Tata Motors Finance Limited

(Formerly Sheba Properties Limited)

Annual Report F.Y. 2018-19

CERTIFIED TRUE COPY
TATA MOTORS FINANCE LIMITED
(Formerly Sheba Properties Limited)

Company Secretary

TATA MOTORS FINANCE LIMITED (FORMERLY SHEBA PROPERTIES LTD)
ANNUAL REPORT F.Y. 2018-19

BOARD OF DIRECTORS

Mr. Nasser Munjee, Non-Independent Director & Chairman

Mrs. Vedika Bhandarkar, Independent Director

Mr. Hoshang Sinor, Independent Director

Mr. P.D. Karkaria, Independent Director

Mr. P.B. Balaji, Non-Executive Director

Mr. Shyam Mani, Non-Executive Director

Mr. Mayank Pareek, Non-Executive Director

Mr. Girish Wagh, Non-Executive Director

CHIEF EXECUTIVE OFFICER

Mr. Samrat Gupta

CHIEF FINANCIAL OFFICER

Mr. Anand Bang

COMPANY SECERETARY

Mr. Vinay Lavannis

STATUTORY AUDITORS

M/s. BSR & Co LLP

CORPORATE INDENTIFICATION NUMBER (CIN)

U45200MH1989PLC050444

REGISTERED OFFICE

10th Floor, 106 A&B, Maker Chambers III, Nariman Point, Mumbai- 400 021
Tel: +91 22 6172 9600 | www.tmf.co.in

CORPORATE OFFICE

Tata Motors Finance Limited, 2nd Floor, Tower A, I-Think Lodha Techno Campus, Off Pokharan Road No. 2, Thane (west)- 400 601 Tel: +91 22 6181 5400 | Fax: +91 22 6181 5817

REGISTRAR AND SHARE TRANSFER AGENT

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Industrial Estate, Near Famous Studio, 20, Dr. E. Moses Road, Mahalaxmi (west), Mumbai- 400 011.
Tel: +91 22 6656 8484 | www.tsrdarashaw.com

TATA MOTORS FINANCE LIMITED (FORMERLY SHEBA PROPERTIES LTD)

BANKERS

Axis Bank Limited
Bank of Bahrain and Kuwait Bsc
Bank of Baroda
Bank of India
Bank of Maharashtra
Barclays Bank Plc
Canara Bank
Central Bank Of India
Corporation Bank
Citibank N.A
Deutsche Bank
Federal Bank
FirstRand Bank Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IDFC Bank
J&K Bank
Kotak Mahindra Bank Limited.
Oriental Bank of Commerce
Punjab & Sind Bank
Punjab National Bank
RBL Bank Limited
Standard Chartered Bank
State Bank of India
Syndicate Bank
The South Indian Bank Limited
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank

DEBENTURE TRUSTEES

Vistra ITCL (India) Limited
The IL&FS Financial Centre, Plot C 22, G Block, Bandra Kurla Complex, Bandra East,
Mumbai – 400 051 | Tel:+91 22 2659 3535 |
www.vistraitcl.com

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 27, R. Kamani Marg, Ballard Estate, Mumbai 400 001 | Tel: +91 22 4080 7000
| itsl@idbitrustee.com

LISTED AT (Debt Listed)

National Stock Exchange of India Limited

DEPOSITORIES

Central Depository Services (India) Limited
National Securities Depository Limited

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Independent Auditor's Report

To the Members of Tata Motors Finance Limited

(formerly known as Sheba Properties Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tata Motors Finance Limited *(formerly known as Sheba Properties Limited)* ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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TATA MOTORS FINANCE LIMITED
(Formerly Sheba Properties Limited)

Company Secretary

Independent Auditor's Report *(Continued)*

Tata Motors Finance Limited

(formerly known as Sheba Properties Limited)

Key Audit Matters *(Continued)*

Description of Key Audit Matter

Key audit matter	**How the matter was addressed in our audit**
Transition date accounting policies	
Refer to the accounting policies in the Financial Statements: Significant Accounting Policies- "Basis of preparation" and "Note 4 to the Financial Statements: Transition date choices and application"	
Adoption of new accounting framework (Ind AS) Effective 1 April 2018, the Company adopted the Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Company upon transition: - Classification and measurement of financial assets and financial liabilities including assessment of business model - Measurement of loan losses (expected credit losses) - Accounting for securitization and assignment - Accounting for loan fees and costs - Common control transaction and goodwill accounting The migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, *First Time Adoption of Indian Accounting Standard* prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We identified transition date accounting as a key audit matter because of significant degree of management judgment and application on the areas noted above.	Our key audit procedures included: **Design / controls** • Assessing the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the principles under Ind AS 101. • We confirmed the approvals of the Audit Committee of the Company for the choices and exemptions made by the Company for compliance/acceptability under Ind AS 101. **Substantive tests** • Evaluated management's transition date choices and exemptions for compliance/acceptability under Ind AS 101. • Understood the methodology implemented by management to give impact on the transition. • Assessed the accuracy of the computations. • Assessed areas of significant estimates and management judgment in line with principles under Ind AS.

Independent Auditor's Report *(Continued)*

Tata Motors Finance Limited

(formerly known as Sheba Properties Limited)

Key Audit Matters *(Continued)*

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment of financial assets

Charge: Rs.285,86.90 lakhs for year ended 31 March 2019
Provision: Rs.783,28.20 lakhs at 31 March 2019</td></tr>
<tr><td colspan="2">Refer to the accounting policies in "Note 3(xv)(A)(iii) to the Financial Statements: Impairment", "Note 3(i) to the Financial Statements: Significant Accounting Policies- use of estimates" and "Note 9 and Note 10 to the Financial Statements: Loans and Investments"</td></tr>
<tr><td>Subjective estimate

Recognition and measurement of impairment of financial assets involves significant management judgement.

With the applicability of Ind AS 109 Financial Instruments, credit loss assessment is now based on expected credit loss ("ECL") model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.

The most significant factors are:

- Segmentation of loan book

- Loan staging criteria

- Calculation of probability of default / loss given default

- Consideration of probability weighted scenarios and forward looking macro-economic factors

There is a significant dependency on the various data inputs to be considered in the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</td><td>Our audit procedures included:

Design / controls

• Evaluation of the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice.

• Understanding management's processes, systems and controls implemented in relation to impairment allowance process.

• Assessing the design and implementation of key internal financial controls and entity level controls (including controls around information provided by the Company) over loan impairment process used to calculate the impairment charge.

• We used our modelling specialist to test the model methodology and reasonableness of assumptions used.

• Testing of management review controls over measurement of impairment allowances and disclosures in financial statements.

Substantives tests

• We 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 calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.</td></tr>
</table>

Independent Auditor's Report *(Continued)*

Tata Motors Finance Limited

(formerly known as Sheba Properties Limited)

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment of financial assets *(Continued)* **Charge: Rs.285,86.90 lakhs for year ended 31 March 2019** **Provision: Rs.783,28.20 lakhs at 31 March 2019**	
	• Model calculations were tested through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, the period of historical loss rates used, loss emergence periods, economic forward looking factors and the valuation of recovery assets and collateral.

Key audit matter	How the matter was addressed in our audit
Information technology ('IT')	
IT systems and controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company uses three primary systems for its financial reporting. Due to the large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, cyber security has become more significant. We have focused on user access management, change management, interface controls and system application controls over key financial accounting and reporting systems.	Our audit procedures to assess the IT system access management included the following: General IT controls / application controls and user access management • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access rights, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine the operating effectiveness of application controls. For those controls that were changed during the year, we tested the standard 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.

Independent Auditor's Report *(Continued)*

Tata Motors Finance Limited

(formerly known as Sheba Properties Limited)

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Information technology *(Continued)*	
	• Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

Key audit matter	How the matter was addressed in our audit
Assessment of Deferred Taxes on unabsorbed losses	
Refer to the accounting policies in "Note 3(iv) to the Financial Statements: Income Taxes", "Note 3(i) to the Financial Statements: Significant Accounting Policies- use of estimates and judgement" and "Note 12 to the Financial Statements: Deferred Tax Assets"	
Subjective estimate The recognition of a deferred tax asset in respect of tax losses is permitted only to the extent that it is probable that future taxable profits will be available to utilise the tax losses carried forward. Further, when there is a history of unabsorbed tax losses, deferred tax asset is recognised only to the extent of the Company having sufficient taxable temporary differences or convincing evidence to support that there will be sufficient taxable profit against which the tax losses can be absorbed.	Our audit procedures included: • We understood and tested key controls over the production and approval of the forecast taxable profits used to support the recognition of deferred tax assets. • We reviewed the history of brought forward unabsorbed tax losses of the Company. We reviewed the Company's actual performance vis-à-vis their budgets for the current and past years. We discussed with management their basis and assumptions in respect of convincing evidence to support that there will be sufficient taxable profit to absorb the tax losses.

