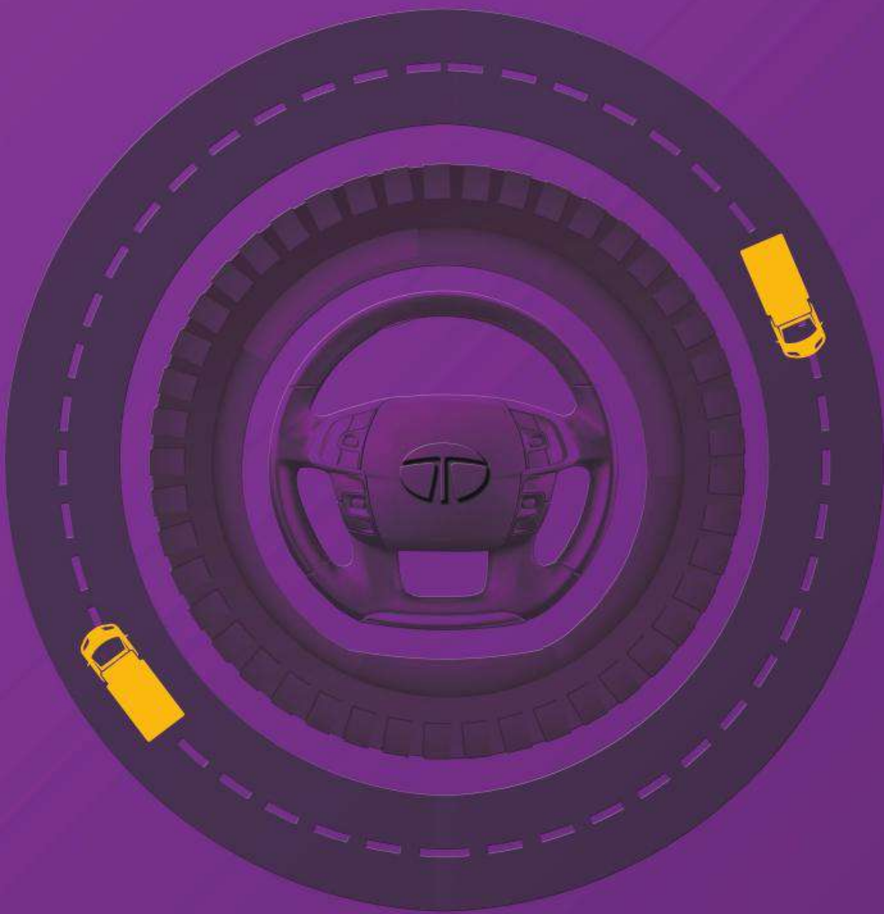
TATA

Steering non stop growth through Life Cycle Financing



TATA MOTORS FINANCE LIMITED

ANNUAL REPORT 2019-20

TATA Motorsfinance

driven by trust

INDEX

BOARD OF DIRECTORS

Mr. Nasser Munjee,
Independent Director & Chairman
(Re-designated as an Independent Director w.e.f. March 03, 2020)

Mr. Hoshang Sinor,
Independent Director
(Retired w.e.f . December 06, 2019)

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

Mr. Girish Wagh,
Non-Executive Director

Mrs. Vedika Bhandarkar,
Independent Director

Mr. P.D. Karkaria,
Independent Director
(Retired w.e.f. April 01, 2020)

Mr. Shyam Mani,
Non-Executive Director

Mr. Mayank Pareek,
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 Consultants Private 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 | Fax: +91 22 66568494
www.tsrdarashaw.com

TATA MOTORS FINANCE LIMITED (FORMERLY SHEBA PROPERTIES LIMITED)

BANKERS

Axis Bank
Australia & New Zealand Bank
AU Small Finance Bank
Bank of Baroda (Vijaya Bank)
Bank of India
Bank of Maharashtra
Bank of Bahrain and Kuwait
Barclays Bank
Central Bank of India
Canara Bank
Citi Bank
Citicrop Finance (India) Ltd
Corporation Bank
CTBC Bank
Deutsche Bank
DBS Bank
Dhanlaxmi Bank
Doha Bank
Federal Bank
First Rand Bank
HDFC Bank
HSBC Bank
ICICI Bank
IDFC First Bank
Indian Bank
Indusind Bank
International Finance Corporation
Jammu & Kashmir Bank Ltd
Karnataka Bank
Kotak Mahindra Bank
Korean Development Bank (KDB)
Oriental Bank of Commerce
Punjab National Bank
Punjab & Sindh Bank
RBL Bank Ltd
South Indian Bank
Standard Chartered Bank
State Bank of India
Syndicate Bank
UCO Bank
Union Bank of India
United Bank of India
(Mudra) Micro Units Development &Refinance Agency Limited
(SIDBI) Small Industries Development Bank of India (Sec I 18-19)
Sumitomo Mitsui Banking Corporation
Mizuho Bank Ltd.

DEBENTURE TRUSTEES

Vistra ITCL (India) Limited
The IL&FS Financial Centre,
Plot C- 22, G Block, BKC Road,
Bandra Kurla Complex, Bandra East,
Mumbai, Maharashtra - 400051
Tel: +91 22 2659 3535;
www.vistraitcl.com

IDBI Trusteeship Services Limited
Ground Floor, Asian Building, 17,
R Kamani Rd, Ballard Estate, Fort,
Mumbai, Maharashtra 400001
Tel: +91 22 022 4080 7000;
itsl@idbitrustee.com

DEPOSITORIES

Central Depository Services (India) Limited
National Securities Depository Limited

LISTED AT (Debt listed)

National Stock Exchange of India Limited

Based on addressing customer lifecycle needs and TML's vision of connecting aspirations, the new statement of purpose for TMF is....

"Lifecycle Financing for Embracing Tata Mobility Products and solutions."

Our Mission statement drives our company

"To provide relevant customer centric financial products and solutions that support sustainable growth of the Tata Ecosystem"

Our Vision statement is about what we want to achieve

"Enabling Economic Success, Fulfilling Aspirations."

