Subordinated liabilities	1365,51.40	1495,49.33	-	1495,49.33	-	1495,49.33
(d) Lease liabilities	52,06.78	52,49.78	-	52,49.78	-	52,49.78
Total	9709,79.53	10896,78.59	-	10896,78.59	-	10896,78.59

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	242,76.85	242,76.85	67,51.88	67,50.00	107,74.97	242,76.85
(b) Derivative instruments	1,17.79	1,17.79	-	1,17.79	-	1,17.79
Total	243,94.64	243,94.64	67,51.88	68,67.79	107,74.97	243,94.64

Particulars	As at March 31, 2019					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost for which fair value is disclosed						
(a) Loans	36315,34.32	36227,02.89	-	-	36227,02.89	36227,02.89
Total	36315,34.32	36227,02.89	-	-	36227,02.89	36227,02.89

Particulars	As at March 31, 2019					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
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

Particulars	As at March 31, 2019					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost for which fair value is disclosed						
(a) Borrowings	21533,00.71	3543,28.28	-	3543,28.28	-	3543,28.28
(b) Debt securities	4623,96.34	4691,67.49	-	4691,67.49	-	4691,67.49
(c) Subordinated liabilities	1652,29.93	1785,73.01	-	1785,73.01	-	1785,73.01
Total	27809,26.98	10020,68.78	-	10020,68.78	-	10020,68.78

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.

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 Group's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy include investments in certain unquoted equity shares.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2020 and March 31, 2019

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 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 Group 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.
- 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 Group 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 and no material differences in the values.

Reconciliation of level 3 fair value measurement is as below :

Particulars	(Rs. 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	3837,77.02	-
MTM gain/(loss) recognized in OCI	117,56.48	12,11.73
MTM gain/(loss) recognized in P&L	(10,46.26)	-
Realised during the year	(254,21.85)	-
Balance at the end of the year	3810,52.09	119,86.70

Note 38

Group as a Lessee

The Group 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 Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (refer Note 14)

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 Group has one lease where rentals are linked to outstanding Loan and the number of employees

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

Refer Note 14 for details of right-of-use asset recognized

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

Particulars	(Rs. 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

Handwritten mark

TMF HOLDINGS LIMITED (formerly known as TATA MOTORS FINANCE LIMITED) (CIN - U65923MH2006PLC162503)
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2020

When measuring the lease liabilities for leases that were classified as operating leases, the Group 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	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

Note 39

Group as a Lessor

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

The Group has recognised lease rental income from leasing of these assets amounting to Rs. 32,47.33 lakhs (Previous year: 12,94.46 lakhs) in the Consolidated Statement of Profit and Loss. There are no variable lease rentals recognized during the year.

Although the risks associated with rights that the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Group 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-

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Within 1 year	60,38.24	26,08.82
1-2 years	54,37.72	23,47.55
2-3 years	37,42.89	16,65.38
3-4 years	21,39.03	8,91.36
4-5 years	8,06.28	1,40.39
Total	181,64.16	76,53.51

Note 40

Finance Lease receivables

The Group has entered into lease arrangements as a lessor that are considered to be finance leases. The Group leases vehicles and as it transfer's 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:

(Rs. in lakhs)

Particulars	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, Group has recognized following amounts in consolidated statement of profit and loss during the year

(Rs. in lakhs)

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

Note 41

Assets held for sale

The Group 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 period 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 consolidated statement of profit or loss as the carrying amount is lower than the fair value less costs to sell.