Independent Auditor's Report ***(Continued)***

Tata Motors Finance Limited

(formerly known as Sheba Properties Limited)

Other Information

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

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

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

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. The other information is expected to be made available to us after the date of this auditor's report.

Management's Responsibility for the Financial Statements

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

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

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

Independent Auditor's Report *(Continued)*

Tata Motors Finance Limited

(formerly known as Sheba Properties Limited)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

Independent Auditor's Report *(Continued)*

Tata Motors Finance Limited

(formerly known as Sheba Properties Limited)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year 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.

Other matter

The transition date opening balance sheet as at 1 April 2017 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 dated 19 May 2017 expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

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

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act.

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

Independent Auditor's Report *(Continued)*

Tata Motors Finance Limited

(formerly known as Sheba Properties Limited)

Report on Other Legal and Regulatory Requirements *(Continued)*

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

i. The Company has disclosed the impact of pending litigation as at 31 March 2019 on its financial position in its financial statements - Refer Note 35 to the financial statements;

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

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

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

In our opinion and according to the information and explanations given to us, the remuneration paid / provided by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

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

Manoj Kumar Vijai
Partner
Membership No.046882

Mumbai
6 May 2019

Tata Motors Finance Limited

(formerly known as Sheba Properties Limited)

Annexure A to the Independent Auditor's report - 31 March 2019

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

We report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The Company has a program of verification to cover all the items of fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the details given below:

Particulars	Gross Block as on 31 March 2019 (Rs in Lakhs)	Net Block as on 31 March 2019 (Rs in Lakhs)	Remarks
Residential flat in Nilgiri Upavan Co-operative Housing Society Limited	61.48	59.13	The title deeds are in the name of TML Financial Services Limited which is the erstwhile name of present day TMF Holdings Limited (the parent entity of the Company). The name of the parent entity changed from TML Financial Services Limited to Tata Motors Finance Limited (TMFL) in the year 2006 and further changed from TMFL to TMF Holdings Limited in the year 2017. This asset was acquired pursuant to a Scheme of arrangement for transfer of business undertaking (Scheme) under section 391 to 394 of the Companies Act 1956 between the Company and its parent entity which pursuant to the scheme approved by National Company Law Tribunal have vested into the Company.

ii. The Company is in the business of lending and consequently does not hold any physical inventories. Accordingly paragraph 3(ii) of the Order is not applicable to the Company.

iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there are no loans / guarantees or security provided in connection with any loan which have been given to directors or to any other person in whom the director is interested, therefore the provisions of section 185 of the Act are not applicable to the Company. According to information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans, investments, guarantees, and securities granted.

Tata Motors Finance Limited

(formerly known as Sheba Properties Limited)

Annexure A to the Independent Auditor's report - 31 March 2019 *(Continued)*

v. The Company is a non-banking finance company and consequently is exempt from provision of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly paragraph 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the services rendered by the Company. Accordingly, paragraph 3 (vi) of the Order is not applicable to the Company.

vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, goods and service tax, value added tax, cess and other material statutory dues have been regularly deposited with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs, duty of excise and value added tax. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, goods and service tax, value added tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date on when they become payable.

(b) According to the information and explanation given to us, following dues have not been deposited by the Company on account of dispute:

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which it relates	Amount involved (Rs. in Lakhs)	Net of amount paid under protest* (Rs. in Lakhs)
Andhra Pradesh Value Added Tax Act,2005	Value added tax ('VAT')	High Court of Judicature at Hyderabad for the state of Telengana and the state of Andhra Pradesh	F.Y 2007-08 to 2012-13	1,005.28	670.19
Andhra Pradesh Value Added Tax Act,2005	Penalty on VAT	High Court of Judicature at Hyderabad for the state of Telengana and the state of Andhra Pradesh	F.Y 2007-08 to 2012-13	1,005.28	1,005.28
Andhra Pradesh Value Added Tax Act,2005	VAT	High Court of Judicature at Hyderabad for the state of Telengana and the state of Andhra Pradesh	F.Y 2013-14 to 2016-17	2,213.49	1,475.66
Andhra Pradesh Value Added Tax Act,2005	Penalty on VAT	High Court of Judicature at Hyderabad for the state of Telengana and the state of Andhra Pradesh	F.Y 2013-14 to 2016-17	2,213.49	2,213.49
West Bengal Value Added Tax Act, 2005	VAT	Supreme Court of India	FY 2007-08 and FY 2011-12	364.93	NIL

Tata Motors Finance Limited

(formerly known as Sheba Properties Limited)

Annexure A to the Independent Auditor's report - 31 March 2019 *(Continued)*

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which it relates	Amount involved (Rs. in Lakhs)	Net of amount paid under protest* (Rs. in Lakhs)
Jharkhand Value Added Tax Act,2006	VAT	Joint Commissioner (A) Jharkhand Commercial Tax	F.Y 2016-17	24.28	24.28
Madhya Pradesh Value Added Tax Act ,2006	Entry Tax	Appellate Authority, Bhopal	F.Y 2013-14	79.42	47.65
Uttar Pradesh Value Added Tax Act, 2008	VAT	Commercial tax Tribunal Lucknow (Appeal)	FY 2007-08 and 2008-09	9.00	NIL
Finance Act,1994	Service Tax	Central Excise and Service Tax Appellate Tribunal ('CESTAT') Mumbai	January 2012 to March 2015	774.77	NIL
Finance Act,1994	Service Tax	CESTAT Mumbai	April 2006 to March 2015	523.33	488.92
Finance Act,1994	Service Tax	CESTAT Mumbai	April 2008 to March 2015	5,486.45	5,248.11
Finance Act,1994	Service Tax	Commissioner (A), Service tax, Mumbai	July 2012 to March 2016	89.27	66.22

*The Company has deposited amount under protest.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions or banks or debenture holders during the year. During the year Company did not have any loans or borrowings from the Government.

ix. According to information and explanations given to us and based on our examination of the records of the Company, the Company has applied money raised from the term loans during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. Company has not raised moneys by way of initial public offer or further public offer including debt instruments during the year.

x. According to information and explanations given to us and based on our examination of the records of the Company, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to information and explanations given to us and based on our examination of the records of the Company, the Company has not paid / provided the managerial remuneration during the year. Accordingly, paragraph 3(xi) is not applicable to the Company.

Tata Motors Finance Limited

(formerly known as Sheba Properties Limited)

Annexure A to the Independent Auditor's report - 31 March 2019 ***(Continued)***

xii. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, the provisions of paragraph 3 (xii) of the Order is not applicable to the Company.

xiii. According to information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of equity shares and private placement of Compulsorily Convertible Preference Shares during the year under review and in our opinion and according to the information and explanation given to us, the requirements of section 42 of the Act have been complied with and amount raised have been used for the purposes for which the funds has been raised.

xv. According to information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of paragraph 3 (xv) of the Order is not applicable to the Company.

xvi. According to information and explanations given to us, the Company is registered, as required under section 45 IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration.

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

Manoj Kumar Vijai
Partner
Membership No. 046882

Mumbai
6 May 2019

Tata Motors Finance Limited
(Formerly known as Sheba Properties Limited)

Annexure B to the Independent Auditor's report on the financial statements of Tata Motors Finance Limited [formerly known as Sheba Properties Limited]

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Tata Motors Finance Limited [formerly known as Sheba Properties Limited] ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Tata Motors Finance Limited

(Formerly known as Sheba Properties Limited)

Annexure B to the Independent Auditor's report on the financial statements of Tata Motors Finance Limited (formerly known as Sheba Properties Limited) *(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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Manoj Kumar Vijai
Partner
Membership No. 046882

Mumbai
6 May 2019

TATA MOTORS FINANCE LIMITED (formerly known as SHEBA PROPERTIES LIMITED) (CIN - U45200MH1989PLC050444)
Balance Sheet as at March 31, 2019