Our Values


Our Values
We conduct all our business transactions in a fair, transparent and honest way and everything we do stands the test of public scrutiny
Integrity
We bring speed and responsiveness in everything we do
Agility
We value our employees and other stake-holders and care for their satisfaction and well being at all times
Empathy
We co-operate within the Tata ecosystem to drive maximum results
Synergy
We strive to embody clear, open and genuine communication in all aspects
Transparency

BOARD OF DIRECTORS

MR. NASSER MUNJEE, INDEPENDENT DIRECTOR AND CHAIRMAN OF THE BOARD

Mr. Munjee holds Master's degree from the London School of Economics, UK. Mr. Munjee is an eminent industry expert, Chairman of Development Credit Bank (DCB) and also on the Board of various Multinational Companies. Mr. Munjee served with HDFC for over 20 years at various positions including as its Executive Director. He was the Managing Director of Infrastructure Development Finance Co. Ltd. (IDFC) up to March 2004. Presently he is the Chairman of Development Credit Bank (DCB) since June 2005 and is also on the Board of various Multinational Companies and Trusts.

Mr. Munjee was a Technical Advisor on the World Bank-Public Private Partnership Infrastructure and Advisory Fund.

MRS. VEDIKA BHANDARKAR, INDEPENDENT DIRECTOR

Mrs. Vedika Bhandarkar is MBA from the Indian Institute of Management, Ahmedabad and B.Sc from the MS University, Udaipur. Mrs. Vedika Bhandarkar serves as Water.org's senior leader in India, overseeing the organization's strategy, growth and water and sanitation program expansion in the country. Water.org is a not-for-profit organization that pioneers innovative, sustainable solutions to enable access to water and/or sanitation for people living at the base of the economic pyramid. Mrs. Bhandarkar and her team continue to scale WaterCredit in in the country through direct partnerships with financial and non-financial organizations, collaboration with enabling partners and engagement with the Government’s Swatch Bharat Mission. Water.org has been working in India for more than 10 years with offices in Chennai and Delhi. Working with the implementing partners, Water.org has helped reach 60 lakh people in the country with access to water and/or sanitation.

Mrs. Bhandarkar brings more than 25 years of experience building teams and businesses with Indian and international financial institutions. Prior to joining Water.org in January 2016, Mrs. Bhandarkar served as Vice Chairman and Managing Director at Credit Suisse Securities (India) Private Limited from 2010-2015. Previously, she served as the Managing Director & Head of Investment Banking at J.P. Morgan, where she worked from 1998-2010. She began her career at ICICI Bank in 1989.

Since early 2015, Mrs. Bhandarkar has dedicated her time to corporate boards and social enterprise, serving as independent director on several corporate boards, and as a volunteer, fundraiser and board member of the Jai Vakeel Foundation, an institution focused on children and adults with intellectual disability. She also serves as a part time member of the Banks Board Bureau.

MR. HOSHANG SINOR, INDEPENDENT DIRECTOR

(Retired with effect from December 06, 2019)

Mr. Hoshang Sinor is a B.Com and LL.B. Mr. Sinor is an eminent industry expert, was associated with the Banking Industry for past 5 decades. Mr. Sinor had also been associated with ICICI Bank for several years and retired as a Joint Managing Director. He was also on the Boards of various leading Companies including Tata Investment Corporation Limited, InCred Financial Services Limited and InCred Housing Finance Private Limited which are NBFCs. He has been the Spokesperson for banking Industry as Chief Executive of Indian banks association and Mutual Fund association of Mutual Funds in India.

MR. P. D. KARKARIA, INDEPENDENT DIRECTOR

(Retired with effect from April 01, 2020)

Mr. Phillie Dara Karkaria holds Bachelor’s degree in Commerce and is a fellow member of the Chartered Institute of Management Accountants, London (CIMA). In a career span of over 40 years, he has worked 13 years in the UK with one of the big four firms of Chartered Accountants, the National health Service and a large US Multinational Company.

This was followed by a consultancy assignment with a large oil conglomerate in the UAE for over 2 years. Subsequently, he worked for 27 years with the Tata Group in India – first, as Vice President of Tata Financial Services, Division of Tata sons Limited, and retired as Executive Director of Tata Realty and Infrastructure Limited (TRIL).

He is also on the Boards of several Tata and other companies and is also Vice Chairman of St. John’s Ambulance Association, Maharashtra State and a Trustee of Tatachem Golden Jubilee Foundation.

MR. P. B. BALAJI, NON-EXECUTIVE DIRECTOR

Mr. P.B. Balaji is a graduate from Indian Institute of Technology, Chennai and has a post-graduate management degree from Indian Institute of Management, Kolkata. Having started his career with Unilever in 1995 and worked in different corporate finance roles across Asian markets, Switzerland, UK and India, Mr. Balaji is very well oriented in global finance stream with over two decades of experience in the corporate sector. Mr. Balaji is the Group Chief Financial Officer of Tata Motors Limited. Before joining TML, he had been heading the finance function as the Chief Financial Officer of Hindustan Unilever, a $6 billion enterprise. Prior to that, he was the Chief Accountant of the Unilever Group in London.

MR. SHYAM MANI, NON-EXECUTIVE DIRECTOR

Mr. Mani is an alumnus of IIT, Kanpur and has a vast experience of over 40 years in the Industry spanning Manufacturing and Finance. Mr. Shyam Mani is associated with TMF Holdings Limited (Formerly known as Tata Motors Finance Limited) since its incorporation as Non-Executive Director and later became CEO & Managing Director in the year 2007. During his 12 years of association with Tata Motors Finance (TMF) Group, he has transformed TMF Group into a strong captive financing arm of Tata Motors Limited. Mr. Mani has played a key role in shaping the growth of the company both at strategic and visionary level. During his association with the company, he led the company towards growing the portfolio to a level of Rs. 38000 cr. He led and oversaw a key restructuring exercise of the company, thereby setting it up for significant value creation in the coming years. His hands on approach coupled with astute leadership has made TMF win several accolades and awards in the last several years. Being a strong believer in analytics and technology, he set up the Analytics division of TMF in the year 2007, a first of its kind for any vehicle financing NBFC in India. He also championed several innovative business practices within the company in the areas of Insurance and Used vehicle business. TMF was also one of the first companies to introduce the concept of Central Processing Centre (CPC) which was recognized by the Tata Group Innovation program.