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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	2162,54.45	-	2162,54.45	1363,20.91	-	1363,20.91
(b) Bank Balance other than cash and cash equivalents	601,09.72	786,30.83	1387,40.55	749,58.18	328,25.10	1077,83.28
(c) Derivative financial instruments(assets)	27.45	79,13.31	79,40.76	-	1,17.79	1,17.79
(d) Receivables						
i. Trade receivables	203,19.43	-	203,19.43	291,18.80	-	291,18.80
ii. Other receivables	59,58.01	-	59,58.01	19,47.50	-	19,47.50
(e) Loans	14922,00.58	17204,56.78	32126,57.36	13918,62.13	22396,72.18	36315,34.31
(f) Investments	553,21.49	198,46.15	751,67.64	-	352,30.53	352,30.53
(g) Other financial assets	36,48.92	26,04.26	62,53.18	174,26.24	15,81.78	190,08.02
2 Non-financial assets						
(a) Current tax assets (net)	-	317,25.28	317,25.28	-	215,66.76	215,66.76
(b) Deferred tax assets (net)	-	167,26.26	167,26.26	-	211,92.28	211,92.28
(c) Investments in joint venture (equity accounted investee)	-	-	-	-	1,93.87	1,93.87
(d) Property, plant and equipment	-	249,35.46	249,35.46	-	139,68.63	139,68.63
(e) Capital work-in-progress	-	69.70	69.70	-	26.84	26.84
(f) Goodwill	-	205,18.53	205,18.53	-	205,18.53	205,18.53
(g) Other intangible assets	-	4,29.63	4,29.63	-	6,20.58	6,20.58
(h) Other non-financial assets	106,09.13	60,73.96	166,83.09	123,23.11	25,76.25	148,99.36
3 Non-current assets held for sale	3,35.68	-	3,35.68	-	-	-
Total assets	18647,84.86	19299,30.15	37947,15.01	16639,56.87	23900,91.12	40540,47.99
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	268,83.51	-	268,83.51	269,58.36	-	269,58.36
ii. Other payables						
- total outstanding dues of micro enterprises and small enterprises						
- total outstanding dues of creditors other than micro enterprises and small enterprises	31,60.99	-	31,60.99	60,31.29	-	60,31.29
(c) Debt securities	7560,52.83	2227,54.15	9788,06.98	11724,70.57	2667,95.37	14392,65.94
(d) Borrowings (Other than debt securities)	9560,34.42	13731,60.39	23291,94.81	8549,37.79	12983,62.92	21533,00.71
(e) Subordinated liabilities	360,90.26	1004,61.14	1365,51.40	860,37.80	791,92.13	1652,29.93
(f) Other financial liabilities	405,97.40	148,62.53	554,59.93	326,33.73	58,42.37	384,76.10
2 Non-financial liabilities						
(a) Current tax liabilities (net)	2,72.08	-	2,72.08	15,30.61	-	15,30.61
(b) Provisions	1,74.69	76,68.95	78,43.64	1,75.18	125,67.45	127,42.63
(c) Other non-financial liabilities	64,38.77	-	64,38.77	96,69.41	-	96,69.41
Total liabilities	18257,04.95	17199,32.45	35456,37.40	21904,44.74	16629,91.09	38534,35.82
Net	390,79.91	2099,97.70	2490,77.61	(5264,87.87)	7271,00.03	2006,12.16

Note 43

Financial risk management

The Group's activities expose it to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group'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 Group's and provides assurance to The Group's senior management that The Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with The Group's policies and risk objectives.

All hedging activities are carried out by Centralised treasury department possessing the appropriate skills, experience and supervision. The Group'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 Group's 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 Group's 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 Group'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, 2019, that defaults in payment

i) Loans arising from financing activities - Credit quality of financial assets and impairment loss

Loans from financing activities to customers. Credit risk for loans is managed by the Group's through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which The Group's grants credit terms in the normal course of business. Credit risk is monitored by the credit risk department of The Group's independent Risk department/function who have the responsibility for reviewing and managing. For the loans financed to customers The Group's 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 Group is in retail & corporate lending business on pan India basis. Vehicle Finance consists of lending for purchase of new and used Commercial Vehicles and Passenger Vehicles against security. Hypothecation endorsement is made in favour of the Group 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 Used Vehicle Finance like refinance against existing vehicles and repurchase vehicles (first time buyers), 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. 125,29.04 lakhs (March 31, 2019: Rs. 118,95.95 lakhs).