(₹ in lakhs)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
I ASSETS				
1 Financial assets				
(a) Cash and cash equivalents	5	700,79.63	189,05.98	215,45.00
(b) Bank Balance other than cash and cash equivalents	6	977,83.10	645,77.61	573,45.40
(c) Derivative financial instruments	15	1,17.79	-	-
(d) Receivables				
i. Trade receivables	7	33,87.67	22,12.93	6,60.96
ii. Other receivables	8	8,90.80	1,53.56	7,35.37
(e) Loans	9	29995,56.80	21543,79.85	16481,85.98
(f) Investments	10	588,83.79	174,52.54	273,18.75
(g) Other financial assets	11	138,90.37	18,58.27	21,85.23
		32445,89.95	22595,40.74	17579,76.69
2 Non-financial assets				
(a) Current tax assets (net)		70,98.68	12,62.52	6,64.19
(b) Deferred tax assets (net)	12	175,31.19	109,31.19	-
(c) Property, plant and equipment	13	98,44.63	43,37.93	23,33.89
(d) Capital work-in-progress		26.84	51.30	-
(e) Other intangible assets	13A	4,35.00	5,18.10	1,56.77
(f) Other non-financial assets	14	121,95.32	42,41.84	75,82.46
		471,31.66	213,42.88	107,37.31
Total assets		32917,21.61	22808,83.62	17687,14.00
II LIABILITIES AND EQUITY				
1 Financial liabilities				
(a) Derivative financial instruments	15	2,30.85	-	-
(b) Payables				
(i) Trade payables	16			
- total outstanding dues of micro enterprises and small enterprises		-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		236,58.74	134,84.26	182,36.45
(ii) Other payables				
- total outstanding dues of micro enterprises and small enterprises		-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		42,71.78	46,50.20	42,35.63
(c) Debt securities	17	9328,45.12	9459,51.35	6854,35.56
(d) Borrowings (Other than debt securities)	18	17933,78.96	9041,73.84	7553,29.92
(e) Subordinated liabilities	19	2002,54.92	1751,81.80	1501,75.08
(f) Other financials liabilities	20	220,76.40	229,41.79	209,02.81
		29767,16.77	20663,83.24	16343,15.45
2 Non-financial liabilities				
(a) Current tax liabilities (net)		51.65	8,02.41	57.80
(b) Provisions	21	124,21.37	120,79.30	121,63.31
(c) Other non-financial liabilities	22	58,55.54	59,32.86	12,84.63
		183,28.56	188,14.57	135,05.74
3 Equity				
(a) Equity share capital	23	583,84.69	538,73.42	491,49.01
(b) Other equity		2382,91.59	1418,12.39	717,43.80
		2966,76.28	1956,85.81	1208,92.81
Total liabilities and equity		32917,21.61	22808,83.62	17687,14.00

See accompanying notes forming part of the financial statements (1 to 43)

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

Manoj Kumar Vijai
Partner
Membership No. 046882

Place : Mumbai
Date: May 06, 2019

For and on behalf of the Board of Directors

Nasser Munjee
Chairman
(DIN - 00010180)

Vedika Bhandarkar
Director
(DIN - 00033808)

P.B. Balaji
Director
(DIN - 02762983)

Shyam Mani
Director
(DIN - 00273598)

Samrat Gupta
Chief Executive Officer

Anand Bang
Chief Financial Officer

Vinay Lavannis
Company Secretary

Place: Mumbai
Date: May 06, 2019

CERTIFIED TRUE COPY
TATA MOTORS FINANCE LIMITED
(Formerly Sheba Properties Limited)

Company Secretary

TATA MOTORS FINANCE LIMITED (formerly known as SHEBA PROPERTIES LIMITED) (CIN - U45200MH1989PLC050444)
Statement of Profit and Loss for the year ended March 31, 2019

(₹ in lakhs)

	Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
	Revenue from operations			
	(a) Interest income	25	2999,04.91	2250,26.08
	(b) Dividend income		3,55.09	4,05.80
	(c) Rental income		11,14.04	1,62.40
	(d) Net gain on fair value changes	26	17,36.26	11,79.48
	(e) Other fees and service charges		104,80.07	76,95.60
I	Total Revenue from operations		3135,90.37	2344,69.36
II	Other income	27	112,58.61	99,49.05
III	Total income (I + II)		3248,48.98	2444,18.41
IV	Expenses:			
	(a) Finance cost	28	2040,57.44	1416,54.47
	(b) Impairment of financial instruments and other assets	29	285,86.90	104,95.47
	(c) Employee benefits expenses	30	284,70.59	255,87.23
	(d) Depreciation and amortization	13	16,78.49	12,54.78
	(e) Other expenses	31	482,67.90	445,66.34
	Total expenses		3110,61.32	2235,58.29
V	Profit before exceptional items and tax (III - IV)		137,87.66	208,60.12
VI	Exceptional items		-	-
VII	Profit before tax (V - VI)		137,87.66	208,60.12
VIII	Tax expense / (income)			
	Current tax	12	-	(18,99.46)
	Deferred tax	12	(66,00.00)	(44,49.35)
	Total tax expense		(66,00.00)	(63,48.81)
IX	Profit for the year from continuing operations (VII - VIII)		203,87.66	272,08.93
X	Profit for the year		203,87.66	272,08.93
XI	Other comprehensive income			
	A i. Items that will not be reclassified to profit or loss			
	a. Remeasurements of the defined benefit plans		4,02.03	6,86.79
	b. Equity Instruments through Other Comprehensive Income		5,27.67	5,32.86
	ii. Income tax relating to items that will not be reclassified to profit or loss		-	-
	Subtotal (A)		9,29.70	12,19.65
	B i. Items that will be reclassified to profit or loss			
	a. Gains and (losses) in cash flow hedges		(3,77.10)	-
	Subtotal (B)		(3,77.10)	-
	Other Comprehensive Income (A + B)		5,52.60	12,19.65
XII	Total comprehensive income for the year		209,40.26	284,28.58
XIII	Earnings per equity share of ₹ 100 each			
	Basic (in Rs.)		37.65	54.23
	Diluted (in Rs.)		29.86	48.19

See accompanying notes forming part of the financial statements (1 to 43)

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

Manoj Kumar Vijai
Partner
Membership No. 046882

Place : Mumbai
Date: May 06, 2019

For and on behalf of the Board of Directors

Nasser Munjee
Chairman
(DIN - 00010180)

Vedika Bhandarkar
Director
(DIN - 00033808)

P.B. Balaji
Director
(DIN - 02762983)

Shyam Mani
Director
(DIN - 00273598)

Samrat Gupta
Chief Executive Officer

Anand Bang
Chief Financial Officer

Vinay Lavannis
Company Secretary
Place: Mumbai
Date: May 06, 2019

CERTIFIED TRUE COPY
TATA MOTORS FINANCE LIMITED
(Formerly Sheba Properties Limited)

Company Secretary

TATA MOTORS FINANCE LIMITED (formerly known as SHEBA PROPERTIES LIMITED) (CIN - U45200MH1989PLC050444)
Cash Flow Statement for the year ended March 31, 2019

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the year	137,87.66	208,60.12
Adjustments for:		
Interest income on loans, deposits & investments	(2999,04.91)	(2250,26.08)
Interest expenses and other finance costs	1372,65.26	843,12.98
Dividend income	(3,55.09)	(4,05.80)
Discounting charges/premium on Commercial paper & Zero coupon bonds	667,92.18	573,41.49
Gain on sale of investments	(15,70.52)	(8,96.05)
MTM on investments measured at fair value through profit or loss	(1,65.74)	(2,83.43)
Provision for doubtful loans (net of writeoff)	285,38.83	92,30.35
Provision for doubtful loans and advances (others)	(66.49)	12,65.12
Provision for diminution in the value of investment	1,14.55	-
Provision for consumer disputes	2,67.01	(18.97)
Provision for indirect taxes	-	6.67
Depreciation and amortisation expense	16,78.49	12,54.78
Loss on sale of property, plant & equipments (including write off)	12.40	1,30.70
Balances written back	(12,66.86)	(11,54.90)
Operating cash flow before working capital changes and discounting charges	**(548,73.23)**	**(533,83.02)**
Movements in working capital		
Trade payables	114,41.34	(35,97.29)
Other payables	(3,78.42)	4,14.57
Other financial liabilities	(22,11.83)	61,07.94
Other non financial liabilities	(77.32)	46,48.23
Trade receivables	(11,74.73)	(15,51.97)
Other receivables	(7,37.25)	5,81.82
Other financial assets	4,44.02	3,58.84
Provision for employee benefit schemes	75.06	(71.71)
Loans	(8660,33.76)	(5136,86.86)
Investments considered as credit facilities	(522,75.70)	-
Other non financial assets	(70,06.78)	32,59.84
Increase/(decrease) in derivatives not designated as hedges	(1,17.79)	-
	(9729,26.39)	(5569,19.61)
Current taxes paid (net)	(65,86.92)	(44,36.10)
Interest expenses and other finance costs paid	(1373,53.17)	(894,73.32)
Interest income received on loans, deposits and investments	2911,90.96	2232,56.84
Discounting charges/premium on Commercial paper & Zero coupon bonds paid	(682,02.23)	(533,85.63)
Net cash from/(used) in operating activities	**(8938,77.75)**	**(4809,57.82)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for property, plant & equipments (including CWIP)	(73,29.88)	(32,57.95)
Proceeds from sale of property, plant & equipments	41.16	34.78
Payments for intangible assets	(2,79.51)	(10,76.54)
Purchase of mutual fund units	(17481,10.00)	(8956,05.00)
Redemption of mutual fund units	17496,80.52	9060,01.13
Investment in Trust securities	(20.86)	(16.86)
Realisation on distribution from Trust securities	-	39.82
Investment in equity shares	-	(4,61.65)
Proceeds from sale of equity shares	-	16,21.16
Dividend income	3,55.09	4,05.80
Deposits/restricted deposits with banks	(435,59.95)	(121,65.84)
Realisation of deposits/restricted deposits with banks	103,54.47	49,33.63
Net cash from/(used) in investing activities	**(388,68.96)**	**4,52.48**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share issue expenses	(4,58.20)	(89.60)
Proceeds from issue of equity share capital	300,00.00	300,00.00
Proceeds from issue of Compulsory convertible preference shares	696,00.00	300,00.00
Proceeds from Debt securities	26503,19.33	19702,99.04
Repayment of Debt securities	(26620,25.46)	(17137,61.64)
Proceeds from Subordinated liabilities	250,00.00	250,00.00
Proceeds from borrowings (other than debt securities)	29484,33.55	8611,78.83
Repayment of borrowings (other than debt securities)	(20662,29.69)	(7179,54.51)
Dividend paid	(107,19.17)	(68,05.80)
Net cash from/(used) in financing activities	**9839,20.36**	**4778,66.32**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	511,73.65	(26,39.02)