Prior to joining TMF, Mr. Mani was the Vice President – Sales & Marketing for the Commercial Vehicles Business Unit of Tata Motors Limited (TML) and has had a very successful tenure being responsible for the Commercial and Marketing functions of the entire Business Unit spanning the complete range of products from M & HCV trucks to the highly successful ACE. Mr. Mani has led the successful growth in numbers as well as market shares of the BU and had been closely involved in new product introductions as well as in setting up and growing a large sales team. He has led the entire revamping and growth of the dealer network at TML.

Mr. Mani also served Tata Capital as Chief Operating Officer – Retail Finance prior to his stints with Tata Motors Finance.

MR. MAYANK PAREEK, NON-EXECUTIVE DIRECTOR

Mr. Pareek has a post Graduate Diploma in Business Management from Indian Institute of Management, Bangalore and a Bachelor of Engineering Degree from Indian Institute of Technology, (BHU). Mr. Mayank Pareek joined Tata Motors as the President, Passenger Vehicle Business Unit in October 2014. As the President, he is responsible for steering the Passenger Vehicle Business and is overseeing Sales and Marketing, Product Planning and Development, Manufacturing, Dealer Development, Spare Parts and After Market Services. Mr. Pareek comes with over two decades of experience with Maruti Suzuki India Limited (MSIL). His last role as the Chief Operating Officer, wherein he was heading the Marketing and Sales vertical that included Domestic Marketing and Sales, International Business, Dealer Development, Product Development, Used Car Business, Outbound Logistics, Spare Parts and Accessories, After Market Services and International Marketing & Sales. He was also a member of MSIL Management Committee, and a permanent invitee to the MSIL Board. He began his career in 1982 with BHEL and worked in the manufacturing function and joined Maruti Udyog in 1991. Initially, he was responsible for sales in the North region and subsequently managed dealer development. During his tenure with Maruti, he also led new strategic initiatives like Leasing, Financing and Used Cars Business.

MR. GIRISH WAGH, NON-EXECUTIVE DIRECTOR

Mr. Girish Wagh holds a Bachelor’s Degree in Mechanical Engineering from Pune University. He also holds a Post Graduate Diploma in Manufacturing Management from S.P. Jain Institute of Management and Research. In Jun’17, Mr. Girish Wagh took over as the Head of the Commercial Vehicles Business Unit of Tata Motors. His previous roles include Product Line Head – Medium & Heavy Commercial Vehicles, Head - Programme Planning & Project Management and Head - Operations of the Passenger Car Business Unit. In his illustrious career, Mr. Wagh has delivered key projects such as the Tata ACE - Mini Truck, Nano, Bolt, Zest, Tiago, Hexa and Tigor. In his long standing association of 25 years, he has worked in various roles related to Manufacturing, Purchasing & Supply Chain and Business Excellence. For his excellent contribution to the Automotive Industry he was recognized as a “Rising Star” by the Automotive News Europe in 2011.

CSR Philosophy at TMF:

At Tata Motor Finance, our Community Impact and Sustainability initiatives are built around being a good corporate citizen. We have a stated sustainability objective of being a socially responsible corporate aiming to improve the quality of life in the communities we serve.

Our CSR strategy has focused initiatives under three broad brands -: Initiatives which involve reaching out to the society and community at large are under **I-Care**: Environmental impact initiatives are grouped under **Think Green**. **IMPACT** is our employee volunteering program and it stands for "It is **IMP**ortant to **ACT**". Employee volunteering forms an integral part of our CSR philosophy and we encourage our employees to actively participate in the community and environmental impact interventions.

As a **good corporate citizen** Tata Motors Finance has been supporting community development projects whether or not we are liable to have a CSR spend. The whole idea is to create sustainable impact in the community through structured interventions.

Our sustainability framework includes

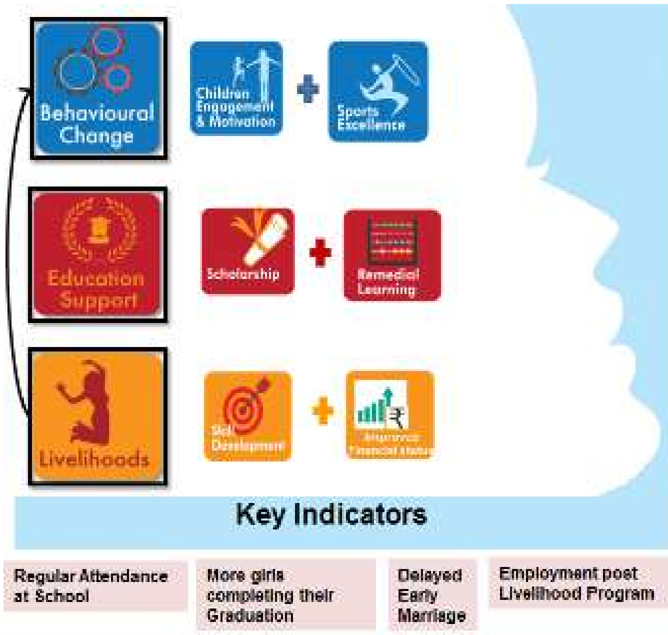
- **I-CARE** (community reach programs),
- **Think Green** (environmental programs)
- and **IMPACT** (our employee volunteering initiatives)

IMPACT (our employee volunteering program) works hand in hand in Project Uddan as well where employees and leaders regularly engage with stakeholders and volunteer at regular intervals. Our Leadership team and Head Office as well as Regions also engage regularly with the beneficiaries of this project. During the scholarship events, leaders make it a point to address all our stakeholders – adolescent girls, parents etc. During the field visits they also closely in interact with project field staff, school Principals, Gram Panchayats etc. Apart from this, employees in our Nagpur, Kolkata and Kurnool offices and respective regional offices regularly engage with the stakeholders as ambassadors of Tata Motor Finance's Project Uddan.