On account of adoption of Ind AS 109, The Group's 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 Group's customers' financial condition; ageing of loans; the value and adequacy of collateral received from the customers; The Group's historical loss experience; and adjusted for forward looking information. The Group's defines default as an event when there is no reasonable expectation of recovery.

The Group's 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 Group's impairment assessment and measurement approach is set out in Note 3(xvii) A - Accounting policies.

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Note 43

Financial risk management

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.

(Rs. in Lakhs)

Loans	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)	23001,77.54	118,53.87	22883,23.67	29190,34.01	235,60.00	28954,74.01
01-30 days past due	3926,26.82	44,52.79	3881,74.03	4404,03.02	63,96.57	4340,06.45
31-90 days past due	4001,84.63	245,98.77	3755,85.86	2560,64.35	166,08.40	2394,55.95
above 90 days past due	1875,88.80	270,15.00	1605,73.80	1087,62.08	461,64.18	625,97.90
Total	32805,77.79	679,20.43	32126,57.36	37242,63.46	927,29.15	36315,34.31

Changes in the allowance for credit losses in loans arising from financing activities are as follows:

(Rs. in Lakhs)

	For the year ended March 31,	
	2020	2019
Balance at the beginning	927,29.15	1036,93.01
Impairment loss recognised/(reversed)	592,87.35	331,49.59
Amounts written off	(840,96.07)	(441,13.45)
Balance at the end	679,20.43	927,29.15

(B) Management of Liquidity risk

Liquidity risk is the risk that The Group's 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 Group 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 Group 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 Group'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:

(Rs. in Lakhs)

	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contractual cashflows
Non derivatives						
Borrowings	23291,94.81	11052,43.65	6400,71.40	8265,37.59	15,09.82	25733,62.46
Trade and other payables	300,44.49	300,44.49	-	-	-	300,44.49
Debt securities	9788,06.98	7667,48.05	1887,04.83	823,45.46	-	10377,98.34
Subordinated liabilities	1365,51.40	477,67.13	249,11.17	857,11.53	164,17.50	1748,07.33
Lease liabilities	52,06.78	15,82.35	11,64.91	24,64.71	14,84.88	66,96.85
Other financial liabilities	502,53.15	394,18.99	24,70.50	83,63.66	-	502,53.15
Derivatives						
Derivative contracts	10,25.29	-	-	10,25.29	-	10,25.29
Total	35310,82.90	19908,04.66	8573,22.81	10064,48.24	194,12.20	38739,87.91

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 Group's in such cases is limited to the extent of credit enhancements provided. The contractual maturities of such collateralized debt obligations are as follows:

(Rs. in Lakhs)

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

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Note 43
Financial risk management

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

	(Rs. in Lakhs)					
	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contractual cashflows
Non derivatives						
Borrowings	21533,00.71	9915,07.09	4988,76.08	9306,10.07	56,88.21	24266,81.45
Trade and other payables	329,89.65	329,89.64	-	-	-	329,89.64
Debt securities	14392,65.94	12608,19.29	1862,05.30	473,15.54	-	14943,40.13
Subordinated liabilities	1652,29.93	460,56.47	478,22.13	794,86.39	466,61.93	2200,26.93
Other financial liabilities	384,76.10	334,88.89	39,25.63	10,61.58	-	384,76.10
Derivatives						
Derivative contracts	2,30.85	-	-	2,30.85	-	2,30.85
Total	38294,93.18	23648,61.39	7368,29.14	10587,04.43	523,50.14	42127,45.10

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 Group's in such cases is limited to the extent of credit enhancements provided. The contractual maturities of such collateralized debt obligations are as follows:

	(Rs. in Lakhs)				
	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Total contractual cashflows
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 Group exposure to market risk is a function of asset liability management activities. The Group 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 Group's risk management framework. ALCO activities are in turn monitored and reviewed by a board sub-committee.