TATA MOTORS FINANCE LIMITED (formerly known as SHEBA PROPERTIES LIMITED) (CIN - U45200MH1989PLC050444)
Cash Flow Statement for the year ended March 31, 2019

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash and cash equivalents at the beginning of the year	189,05.98	215,45.00
Cash and cash equivalents at the end of the year	700,79.63	189,05.98
Net increase / (decrease) in cash and cash equivalents	511,73.65	(26,39.02)

Changes in liabilities arising from financing activities:

(₹ in lakhs)

Particulars	Borrowings
Balances as at April 01, 2017	15909,40.55
Cashflow changes - inflow/(outflow)	3762,71.40
Amortisation / EIR adjustments	580,95.06
Balances as at March 31, 2018	20253,07.01
Cashflow changes - inflow/(outflow)	8325,92.81
Amortisation / EIR adjustments	685,79.09
Balances as at March 31, 2019	29264,78.91

See accompanying notes forming part of the financial statements (1 to 43)

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

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

Manoj Kumar Vijai
Partner
Membership No. 046882

Place : Mumbai
Date: May 06, 2019

For and on behalf of the Board of Directors

Nasser Munjee
Chairman
(DIN - 00010180)

Vedika Bhandarkar
Director
(DIN - 00033808)

P.B. Balaji
Director
(DIN - 02762983)

Shyam Mani
Director
(DIN - 00273598)

Samrat Gupta
Chief Executive Officer

Anand Bang
Chief Financial Officer

Vinay Lavannis
Company Secretary

Place: Mumbai
Date: May 06, 2019

CERTIFIED TRUE COPY
TATA MOTORS FINANCE LIMITED
(Formerly Sheba Properties Limited)

Company Secretary

TATA MOTORS FINANCE LIMITED (formerly known as SHEBA PROPERTIES LIMITED) (CIN - U45200MH1989PLC050444)

Statement of changes in equity for the year ended March 31, 2019

A. Equity share capital

(₹ in lakhs)

Equity Shares	As at March 31, 2019		As at March 31, 2018	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	5,38,73,415.00	538,73.42	4,91,49,006.00	491,49.01
Shares Issued during the year	45,11,278.00	45,11.27	47,24,409.00	47,24.41
Shares outstanding at the end of the year	5,83,84,693.00	583,84.69	5,38,73,415.00	538,73.42

B. Other equity

(₹ in lakhs)

Particulars	Equity component of compound financial instrument (Refer Note 24A)	Other Reserves							Other components of equity		Total other equity
		Special reserve	Capital redemption reserve	Securities Premium Account	Capital Reserve	General reserve	Retained earnings		Equity instruments through OCI	Cost of Hedging Reserve	
							Undistributable (Ind AS 101)	Distributable			
Balance as at April 1, 2018	206,83.85	134,12.51	0.02	2412,67.86	190,82.18	17,85.59	(1761,69.60)	205,75.34	11,74.64	-	1418,12.39
a) Profit for the year								203,87.66			203,87.66
b) Other comprehensive income /(loss) for the year								4,02.03	5,27.67	(3,77.10)	5,52.60
c) Total comprehensive income / (loss) for the year	-	-	-	-	-	-	-	207,89.69	5,27.67	(3,77.10)	209,40.26
d) Dividend paid (including dividend distribution tax of Rs. 2351.98 lakhs)								(107,19.18)			(107,19.18)
e) Raised during the year	264,27.59			254,88.72							519,16.31
f) Premium on issue of CCPS				348,00.00							348,00.00
g) Shares issue expenses				(4,58.20)							(4,58.20)
h) Transfer to Special Reserve		40,77.53						(40,77.53)			-
Balance as at March 31, 2019	471,11.44	174,90.04	0.02	3010,98.38	190,82.18	17,85.59	(1761,69.60)	265,68.32	17,02.31	(3,77.10)	2382,91.59

TATA MOTORS FINANCE LIMITED (formerly known as SHEBA PROPERTIES LIMITED) (CIN - U45200MH1989PLC050444)

Statement of changes in equity for the year ended March 31, 2019

(₹ in lakhs)

Particulars	Equity component of compound financial Instrument (Refer Note 24A)	Other Reserves							Other components of equity		Total other equity
		Special reserve	Capital redemption reserve	Securities Premium Account	Capital Reserve	General reserve	Retained earnings		Equity instruments through OCI	Cost of Hedging Reserve	
							Undistributable (Ind AS 101)	Distributable			
Balance as at April 01, 2017	124,24.03	68,60.88	0.02	2187,37.53	14,26.52	17,85.59	(1761,69.60)	60,37.05	6,41.78	-	717,43.80
a) Profit for the year								272,08.93			272,08.93
b) Other comprehensive income /(loss) for the year								6,86.79	5,32.86		12,19.65
c) Total comprehensive income / (loss) for the year	-	-	-	-	-	-		27,895.72	5,32.86	-	284,28.58
d) Dividend paid (including dividend distribution tax of Rs. 14,63.31)								(68,05.80)			(68,05.80)
e) Premium on issue of equity shares				252,75.59							252,75.59
f) Premium on issue of CCPS				150,00.00							150,00.00
g) Amortisation of premium on redemption of debentures under previous GAAP				(176,55.66)	176,55.66						-
h) Shares issue expenses				(89.60)							(89.60)
i) Issue of Equity portion of CCPS	82,59.82										82,59.82
j) Transfer to Special Reserve		65,51.63						(65,51.63)			-
Balance as at March 31, 2018	206,83.85	134,12.51	0.02	2412,67.86	190,82.18	17,85.59	(1761,69.60)	205,75.34	11,74.64	-	1418,12.39

See accompanying notes forming part of the financial statements (1 to 43)

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No. 046882

Place : Mumbai
Date: May 06, 2019

For and on behalf of the Board of Directors

Nasser Munjee
Chairman
(DIN - 00010180)

Vedika Bhandarkar
Director
(DIN - 00033808)

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Director
(DIN - 02762983)

Shyam Mani
Director
(DIN - 00273598)

Samrat Gupta
Chief Executive Officer

Anand Bang
Chief Financial Officer

Vinay Lavannis
Company Secretary

Place: Mumbai
Date: May 06, 2019

CERTIFIED TRUE COPY
TATA MOTORS FINANCE LIMITED
(Formerly Sheba Properties Limited)
Company Secretary

1 Company information

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

The Company is engaged primarily in lending activities providing vehicle financing through its wide network all over India.

The financial statements were approved by the Board of Directors and authorised for issue on May 06, 2019.

2 Basis of preparation

2.1 Statement of compliance

In accordance with the notification issued by Ministry of Corporate Affairs , the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rule 2015 as amended, from April 01, 2018 and the effective date of such transition is April 01, 2017. Such transition has been carried out in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards from erstwhile Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and guidelines issued by Reserve Bank of India ('RBI') (collectively referred to as the 'Previous GAAP'). The Company has presented a reconciliation from the presentation of financial statements under Previous GAAP to Ind AS of Shareholders' equity as at March 31, 2018 and April 01, 2017 and of the total comprehensive income for the year ended March 31, 2018. Refer Note 4 for the details of first- time exemptions availed and an explanation for the impact of transition from previous GAAP to Ind AS on the Company's financial position, financial performance and cash flows.

These financial statements for the year ended March 31, 2019 are the first financial statements of the Company prepared under in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act").

2.2 Historical cost convention

The financial statements have been prepared on historical cost basis except for certain financial instruments 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 Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ministry of Corporate Affairs ("MCA") notification on October 11, 2018 of Ind AS compliant Schedule III to the Companies Act, 2013 dealing with format of presentation of financial statements for Non- Banking Financial Companies, the Company has complied with the requirements of presentation of the financial statements in accordance with the aforesaid Schedule III specific to Non-Banking Financial Company.