Trigger for Uddan

- As per the age old belief, money was always spent on boys as they will take care of the parents in their old age.
- Get the boys educated and get the girls married as they were believed to do only house hold work.
- Girls were low on confidence, as they were always subjected to last preference and always got the last morsel.
- Most of the girls were unaware of basic hygiene and health issues.
- There was lack of support from the community
- There is no platform for girls to showcase their talent
- Lack of support infrastructure at schools
- Most of the girls dropped out of school in 9th or 10th standard

Key Indicators of Project Uddan



We started this project in Bhandara, Maharashtra in 2015. We started the need analysis for this integrated project by conducting a baseline study. The study showed that in villages of Maharashtra 20% of the female youth had dropped out of school at some point. They had difficulty in understanding English, science and maths and had difficulties in coping up with studies. 80.3 % of the adolescent girls did not believe that they can actualize their educational & career aspirations due to poverty, lack of facilities, inequality etc. In September 2015, we rolled out this signature Program 'Uddan'. Our NGO partner for this project is Magic Bus India Foundation. We wanted to create impact in difficult geographies. Hence, Joynagar was selected as the 2nd location for the project in South 24 Parganas, West Bengal. The idea was always to create sustainable impact. **The successful impact in community lead us to replicate this project not just in Joynagar but also in Kurnool in Andhra Pradesh.**

We believe in creating change agents in the community and help girls develop a positive attitude. Our initiatives thus involve parents, teachers, schools, local administrative bodies as well. Hence we **follow a holistic**

development approach which is deeply woven into the layers of the community. To understand the impact of these programs, we also conduct assessment of the programs.

One of the inadvertent positive consequences of the Uddan program was the genesis of the Shakti Vahini. Shakti Vahini is a group of beneficiaries in Joynagar who came together in order to create a community social action group. Girl students felt the need to form a group that would work collectively towards addressing the social issues prevalent in the area. While the Shakti Vahini is not a component of the Uddan program, its goals align with some of the Uddan program goals. The Shakti Vahini aspires for a better society, free from gender discrimination and child marriage. Shakti Vahini conducts meetings to discuss the issues brought to their notice and the ways of tackling them. Schools have a single Shakti Vahini group which may include representatives from each class. The objectives of the Shakti Vahini are:

- Stop early marriage
- Re-enrol dropped out students
- Stop child labour

Impact of Project Uddan @ Bhandara

Bhandara

Adolescent girls who:

S.No.	Indicators	Baseline	Midline	Endline	Trend
1	Aspire to study upto graduation or beyond	59.90%	75.50%	92.8%	↑
2	Are aware of benefits of schooling	91.6%	96%	97.8%	↑
3	Are aware about anemia	42.70%	49.40%	65.93%	↑
4	Are aware of why menstruation occurs	54.70%	52.10%	70.65%	↑
5	Use sanitary napkins during menstruation	59.90%	82.80%	97.67%	↑
6	Are aware of the consequences of early marriage	46.10%	83.70%	84.07%	↑

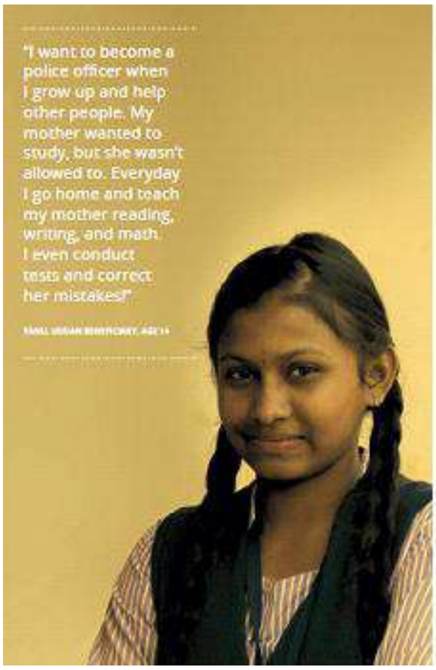
Impact @Joynagar

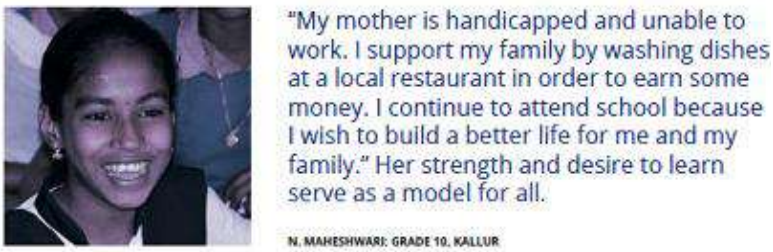
Adolescent girls who:

Sr. No.	Key indicators	Baseline	Midline	Trend
1	Aspire to complete graduation	21.60%	45.75%	↑
2	Agree that it is acceptable for girls to play outdoor sports	35.5%	98%	↑
3	Are comfortable interacting with members of opposite sex	37.3%	88.7%	↑
5	Oppose the concept of dowry	69.5%	97.6%	↑
6	Have a bank account	91%	95.5%	↑

Impact @ Kurnool

1. Beneficiaries are aware about the significance of education and keen to continue schooling. Girls aim to complete their graduation and some of them wish to pursue higher education such as post-graduation, PhD, etc.
2. There is a positive spill over of the program on the parents. Majority of the parents are aware about the benefits of education, employment for girls, and are also aware of banking services available to them.
3. The awareness building component of the Uddan program has successfully informed girls about the RTE Act and its benefits, banking services, loan services for higher education, and sexual and reproductive health rights.
4. Adolescent girls and their parents were made aware about the legal age of marriage and physical, psychological and emotional consequences of early marriage on young girls.
5. Danger Zone Mapping has enabled girls to travel safely around their neighbourhood and avoid areas considered 'dangerous'.
6. Teachers and principals have reported higher classroom participation. Schools have acknowledged improvement in attendance of students since the inception of the Uddan intervention.