Foreign currency risk

Foreign exchange risk is the risk of impact/changes related to fair value or future cash flows of an 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 Consolidated Statement of Profit and Loss and equity, where assets/liabilities are denominated in a currency other than the functional currency of the Group.

The Group's foreign currency exposure arises mainly from variable rate foreign currency borrowings denominated in USD. The Group, 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 Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group policy is to fully hedge its foreign currency borrowings at the time of drawdown till the repayment.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group'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.

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 Group's exposure to the risk of changes in market rates relates primarily to the Group's borrowings obligations with floating/variable interest rates.

The Group 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 Group 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 Group as disclosed in (iv) derivative financial instruments and hedging activities below.

Note 43
Financial risk management

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

	(Rs. in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
<u>Non derivative Financial Liabilities</u>		
Variable rate borrowings	1,767,247.29	1,614,688.92
<u>Derivative financial liabilities to</u>		
Interest rate Swap	351,06.25	172,88.75
Cross Currency Interest rate Swap	1606,10.75	-
Net Exposure	1,571,530.29	1,597,400.17

Interest rate sensitivity analysis

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. 157,15.30 lakhs and Rs. 159,74.00 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 Group's investments measured at fair value through other comprehensive income and fair value through profit and loss exposes The Group's to equity price risks. These investments are subject to changes in the market price of securities. The fair value of Group's investment in equity securities as at March 31, 2020 and 2019 was Rs. 126,76.48 lakhs and Rs. 133,58.39 lakhs respectively.

	(Rs 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
<u>Equity price Sensitivity</u>				
Increase in equity price by 10 %*	6,60.60	7,61.00	6,07.04	5,75.00
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).

Capital management

The capital structure of the Group consists of net debt and total equity of the Group. The Group manages its capital to maximise the return to stakeholders through an optimum mix of debt and equity within the overall capital structure. The Group's risk management committee reviews the capital structure of the Group considering the cost of capital and the risks associated with each class of capital.

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

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Note 44

Transfer of financial assets

The Group's transfers loans arising from financing activities through securitisation transactions. In most of these transactions, The Group's also provides credit enhancements to the transferee.

Because of the existence of credit enhancements in such transactions, The Group's 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 along with the associated liabilities is as follows:

Nature of Assets	(Rs. 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.38,03.29 lakhs as at March 31, 2020 and March 31, 2019 respectively.

Note 45

Reconciliation of Movement in Borrowings to cash flows from financing activities

Particulars	(Rs. in Lakhs)				
	As at April 01, 2019	Cash flows (net)	Exchange difference	Amortisation / EIR adjustments	As at March 31, 2020
Debt securities	14392,65.94	(5360,30.12)	-	755,71.16	9788,06.98
Borrowings (Other than debt securities)	21533,00.71	1590,95.42	119,15.09	48,83.59	23291,94.81
Subordinated liabilities	1652,29.93	(289,45.00)	-	2,66.46	1365,51.39
Total	37577,96.58	(4058,79.70)	119,15.09	807,21.21	34445,53.18

Note 46

Impact of COVID-19

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 1, 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 Group has considered this asset classification benefit at March 31, 2020. The Group 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 Group'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 Group'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 Group and its 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 consolidated financial statements and the Group will continue to closely monitor changes to future economic conditions.

The Group's capital and liquidity position is strong and would continue to be the focus area for the Group.

As per our report of even date attached

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

VEDIKA BHANDARKAR
Director
(DIN - 00033808)

P.B. BALAJI
Director
(DIN - 02762983)

Vaibhav Shah
Partner
Membership No. 117377
UDIN - 20110577 AAAA BP5537
Place: Mumbai
Date: May 29, 2020

SHYAM MANI
Managing Director
(DIN - 00273598)

ANAND BANG
Chief Financial Officer
Place: Mumbai
Date: May 29, 2020

VINAY LAVANNIS
Group Secretary