3 SIGNIFICANT ACCOUNTING POLICIES

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

(i) Use of estimates and judgments

The preparation of financial statements in conformity with 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 (xv)- and 40 Impairment of financial assets based on the expected credit loss model
b) Note 3(vii) and 3(viii)- Useful lives of property, plant and equipment.
c) Note 3(xi) and 36 Measurement of assets and obligations of defined benefit employee plans.
d) Note 3(iv) and 12- Recognition of deferred tax assets.
e) Note 3(xii)- Measurement and recognition of provisions and contingencies.
f) Note 3(xvii) and 39- Fair value measurement of financial instruments.
g) Note 35- Disclosure of contingent liabilities.

(ii) Revenue recognition

Income on loans arising from financing activities

Interest income from loans arising out of the financing activity is recognised using the effective interest rate method (EIR).

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees/service charges and incentives paid and received that form an integral part of the effective interest rate, transaction costs (i.e. agent's commission/fees) and other premium or discounts) through the expected life of the loans arising out of the financing activities.

Interest income

Interest income on investments and term deposits are accrued and recognised in income statement using the effective interest method (EIR).

Dividend income

Dividend income is recognised in the income statement on the date when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be reliably measured.

(iii) Foreign currency

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

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

(iv) Income Taxes

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

Current income taxes are determined based on respective taxable income of Company and tax rules applicable for respective tax 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 Company intends to settle its current and deferred tax assets and liabilities on a net basis.

(v) Cash and Cash equivalents

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

(vi) Earning per share

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

(vii) Property, Plant and equipment (PPE)

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

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

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

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

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

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

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

(viii) Other intangible assets

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

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

Intangible assets and their useful lives are as under

Type of asset	Estimated useful life
Software	5 years

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

(ix) Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

(A) Assets taken on operating lease- Company as a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Under operating leases, the leased assets are not recognized on the Company's balance sheet.

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(B) Assets given on operating lease- Company as a lessor

Assets given on operating lease are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on an accrual basis. Costs including depreciation are recognised as an expense in the Statement of Profit and Loss.

(x) Impairment of Non financial assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

(xi) Employee benefits

(A) Short term employee benefits

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

(B) Post Employment/retirement benefit Plans

(1) Defined contribution plans

For provident fund and superannuation fund, Company does not carry any further obligations, apart from the contributions made. Payments/contributions to the Company'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 Statement of Profit and Loss.

(a) Provident fund

The employees are entitled to receive benefits under provident fund, where both, the employees and the Company, make monthly contributions at a specified percentage of the covered employees' basic salary. The contribution is paid to the fund managed by Tata Motors Limited (ultimate parent Company), except that the employer's contribution towards pension fund is paid to the Regional Provident Fund office. The Company is liable for annual contribution and any shortfall to the extent of the Company's share in the fund managed by ultimate parent Company, based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year incurred.

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(b) Superannuation fund

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

(2) Defined benefit plans

(a) Gratuity

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

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

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

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

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

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

(C) Other long term employee benefit plans

(1) Defined benefit plans

(a) Compensated absences

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

(xii) Provisions and Contingent Liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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

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

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

(xiii) Dividend (including dividend distribution tax)

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

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(xiv) Segment reporting

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

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

(xv) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(A) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in profit or loss.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in the following categories :-
a. at amortised cost, or
b. at fair value through other comprehensive income (FVTOCI), or
c. at fair value through profit or loss (FVTPL)

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

(I) Debt Instruments

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

(a) At amortised cost:

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

(b) At FVTOCI:

A debt instrument is classified at FVTOCI, if both of the following criteria are met:
- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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(c) At FVTPL:

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

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

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

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

(II) Equity Instruments/investments

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

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

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

(III) Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVOCI, loans and advances receivables arising out of the financing activities and trade receivables.

Loss allowance in respect of trade receivables is measured at an amount equal to life time expected credit losses which is computed based on provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Loss allowance for loans arising out of the financing activity and debt investments measured at amortised cost or FVOCI is measured at an amount equal to twelve month expected losses if credit risk on such assets has not increased significantly since initial recognition. An allowance equal to life time expected losses is provided if credit risk has increased significantly from the date of initial recognition. If, in a subsequent period, credit quality of the instrument improves, such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity considers:

1. All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases, when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

2. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognised during the year is recognised as income/ expense in the Statement of Profit and Loss.

Financial assets measured at amortised cost which includes debt investments, loans receivables arising from financing activity and trade receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no reasonable expectation of further recovery. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

(IV) Derecognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises an associated liability as collateralised borrowing for the proceeds received.

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

(B) Financial liabilities and equity instruments

Classification as debt or equity

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

(I) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

(a) At FVTPL:

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

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

(b) At amortised cost:

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

Derecognition of financial liabilities:

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

Modification/Renegotiation that do not result in derecognition

Changes to the carrying amount of a financial liability as a result of renegotiation or modification of terms that do not result in derecognition of the financial liability, is recognised in the Statement of Profit and Loss.

(II) Equity Instrument

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

(III) Compound financial Instrument

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

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

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

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

(xvi) Derivatives and Hedging activities

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 15.

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

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

Cash flow hedges

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

Amounts previously recognised in other comprehensive income and accumulated in equity to effective portion (as described above) are reclassified to profit or loss in the periods when the hedge item affects profit or loss, in the same line as the recognised hedge item.
In cases where the designated hedging instruments are forward contracts, the Company has an option, for each designation, to designate on an instrument only the changes in spot element of forward contracts respectively as hedges. In such cases, the forward element (i.e. forward premium) is accounted based on the type of hedge which those forward contract hedge.

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

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

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

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

(xvii) Fair value measurement

The Company measures financial instruments, such as investments and derivatives at fair values at each Balance Sheet date.

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

(xviii) Offsetting financial instruments

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

(xix) New Accounting Pronouncement

(A) New accounting standards not yet adopted

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

The Company will be adopting Ind AS 116 with a modified retrospective approach with effect from April 01, 2019. The cumulative effect of initially applying this Standard will be recorded as an adjustment to the opening balance of retained earnings. Figures for comparative periods will not be restated.

The Company will use the exemption option available for existing leases and apply the available exemptions regarding the recognition of short term leases and low value leasing assets. Basis assessment, the Company arrangements under operating leases, which are currently off Balance sheet, will be recorded as right to use assets and the future obligations in respect of such leases will be recorded as a liability in the Balance sheet as at April 01, 2019. The Company is evaluating impact of above amendments issued by MCA to existing accounting standards.

The Company will use following practical expedients of Ind AS 116 at the date of initial application:

1) With leases previously classified as operating leases according to Ind AS 117, 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 generally 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 issued by MCA to existing standards

MCA issued following amendments to certain standards which will be effective from financial year beginning April 01, 2019.

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.

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

An entity is required to create a corresponding liability for payment of Dividend Distribution Tax (DDT) when it recognises a liability to pay a dividend. The liability for DDT shall be recorded in statement of profit & loss, other comprehensive income or equity, as the case may be. Currently, the Company is recognizing dividend distribution tax on dividends paid to shareholders in the statement of changes in equity. As per the amendment, the Company will recognize dividend distribution tax on dividend distributed to shareholders as income tax expense in its statement of profit or loss.

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

Another amendment relates to tax consequence of an item whose tax treatment is uncertain. Tax treatment of an item is considered as uncertain when there is uncertainty whether the relevant taxation authority will accept the tax treatment of that item or not. For example, if an entity has not included a particular income in taxable profit, it will be considered as uncertain tax treatment if its acceptability by taxation authority is uncertain. The amendment has been brought by introducing a new Appendix C to Ind AS 12.

If there is uncertainty over tax treatment of an item:

1. An entity should determine an approach or method that predicts the resolution of the uncertainty. Based on the approach, the entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.
2. It shall assess whether it is probable that the taxation authority will accept the uncertain tax treatment, assuming that the authority has full right to examine the treatment and has full knowledge of all related information.
3. If it is probable that the taxation authority will accept the tax treatment, there will be no impact on the amount of taxable profits/losses, tax bases, unused tax losses/credits and tax rates. In vice-versa case, the entity shall show the effect of the uncertainty for each uncertain tax treatment on amount of related aforesaid items by using either the most likely outcome or the expected outcome of the uncertainty.

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

When a change to a plan by way of either an amendment, curtailment or settlement takes place, Ind AS 19 requires a Company to remeasure its net defined benefit liability or asset.

The amendments to Ind AS 19 require a Company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, Ind AS 19 did not specify how to determine these expenses for the period after the change to the plan.

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.

The Company is evaluating impact of above amendments issued by MCA to existing accounting standards.

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4 First time adoption- Transition to Ind AS

A. Exemptions and Exceptions availed

The Company has prepared the opening balance sheet as per Ind AS as at April 01, 2017 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required by Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

(A) Business combination

Business combination prior to April 01, 2016 have been accounted in accordance with Previous GAAP. Goodwill arising from business combination has been stated at the carrying amount under Previous GAAP.