Agency among adolescent girls can be defined as an extension of the concept of personal choice and the ability to take meaningful action and pursue goals freely without fear of repercussions. Building agency is an ongoing process involving strengthening of aspirations, building confidence, expanding knowledge, and creating safe spaces that allow girls to freely express their opinions. Adolescent girls can express agency in a myriad of ways such as pursuing careers of their choosing, pushing back on marriage, and travelling alone to places outside of their regular routine, to name a few. *Diversification of choice is another important step in the process of building agency among adolescent girls.* Generating awareness of the choices available to them will in turn allow them to take meaningful action thus exercising agency in decision making.

IMPACT – employee volunteering

IMPACT is our employee volunteering program where we encourage our employees to step out and support social or environmental causes. In order to encourage a culture of volunteering, a policy of 2 working man -days was launched. IMPACT stands for it is IMPortant to ACT.

FY 2019-20 Update

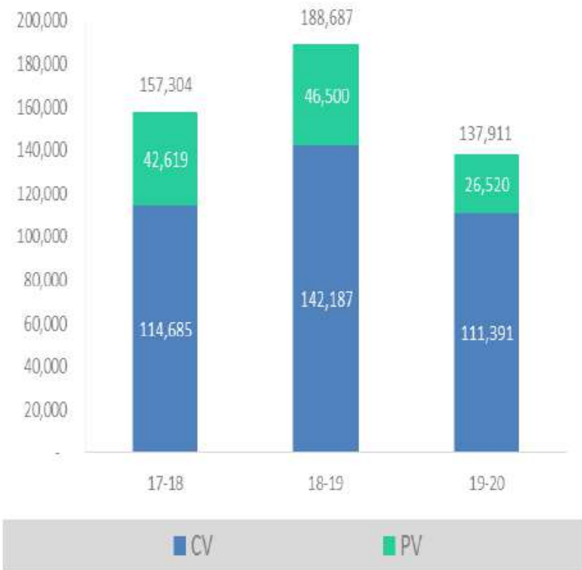
- 160 Employees participating in Tata Mumbai Marathon 2020 in support of the cause Uddan.
- Close to 3978 hours clocked (excluding ProEngage)
- Employees actively participated in ProEngage in the last edition and some of the projects got over this year (retired employees are also part of ProEngage)

- I AM A PROENGAGER

KEY FINANCIAL INDICATORS

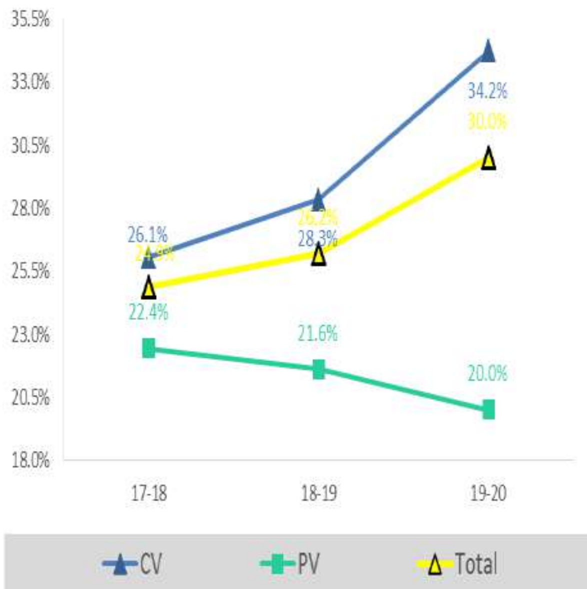
TATA MOTORS LIMITED Sales (Nos.)

TATA MOTORS FINANCE LIMITED Sales (Nos.)



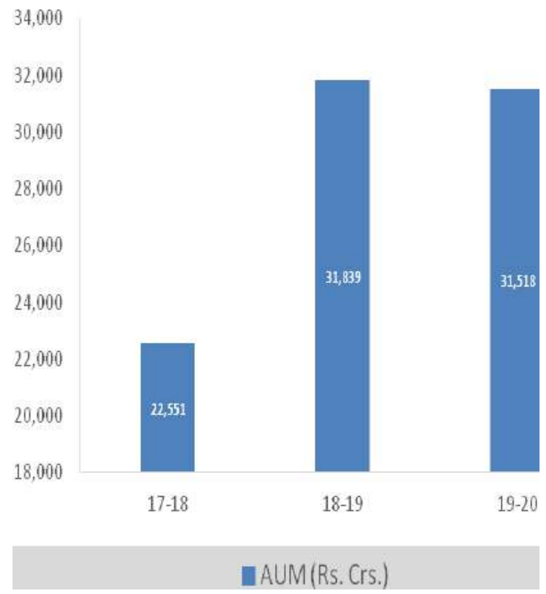
Disbursal (Rs. Crs.)

Market Share (%)

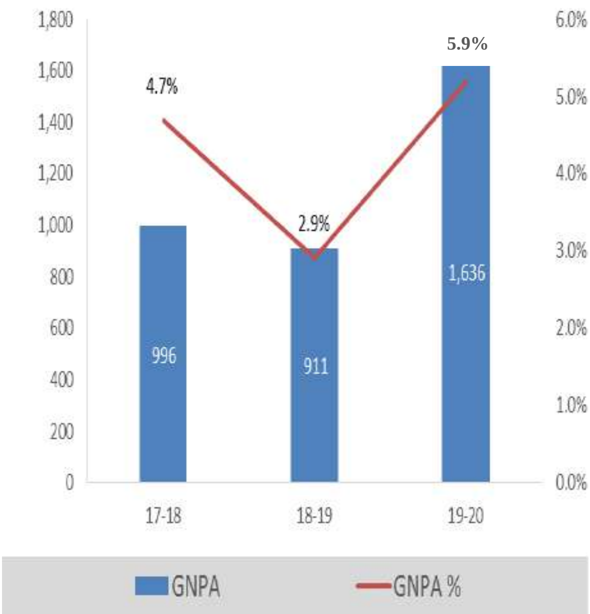


Live Contract (Nos.)