(B) Derecognition of financial assets

The Company has chosen to apply derecognition criteria retrospectively. Accordingly all securitisation receivables have been re-recognised under Ind AS as at April 01, 2017.

(C) Designation of previously recognised financial instruments

The Company has opted to avail this exemption to designate certain equity investments as FVTOCI on the date of transition.

B. Reconciliations between Previous GAAP and Ind AS

a) Equity reconciliation

(Rs. In lakhs)

Particulars	Notes	As at March 31, 2018	As at April 01, 2017
Total equity as reported under the Previous GAAP		3728,58.67	3064,96.60
Provision for impairment allowance based on expected credit loss model (ECL)	(ii)	(471,19.48)	(636,89.81)
Recognition of income (net of expense) on securitisation and assignment transactions	(i)	40,80.28	40,44.31
Fair valuation of investments in equity shares through other comprehensive income	(iii)	11,74.64	6,41.78
Fair valuation of investments in equity shares and mutual funds through profit or loss	(iii)	61,29.41	61,59.52
Effective Interest Rate (EIR) adjustment for financial instruments	(iv)	(45,03.08)	(14,48.75)
Reversal of goodwill recognised in Previous GAAP on a common control transactions		(1212,34.87)	(1212,34.87)
Liability portion of compound financial instrument	(v)	(156,99.76)	(100,75.97)
Total equity as per Ind AS		1956,85.81	1208,92.81

b) Total Comprehensive Income reconciliation

(Rs. In lakhs)

Particulars	Notes	Year ended March 31, 2018
Net profit after tax as reported under previous GAAP		327,58.13
Provision for impairment allowance based on expected credit loss model (ECL)	(ii)	165,70.71
Recognition of income (net of expense) on securitisation and assignment transactions	(i)	35.97
Fair valuation of investments in equity shares and mutual funds through profit or loss	(iii)	(30.11)
Effective Interest Rate (EIR) adjustment for financial instruments	(iv), (v)	(307,83.04)
Remeasurements of the defined benefit plans		(6,86.79)
Tax effect on the above adjustments	(vi)	93,44.06
Net profit after tax as per Ind AS		272,08.93
Other comprehensive income (net of tax effect)	(vii)	12,19.65
Total Comprehensive income after tax as per Ind AS		284,28.58

c) Effect of Ind AS adoption on the Cash Flow Statement for the year ended March 31, 2018

Under Ind AS, certain transfer of loans arising from financing activities by way of securitisation/direct assignments do not meet the criteria for derecognition. Consequently, proceeds received from these transactions are recorded as collateralized debt obligation. Under Indian GAAP, such transactions meet the criteria for derecognition and accordingly, recorded as sale. As a result, under Ind AS, the cash flows from operating activities and cash outflows from financing activities is higher by Rs. 293,47 lakhs.

d) Notes to reconciliations between Previous GAAP and Ind AS

(i) De-recognition of financial instruments

The Company transfers loans arising from financing activities in securitisation transactions/direct assignments. In such transactions the Company surrenders control over the receivables though continues to act as an agent for the collection of receivables. In most of these transactions, the Company also provides credit enhancement to the transferee. Because of the existence of credit enhancement in such transactions, under Ind AS, such transfer or assignment does not meet the derecognition criteria resulting into the transaction not being recorded as sale. Consequently, the proceeds received from the transfer are recorded as collateralised debt obligation.

Under the Previous GAAP, the derecognition criteria were different and were based on surrender of control. The Company met the criteria under Previous GAAP for derecognition and accordingly recorded such transfer as sale.

(ii) Provision for impairment allowance based on expected credit loss model (ECL)

Impairment of loans arising from financing activities is measured at an amount equal to twelve month expected losses if credit risk on such assets has not increased significantly since initial recognition. An allowance equal to lifetime expected losses is provided if credit risks has increased significantly from the date of initial recognition.

Under Previous GAAP, provision for impairment allowance were determined based on RBI guidelines on classification and provisioning norms.

(iii) Fair valuation of investments

Under Previous GAAP, investments were classified into current and long term investments. Current investments are carried at the lower of cost or market value, while long term investments are carried at cost less any impairment that is other than temporary.

Under Ind AS, quoted and few unquoted equity investments have been classified as Fair Value through Other Comprehensive Income (FVTOCI). Fair value movements are recognized directly in other comprehensive income on such investments. Investments in few unquoted equity instruments and Mutual Funds and units in Trust securities have been classified as Fair value through Profit or Loss (FVTPL) and fair value changes are recognised in Statement of Profit and Loss.

(iv) Effective Interest Rate (EIR) adjustment for financial instruments

Under Previous GAAP, the transaction costs were recognised in the profit or loss on a straight line basis over the tenure/term of the loans.

Under Ind AS, the transaction costs are included/deducted from the initial carrying amount of the financial assets/financial liabilities on initial recognition and recognised as interest income in the profit or loss by applying the effective interest rate method i.e. recognised in the profit or loss based on an effective interest rate derived based on guidance detailed in Ind AS 109.

(v) Recognition of Compound Financial Instruments

Under previous GAAP, classification is normally based on form rather than substance and there was no requirement or guidance on split accounting, and financial instruments were classified as either liability or equity in entirety, depending on their primary nature.

Under Ind AS, compound financial instruments, such as convertible bonds or convertible preference shares, to be split into liability and equity components, and each component to be recognised separately.

(vi) Deferred taxes

Under previous GAAP, a deferred tax asset is recognised for unused tax losses and unabsorbed depreciation only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be utilised.

Under Ind AS, a deferred tax asset is recognised for the carry forward unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. Accordingly as per Ind AS 12, the Company has considered MAT credit entitlement as deferred tax asset being unused tax credit entitlement.

Also, income tax impact have been recognised on the various gaap adjustments made above on the transition to Ind AS

(vii) Other Comprehensive Income (OCI)

Under Previous GAAP, there was no concept of OCI. Under Ind AS, income and expenses relating to fair value of gains/(losses) on FVOCI investments in equity instruments and re-measurements of post employment defined benefit plan are recognised in OCI. The concept of other comprehensive income did not exist under previous GAAP.

Note 5

Cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cash on hand	20,16.18	23,34.47	27,97.78
Balance with Banks	658,70.83	145,81.13	60,46.96
Cheques, drafts on hand	21,92.62	19,90.38	26,50.66
Bank deposit with maturity of less than 3 months	-	-	100,49.60
Total	700,79.63	189,05.98	215,45.00

Note 6

Bank balance other than cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Deposits with banks	500,00.00	500,00.00	500,00.00
Margin money / cash collateral with banks	477,83.10	145,77.61	73,45.40
Total	977,83.10	645,77.61	573,45.40

Note 7

Trade receivables

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Receivables considered good - Unsecured	33,87.67	22,12.93	6,60.96
Total	33,87.67	22,12.93	6,60.96

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

Note 8

Other receivables

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Receivables considered good - Unsecured	8,90.80	1,53.56	7,35.37
Total	8,90.80	1,53.56	7,35.37

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

Note 9

Loans

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At amortised cost			
From Financing Activities			
- Term loans	30776,80.45	22438,00.97	17714,11.03
Total (A) - Gross	30776,80.45	22438,00.97	17714,11.03
Less: Impairment loss allowance	(781,23.65)	(894,21.12)	(1232,25.05)
Total (A) - Net	29995,56.80	21543,79.85	16481,85.98
(B)			
Secured by tangible assets#	30774,40.53	22438,00.97	17713,71.68
Unsecured	2,39.92	-	39.35
Total (B) - Gross	30776,80.45	22438,00.97	17714,11.03
Less: Impairment loss allowance	(781,23.65)	(894,21.12)	(1232,25.05)
Total (B) - Net	29995,56.80	21543,79.85	16481,85.98
(C)			
Loans in India			
- Public Sector	-	-	-
- Others	30776,80.45	22438,00.97	17714,11.03
Total (C) - Gross	30776,80.45	22438,00.97	17714,11.03
Less: Impairment loss allowance	(781,23.65)	(894,21.12)	(1232,25.05)
Total (C) - Net	29995,56.80	21543,79.85	16481,85.98

Vehicle terms loans are fully secured against hypothecation of the underlying vehicle.

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TATA MOTORS FINANCE LIMITED (formerly known as SHEBA PROPERTIES LIMITED) (CIN - U45200MH1989PLC050444)

Notes forming part of financial statements for the year ended March 31, 2019

Note 10
Investments

(₹ in lakhs)

	As at March 31, 2019					As at March 31, 2018					As at April 01, 2017				
		At fair value					At fair value					At fair value			
	Amortised cost	Through other comprehensive income	Through profit or loss	Sub total	Total	Amortised cost	Through other comprehensive income	Through profit or loss	Sub total	Total	Amortised cost	Through other comprehensive income	Through profit or loss	Sub total	Total
	(1)	(2)	(3)	(4=1+2+3)	(5=1+4)	(6)	(7)	(8)	(9=6+7+8)	(10=6+9)	(11)	(12)	(13)	(14=11+12+13)	(15=11+14)
Category of investments															
i. Mutual funds				-	-	-	-	-	-	-	-	-	97,38.10	97,38.10	97,38.10
ii. Debt securities	411,81.52			-	411,81.52	3,50.00	-	-	-	3,50.00	3,50.00	-	-	-	3,50.00
iii. Equity instruments*		77,97.44	77,80.95	155,78.39	155,78.39	-	72,69.76	77,08.30	149,78.06	149,78.06	-	78,18.47	74,75.20	152,93.67	152,93.67
iv. Preference Shares	2,89.98			-	2,89.98	2,89.98	-	-	-	2,89.98	2,89.98	-	-	-	2,89.98
v. Trust Securities			19,48.45	19,48.45	19,48.45	-	-	18,34.50	18,34.50	18,34.50	-	-	16,47.00	16,47.00	16,47.00
Total (A) - Gross	414,71.50	77,97.44	97,29.40	175,26.84	589,98.34	6,39.98	72,69.76	95,42.80	168,12.56	174,52.54	6,39.98	78,18.47	188,60.30	266,78.77	273,18.75
i. Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii. Investments in India	414,71.50	77,97.44	97,29.40	175,26.84	589,98.34	6,39.98	72,69.76	95,42.80	168,12.56	174,52.54	6,39.98	78,18.47	188,60.30	266,78.77	273,18.75
Total (B)	414,71.50	77,97.44	97,29.40	175,26.84	589,98.34	6,39.98	72,69.76	95,42.80	168,12.56	174,52.54	6,39.98	78,18.47	188,60.30	266,78.77	273,18.75
Less: Allowance for impairment loss (C)	(114.55)	-	-	-	(114.55)	-	-	-	-	-	-	-	-	-	-
Total (D) = (A - C)	413,56.95	77,97.44	97,29.40	175,26.84	588,83.79					174,52.54					273,18.75

* Includes amount of Rs. 22,20 lakhs (March 31, 2018 Rs. 37,75.60 lakhs, April 01, 2017 Rs. 37,75.60 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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Notes forming part of financial statements for the year ended March 31, 2019

Annexure to Note 10

(₹ in lakhs)

Face Value per unit (in Rs)	Description	Quantity (in nos.) as at March 31, 2019	As at March 31, 2019	Quantity (in nos.) as at March 31, 2018	As at March 31, 2018	Quantity (in nos.) as at April 01, 2017	As at April 01, 2017
	Investments measured at fair value through other comprehensive income						
	Investment in equity shares						
	(a) Quoted						
10	Tata Steel Limited	5,70,188	29,70.68	5,70,188	32,55.20	4,91,542	23,72.43
10	Tata Steel Limited (partly paid upto Rs. 2.5 per share)	39,323	25.25	39,323	55.56	-	-
10	Tata Chemicals Limited	10,060	59.23	10,060	68.08	10,060	60.24
1	Tata Power Limited	9,120	6.73	9,120	7.24	9,120	8.25
2	ICICI Bank Limited (including 500 equity shares received as bonus during the period in the ratio of 1:10)	-	-	-	-	1,57,300	4,35.87
10	NTPC Limited	1,30,000	2,10.13	1,30,000	2,20.60	1,95,752	3,24.86
1	NMDC Limited	20,000	20.89	20,000	23.73	2,58,369	3,43.89
10	Coal India Limited	11,904	28.24	11,904	33.75	91,904	2,69.09
5	Oil and Natural Gas Corporation Limited	-	-	-	-	21,675	40.11
1	Colgate-Palmolive (India) Limited	-	-	-	-	9,650	95.73
2	HDFC Bank Limited	-	-	-	-	4,000	57.69
1	State Bank of India	-	-	-	-	26,280	76.90
1	Aurobindo Pharma Limited	-	-	-	-	18,930	127.81
	(b) Unquoted - Group Companies						
10	Taj Air Limited	42,00,000	-	42,00,000	-	42,00,000	-
1,000	Tata International Limited	19,350	24,26.30	19,350	15,55.60	19,350	15,55.60
100	Tata Industries Limited	9,93,753	20,50.00	9,93,753	20,50.00	9,93,753	20,50.00
	Subtotal (a)		77,97.44		72,69.76		78,18.47
	Investments measured at fair value through profit and loss						
	Investment in equity shares						
	(a) Quoted						
10	Automobile Corporation of Goa Limited	48,315	2,70.54	48,315	5,38.93	48,315	3,05.83
	(b) Unquoted						
10	Tata Technologies Limited	8,11,992	73,40.41	8,11,992	69,99.37	8,11,992	69,99.37
10	Tata Hitachi Construction Machinery Company Private Limited	2,85,714	1,70.00	2,85,714	1,70.00	2,85,714	1,70.00
	Investment in trust securities (partly paid)						
10	SBI Macquarie Infrastructure Trust (Partly paid upto Rs 8.43 (at March 31, 2018: Rs 8.32 per unit, April 01, 2017 Rs 8.39 per unit)	1,50,00,000	19,48.45	1,50,00,000	18,34.50	1,50,00,000	16,47.00
	Investment in mutual funds (Unquoted)						
10	Tata Liquid Fund - Direct Plan - Growth	-	-	-	-	-	9,738.10
	Subtotal (b)		97,29.40		95,42.80		188,60.30
	Investments measured at Amortised cost						
	Investment in Preference shares						
	Fully Paid Non - Cumulative Redeemable Preference shares (Unquoted)						
100	6% Tata Precision Industries (India) Limited	40,000	40.00	40,000	40.00	40,000	40.00
	Fully Paid Cumulative Redeemable Preference shares (Unquoted)						
100	8.50% Tata Precision Industries (India) Limited	1,50,000	1,50.00	1,50,000	1,50.00	1,50,000	1,50.00
	Fully Paid Cumulative Redeemable Non Participating Preference shares (unquoted)						
1,000	12.50% Tata Capital Limited	6,665	99.98	6,665	99.98	6,665	99.98
	Investments in Debentures and Bonds						
	(a) Quoted						
	Fully Paid Secured, Non - Cumulative, Non - Convertible, Redeemable Debentures						
12.50	8.49% NTPC Limited (issued as bonus)	2,75,752	-	2,75,752	-	2,75,752	-
	(b) Unquoted						
	Fully Paid Secured Redeemable Non - Convertible Debentures						
100	10% Tata Precision Industries (India) Limited	3,50,000	3,50.00	3,50,000	3,50.00	3,50,000	3,50.00
	Fully Paid Secured Compulsorily Convertible Debentures						
1,00,00,000	10% RSB Transmissions (I) Limited	110	110,00.00	-	-	-	-
	Investment in trust securities (Unquoted)						
	Pass through certificates		298,31.52		-		-
	Total		414,71.50		6,39.98		6,39.98
	Less: Provision for diminution		1,14.55		-		-
	Subtotal (c)		413,56.95		6,39.98		6,39.98
	Total (a + b + c)		588,83.79		174,52.54		273,18.75

11 Note 11

Other financial assets

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Deposits (Net of provision of Rs. 25.24 lakhs; March 31, 2018 Rs 31.57 lakhs, April 01, 2017 Rs 36.62 lakhs)	9,11.32	10,35.65	9,98.12
Interest accrued on deposits and investments	15,01.37	4,69.44	4,37.56
Receivable from mutual funds	-	-	1,36.20
Application money receivable towards securities	114,44.18	-	-
Others (Net of provision of Rs. 16.64 lakhs; March 31, 2018 Rs Nil; April 01, 2017 Rs Nil)	33.50	3,53.18	6,13.35
Total	138,90.37	18,58.27	21,85.23

12 Note 12

Income taxes

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

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Income tax expense		
Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	(18,99.46)
Total current tax expense	-	(18,99.46)
Deferred tax		
Decrease (increase) in deferred tax assets	24,30.68	(179,91.81)
(Decrease) increase in deferred tax liabilities	(90,30.68)	135,42.46
Total deferred tax expense/(benefit)	(6,600.00)	(44,49.35)
Income Tax expense	(6,600.00)	(63,48.81)

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:

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit before taxes	137,87.66	208,60.12
Income tax expenses calculated at 34.944% (previous year - 34.608%)	48,17.96	72,19.27
Tax effect of the amount which are not taxable in calculating taxable income :		
- Effect of income that is exempt from taxation	(1,24.78)	1,11.10
- Effect of expenses not deductible for tax computation	6,65.30	43.20
- Impact of change in statutory tax rates		1,08.89
- Deferred tax assets not recognised because realization is not probable	70,66.68	83,07.22
- Previously unrecognised and unused tax losses now utilised	(124,25.16)	(221,38.50)
- Deferred tax asset now created on previously unrecognised and unused tax losses	(66,00.00)	-
Income tax expense/(credit) recognised for the year at effective tax rate	(6,600.00)	(6,348.81)

c) Deferred tax assets/liabilities (net)