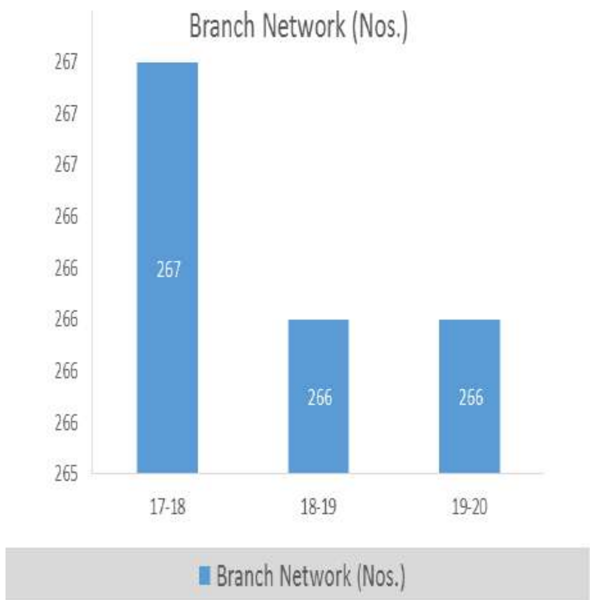
AUM (Rs. Crs.)



GNPA (Rs. Crs) & %



Branch Network (Nos.)



DIRECTORS' REPORT

To,

THE MEMBERS

TATA MOTORS FINANCE LIMITED

(Formerly known as Sheba Properties Limited)

The Directors feel privileged to present the 31st Annual Report on the business and operations of the Company and the statement of accounts for the year ended March 31, 2020.

1. BACKGROUND

Tata Motors Finance Limited (hereinafter referred as 'TMFL' or 'Company' (Formerly known as Sheba Properties Limited), is a subsidiary company of TMF Holdings Limited (Formerly Tata Motors Finance Limited), a Core Investment Company. The Company is registered with the Reserve Bank of India (RBI), under Section 45-IA of the RBI Act 1934, as a 'Systemically Important, Non-Deposit taking Non-Banking Finance Company (NBFC), re-classified vide circular dated 22nd February 2019 as NBFC-Investment and Credit Company (NBFC-ICC).

2. ECONOMIC AND INDUSTRY OVERVIEW

Economic Overview

The year 2019 was a difficult year for the global economy with world output growing at its slowest pace of 2.9% since the global financial crisis in 2009. A weak environment for global manufacturing, trade, and demand adversely impacted the Indian economy.

For India, the financial year 2019-20 begun with the ruling Government winning the general elections with a huge majority and entering into the second term amidst economic slowdown. This was followed by the turmoil caused with the amendments made to Article 370, NRC and CAA. Few reforms undertaken during 2019-20 to boost investment, consumption and exports included speeding up of insolvency resolution process under Insolvency and Bankruptcy Code (IBC), easing of credit, particularly for the stressed real estate and NBFC sectors and launch of National Infrastructure Pipeline for the period FY 2020-2025.

The GDP growth decelerated for the sixth consecutive quarter in December 2019. The outbreak of Covid-19 and the resultant lockdown in the final few days of the financial year hit the brakes on a slowing engine to almost a grinding halt. While, the Economic Survey 2019-20, tabled on January 31, 2020, estimated the GDP growth rate to be 5% in 2019-20 as compared to 6.8% in 2018-19, the FY20 estimated GDP is expected to bear some brunt.

Trends of key macro-economic indicators are as follows

Macro Economic Factors	FY19	FY20	FY21 Est
GDP (% growth YoY)	6.1	5.0*	-5.0
CPI Inflation (% growth YoY)	3.4	4.8	4.0
10 year G-Sec Yield (at March exit)	7.5	6.2	6.5
Current account deficit to GDP (%)	2.1	1.0^	0.2

Note: *Second advance estimate by NSO, ^CRISIL Research's estimate

Source: RBI, NSO, CRISIL Research

Automotive Industry overview

The year witnessed the worst kind of slowdown in automobile industry with falling sales and piling inventory amidst overall slowdown in the economy, hike in cost of acquisition and ownership because of increase in third party insurance, upward revision of road and registration tax by state governments and a rise in fuel prices. Impending change in emission norms (transition from BS IV to BS VI), low growth in rural wages, NBFC crisis impacting credit flow and the crippling impact of novel coronavirus pandemic from mid-March which normally turns out as the best performing month. Volume contraction was evident from the fact that volumes of both domestic Passenger & Commercial vehicle sales in FY20 fell to 3.49 million units as against 4.39 million units, a 20 % de-growth YoY.

Domestic Commercial Vehicle (CV) industry sales volumes fell by 28.8% in FY20 over FY19, with medium and Heavy CV (M&HCV) sales in FY20 reducing to almost half of FY19 volumes. Decline was attributed to continued inventory clearance by OEMs, moreover demand was impacted by slow pace of industrial activity, extended monsoon delaying infrastructure projects and revised axle load norms affecting replacement demand. Tight liquidity condition for NBFC's continued to impact the demand. Light Commercial Vehicles (LCVs) too fell victim to the weakness in demand with drop in sales by 20.1% for FY20 as compared to FY19.

Domestic Passenger Vehicle (PV) industry sales waned on account of weak consumer sentiments affecting urban and rural household consumption. Also rise in cost of ownership and growing preference of shared mobility, had an impact on consumer demand. FY20 domestic PV volumes were about 18% lower year on year.

NBFC Sector Overview

The year opened with a spill over effect of IL&FS occurrence in 2018. With the country going into election mode in the first part of the fiscal and followed by the events around Kashmir, liquidity squeeze in the market probably didn't get the attention it required. While RBI did intervene with lowering interest rates with an assurance of enough liquidity in the banking system, consumers mostly relied on NBFCs for funding requirement for purchase of vehicles. The outbreak of COVID and implementation of lockdown further accentuated the crisis for NBFCs. Funding availability issues, confidence deficit of lenders due to asset quality challenges, low loan growth, high borrowing costs and weak operating performance continued to remain the key hurdles in the sector.

As per ICRA research, vehicle finance AUM which constituted ~40% of NBFC lending contracted by ~9% in FY20. The viability of new commercial vehicle operators was already impacted significantly as freight rates and trip demands remained sub-optimal while operational costs (contributed by fuel prices which account for 60% of the cost) remained high and continued to inch up steadily.

Financial receivables in MHCV segment lending witnessed a sharp jump in overdue position due to reduced earnings by transporters. Reduction in investment activity, contraction in mining and manufacturing activity and falling order book of construction companies, all of which have led to reduced availability of cargo and lower freight rates. This situation is expected to continue for the next few quarters because of slowdown in industrial activity and reduced movement of goods, given that manufacturing plants have been shut down during the lockdown and is not expected to go back to full capacity very quickly. So far as ILSCV segment is concerned, we expect the impact to be relatively less as their application is largely for non-industrial uses, especially for LCV asset category. We anticipate increased asset quality issues and higher credit losses compared to the levels witnessed in current fiscal. In case of PV segment, with income levels of typical NBFC customers (cash salaried / non-prime job and self-employed category) remaining under stress because of economic slowdown, disbursals are expected to remain subdued with an increase in asset quality issues. The impact will also be visible in commercial segment (cab aggregators/operators) with large scale drop / suspension of operations due to COVID.

Covid-19 and its expected impact on NBFCs

The global health crisis sparked by the outbreak of the coronavirus is taking an extraordinarily heavy toll on world economy. World economy is expected to face recession in 2020.

In India too, a full lockdown has significantly impacted all social and economic activities. Income, savings and jobs are being lost and will have a cascading impact on consumption. While the lockdown should gradually ease with time, the pain is expected to be significant and lingering.

With country-wide lockdown, NITI Aayog estimates the Auto industry output to contract by about 70% in Q1-FY21. While Auto OEMs could tide over the disruptions due to their relative balance sheet strength and strong credit metrics, auto ancillaries are likely to face imminent pressures on the top lines as well EBITDA margins. Alternatives other than China are scarce and could be expensive. MSMEs constitute about 25% - 30% of the auto component industry. Most of them are Tier 2 & Tier 3 players and supply components to Tier 1 players. MSMEs in these testing times will have to face double whammy of both Covid-19 outbreak and low confidence in the financial markets following the YES Bank saga. Cash flow constraints will only add to its woes. The prospects of MSME sector, with limited ability to cope up with the slowdown can worsen further. The initiatives by Government like extending collateral free loans with credit guarantee, equity & subordinate debt infusion proposed will all definitely lend a helping hand.

RBI on its part has taken various steps to bolster liquidity in the market. Through various measures it increased the liquidity by ~ Rs 3.7 trillion. The system was already carrying surplus liquidity of about Rs. 3.0 trillion. Therefore, a sharp increase in system liquidity could ultimately find its way into the NBFC sector. However, in view of the heightened credit risk and the existing high exposure (~8-9% of the bank credit) of the banking system, the extent of the same remains to be seen. The widening of the risk premium since March 2020 with the same continuing even after the announcement of the sizeable liquidity boosting measures point towards continued risk aversion to the NBFC sector and accordingly, most of the incremental exposures, which would be taken by the banks, are expected to be towards the higher rated and retail focused NBFCs with strong parentage.

RBI has also allowed moratorium on term loans and working capital borrowings till August'20 to help borrowers tide over the crisis. In terms of asset quality however, delinquencies are expected to remain bloated post moratorium period. Securitisation and direct assignment transactions are expected to be lower by ~25% in view of heightened credit risk. Asset quality pressures compounded by slower growth (leading to weaker operating efficiencies) would weigh-in on the earnings profile of NBFCs. FY21 would be a year of focusing on liquidity and asset quality rather than on growth.

Tata Motors Finance (TMF) has displayed swiftness in effectively managing the current crisis and embracing this 'New Normal'.

- TMF was one of the first NBFC to pass on the moratorium to customer digitally
- To address and support key stake holders, special liquidity facility to TML dealers and new credit lines to dealers dedicated to manage operating expenses were extended.
- Early mover by implementing BCP policy on March 15, 2020 itself
- Arranged Laptops / Desktops to enable Work From Home (WFH)
- Setting up a Quick Response Team (QRT), conducted several webinars pan India with 2000+ employees participating
- Coming back to office guidelines have been issued and almost all offices are open.
- To manage liquidity, Rs.5700 crs have been raised during the lockdown period

3. FINANCIAL RESULTS

(Figures in Crore)

PARTICULARS	F.Y. 2019-20	F.Y. 2018-19
Total Income	3,851.83	3,249.46
Less:		
Finance Costs	2,479.78	2,040.57
Impairment of financial instruments and other assets	604.38	285.87
Employee benefits expenses	247.97	284.71
Other expenses	444.86	483.65
Depreciation / Amortization	45.63	16.78
Profit Before Exceptional Item	**29.21**	**137.88**
Exceptional item	-	-
Profit Before Tax	**29.21**	**137.88**
Less: Tax Expense	(29.95)	(66.00)
Profit After Tax	**59.16**	**203.88**
Other comprehensive income forming part of Retained earnings	2.16	4.02
Total comprehensive income for the year	**61.32**	**207.90**
Balance brought forward from previous year (distributable)	265.68	205.75
Amount Available for Appropriations	**327.00**	**413.65**
APPROPRIATIONS		
Statutory Reserve	11.83	40.78
Dividend on equity shares	35.32	66.15
Dividend on preference shares (non-cumulative)	18.50	-
Interim dividend on equity shares	-	17.52
Tax on Dividend	30.41	23.52
Issue expenses on Perpetual Debt	4.64	-
Surplus carried to Balance Sheet	**226.30**	**265.68**

The Company has transferred 20% of the net profit after taxes i.e., Rs. 11.83 Crores to Statutory Reserve created pursuant to the provisions of the RBI Act, 1934.