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

(₹ in lakhs)

Particulars	As at April 1, 2018	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2019
Deferred tax liabilities :				
- Property, plant & equipment & intangible assets- Accumulated depreciation/Amortisation	108,66.46	(108,66.46)	-	-
- Fair Valuation of Equity Instruments measured at FVTOCI and FVTPL	-	57.92	-	57.92
- Sourcing commission claimed on incurrence basis	26,76.00	17,77.86		44,53.86
Total deferred tax liabilities	135,42.46	(90,30.68)	-	45,11.78
Deferred tax asset :				
- Unabsorbed and unused tax losses and unabsorbed depreciation	-	66,00.00		66,00.00
- Expenses deductible in future years:				
Provisions for impairment allowances on financial assets	137,10.05	(52,12.83)	-	84,97.22
Compensated absences and retirement benefits allowable on payment basis	3,68.04	95.88	-	4,63.92
- Others	39,13.72	(39,13.72)	-	-
Total deferred tax assets	179,91.83	(24,30.68)	-	155,61.14
Net deferred tax asset/(liabilities) excl MAT Credit	44,49.37	66,00.00	-	110,49.36
- Minimum alternate tax (MAT) entitlement	64,81.83	-	-	64,81.83
Deferred tax assets/(liabilities) (net)	109,31.20	6,600.00	-	175,31.19

Significant components of deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

(₹ in lakhs)

Particulars	As at April 1, 2017	Charged/ (credited) to profit and loss	Charged/ (credited) to Other Comprehensive Income	As at March 31, 2018
Deferred tax liabilities :				
- Property, plant & equipment & Intangible assets- Accumulated depreciation/Amortisation	-	108,66.46	-	108,66.46
- Others	-	26,76.00	-	26,76.00
Total deferred tax liabilities	-	135,42.46	-	135,42.46
Deferred tax asset :				
- Expenses deductible in future years:				
Provisions for impairment allowances on financial assets	-	137,10.05	-	137,10.05
Compensated absences and retirement benefits allowable on payment basis	-	3,68.04	-	3,68.04
- Others	-	39,13.72	-	39,13.72
Total deferred tax assets	-	179,91.81	-	179,91.81
Net deferred tax asset/(liabilities) excl MAT Credit	-	44,49.35	-	44,49.35
- Minimum alternate tax (MAT) entitlement	-	64,81.83	-	64,81.83
Deferred tax assets/(liabilities) (net)	-	109,31.18	-	109,31.18

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, 2019, unrecognized deferred tax assets amount to Rs. 168,94.54 lakhs which can be carried forward indefinitely. These relate to depreciation carry forwards. The deferred tax asset has not been recognized on the basis that its recovery is not probable in the foreseeable future.

S R & Co. LLP Chartered Accountants

Note 13

Property, plant and equipment

(₹ in lakhs)

Particulars	Gross Block					Accumulated Depreciation				Net Block
	Balance as at April 01, 2018	Acquired under scheme of arrangement	Additions	Deletions	Balance as at March 31, 2019	Balance as at April 01, 2018	Depreciation for the year	Deletions	Balance as at March 31, 2019	Balance as at March 31, 2019
Buildings	814.54	-	-	-	8,14.54	3,55.66	11.56	-	3,67.22	4,47.32
Furniture and fixtures	11,91.88	-	1,78.83	1,67.98	12,02.73	4,57.08	2,14.79	1,48.28	5,23.59	6,79.14
Vehicles	4,13.55	-	2,42.97	1,50.11	5,06.41	1,30.10	1,36.44	1,31.86	1,34.68	3,71.73
Vehicles - given on lease	22,70.54	-	62,26.78	-	84,97.32	1,72.14	8,23.01	-	9,95.15	75,02.17
Plant and equipments - given on lease	3,15.06	-	-	3,15.06	-	3,15.06	-	3,15.06	-	-
Office equipments	6,90.73	-	2,23.97	2,38.46	6,76.24	1,68.78	2,01.20	2,22.85	1,47.13	5,29.11
Data processing machines	3,91.27	-	2,28.93	-	6,20.20	1,50.83	1,54.21	-	3,05.04	3,15.16
Total	60,87.57	-	71,01.48	8,71.61	123,17.44	17,49.65	15,41.21	8,18.05	24,72.81	98,44.63

Particulars	Gross Block					Accumulated Depreciation				Net Block
	Balance as at April 01, 2017	Acquired under scheme of arrangement	Additions	Deletions	Balance as at March 31, 2018	Balance as at April 01, 2017	Depreciation for the year	Deletions	Balance as at March 31, 2018	Balance as at March 31, 2018
Buildings	8,14.54	-	-	-	8,14.54	3,44.09	11.56	-	3,55.66	4,58.88
Furniture and fixtures	11,32.59	-	77.18	17.88	11,91.88	89.88	3,80.66	13.46	4,57.08	7,34.80
Vehicles	2,65.60	-	1,98.37	50.42	4,13.55	24.13	1,25.66	19.68	1,30.10	2,83.45
Vehicles - given on lease	-	-	22,70.54	-	22,70.54	-	1,72.14	-	1,72.14	20,98.40
Plant and equipments - given on lease	3,15.06	-	-	-	3,15.06	3,15.06	-	-	3,15.06	-
Office equipments	4,17.49	-	4,08.73	1,35.49	6,90.73	37.94	1,90.05	59.21	1,68.78	5,21.96
Data processing machines	2,11.88	-	2,33.43	54.04	3,91.27	12.18	1,38.65	-	1,50.83	2,40.44
Total	31,57.17	-	31,88.25	2,57.83	60,87.57	8,23.28	10,18.72	92.35	17,49.65	43,37.93

Particulars	Gross Block					Accumulated Depreciation				Net Block
	Balance as at April 01, 2016	Acquired under scheme of arrangement	Additions	Deletions	Balance as at March 31, 2017	Balance as at April 01, 2016	Amortisation during the year	Deletions	Balance as at March 31, 2017	Balance as at March 31, 2017
Buildings	7,53.06	61.48	-	-	8,14.54	3,06.25	37.84	-	3,44.09	4,70.45
Furniture and fixtures	-	11,25.25	7.34	-	11,32.59	-	89.88	-	89.88	10,42.71
Vehicles	-	2,11.55	57.89	3.84	2,65.60	-	24.42	0.29	24.13	2,41.47
Plant and equipments - given on lease	3,15.06	-	-	-	3,15.06	3,15.06	-	-	3,15.06	-
Office equipments	-	4,04.81	12.68	-	4,17.49	-	37.94	-	37.94	3,79.55
Data processing machines	-	1,93.44	18.44	-	2,11.88	-	12.18	-	12.18	1,99.70
Total	10,68.12	19,96.53	96.35	3.84	31,57.17	6,21.31	2,02.26	0.29	8,23.28	23,33.89

1. Building includes

(a) Rs. 1,000/- being value of investment in 20 shares of Rs. 50/- each in Nilgiri Upvan Co-operative Housing Society Limited, certificate in respect of which is yet to be recorded in name of the Company.

(b) Rs. 500/- (as at March 31, 2018: Rs. 500/-) being value of investment in 10 equity shares of Rs. 50/- each in the Pallonji Mansion Co-operative Ho[illegible]g Society Limited.

TATA MOTORS FINANCE LIMITED (formerly known as SHEBA PROPERTIES LIMITED) (CIN - U45200MH1989PLC050444)

Notes forming part of financial statements for the year ended March 31, 2019

Note 13A
Intangible Assets

(₹ in lakhs)

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

	Gross Block					Accumulated Amortisation				Net Block
Particulars	Balance as at April 01, 2017	Acquired under scheme of arrangement	Additions	Deletions	Balance as at March 31, 2018	Balance as at April 01, 2017	Amortisation during the year	Deletions	Balance as at March 31, 2018	Balance as at March 31, 2018
Computer Software	1,98.25	-	5,97.40	-	7,95.65	41.48	2,36.06	-	2,77.55	5,18.10
Total	1,98.25	-	5,97.40	-	7,95.65	41.48	2,36.06	-	2,77.55	5,18.10

	Gross Block					Accumulated Amortisation				Net Block
Particulars	Balance as at April 01, 2016	Acquired under scheme of arrangement	Additions	Deletions	Balance as at March 31, 2017	Balance as at April 01, 2016	Amortisation during the year	Deletions	Balance as at March 31, 2017	Balance as at March 31, 2017
Computer Software	-	1,98.25	-	-	1,98.25	-	41.48	-	41.48	1,56.77
Total	-	1,98.25	-	-	1,98.25	-	41.48	-	41.48	1,56.77