4. DIVIDEND

The Board of Directors, at its meeting held on March 26, 2020 had recommended interim dividend on Cumulative Compulsorily Convertible Preference Shares (CCPS) of Rs 8.2 per CCPS of Rs 100 each (8.2 %) (ISIN: INE601U03011) and Rs. 10 per CCPS of Rs. 100 each (10%) (ISIN: INE601U03037) and Rs 8.2 per CCPS of Rs 100 each (8.2 %) (ISIN: INE601U03029) aggregating to Rs. 47,05,00,000/- (Rupees Forty Seven Crore and Five Lakhs only) and the same was paid to CCPS holders on March 27, 2020.

Further, the Board of Directors, at its meeting held on May 29, 2020 had recommended a final dividend of Rs. 10 per CCPS of Rs. 100 each (10%) on Non-Cumulative CCPS (ISIN: INE601U03045), subject to approval of the members of the company at the forthcoming Annual General Meeting. The Board members did not declared dividend on equity shares in view of COVID-19 challenges.

In terms of Indian Accounting Standard (AS) 10 'Events after Reporting Date' as notified by the Ministry of Corporate Affairs notified under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rule 2015 as amended, the Company has not appropriated proposed dividend including tax from Statement of Profit and Loss for the year ended March 31, 2020. Dividend will be payable to those Members whose names appear in the Register of Members as on June 5, 2020 i.e., the date of book closure/record date or the list of beneficiaries provided by depositories for dematerialised securities as of June 5, 2020. The proposed dividend on CCPSs and interim dividend paid during the year will absorb a sum of Rs. 65.55 Crores excluding taxes.

5. OPERATIONS

During the financial year 2019-20, the Company recorded new vehicle disbursals of Rs. 12,451 crores a drop of 34% in comparison to FY2018-19 disbursals of Rs. 18,991 crores. The Company financed overall 1,37,911 units of vehicles as compared to 1,88,687 units in FY 2018-19, registering a decline of 27% YoY. Commercial Vehicle financing contracts declined by 22% to 1,11,391 units in FY 2019-20 as compared to 142,187 units in FY 2018-19. The Passenger vehicle financing contracts too fell by 43% to 26,520 units as compared to 46,500 units in FY 2018-19.

During the financial year ended March 31, 2020, the Company earned a total income of Rs. 3,851.83 crore as compared with Rs. 3,249.46 crore in FY 2018-19, profit before tax (PBT) of Rs. 29.21 crore as against Rs. 137.88 crore in FY 2018-19 and profit after tax of Rs. 59.16 crore as against Rs.203.88 crore in FY 2018-19.

6. FINANCE

During FY 2019-20, the Company met its funding requirements through a combination of short term debt (comprising Commercial Papers, Inter-corporate Deposits ("ICDs") and Bank Loans) and long term debt (comprising Non-Convertible Debentures ("NCDs") and Bank Loans including External Commercial Borrowings). The total borrowings as of March 31, 2020 stood at Rs. 27,519 crore comprising mainly of Bank Borrowings (including ECBs) of Rs. 14,498 crore, Commercial Papers amounting to Rs. 4,742 crore, and Non-Convertible Debentures (including Perpetual and Sub Debt)) of Rs. 3,901 crores. In FY 2019-20, the Company raised USD 250 Million through its first ECB issuance. The weighted average cost of borrowings for the year ended March 31, 2020 was 8.54% per annum on average borrowings of Rs. 27,392 crore. The Debt / Equity ratio as on March 31, 2020 was 8.17 times. The Company has been regular in servicing all its debt obligations.

7. CREDIT RATING

The ratings assigned to the Company in respect of borrowings are as follows:

No.	Instrument	CRISIL	ICRA	CARE
1.	Commercial Paper	CRISIL A1+	ICRA A1+	CARE A1+
2	Short Term Bank Facility	CRISIL A1+	ICRA A1+	NA
3	Long Term Bank Facility	CRISIL AA-/ Negative	ICRA AA-/ Negative	CARE AA-/ Negative
4	Non-Convertible Debenture	CRISIL AA-/ Negative	ICRA AA-/ Negative	CARE AA-/ Negative
5	Subordinated Tier II Debenture	CRISIL AA-/ Negative	ICRA AA-/ Negative	CARE AA-/ Negative
6	Perpetual Debt	CRISIL A/ Negative	ICRA A/ Negative	CARE A /Negative

8. CAPITAL ADEQUACY

The Company's Capital adequacy as of March 31, 2020 is 16.85% (March 31, 2019: 15.25%), which is higher than the RBIs mandated level of 15.0%.

9. ASSIGNMENT OF RECEIVABLES

A) SECURITISATION

During the year, the Company concluded 7 securitisation transactions by assigning future loan receivables including future interest aggregating to Rs.4,036.93 crore (Principal Outstanding Rs. 3,430.28 crore) to Special Purpose Vehicle (SPVs). As the transactions were par structures, the consideration received by the Company amounted to Rs. 3,314.15 crore. The pool of receivables was assigned AAA (SO) or its equivalent rating by various rating agencies. In order to secure the interests of the investors, the Company extended credit enhancement support of Rs. 497.16 crore by way of First Loss Facility (FLF),Second Loss Facility (SLF) and Subordinate Tranche which constituted 15.00% of the pool Principal, in addition to subordination of Excess Interest Spread (EIS) in the pools.

Under Ind AS 109, current securatisation structure does not meet the derecognition criteria as company has not transferred the complete risk to the transferee. Hence, company has to re-recognised securatised pools in the books of accounts."

B) DIRECT ASSIGNMENT

During the year, the Company also concluded 13 direct assignment transactions by assigning future loan receivables including future interest in the pool, aggregating to Rs. 6600.49 crore (Principal Outstanding Rs. 5586.73 crore). As the transactions were par structures, the Company received the amount equal to investor share in principal outstanding against assigned contracts, the balance share (Minimum 10%) was retained by the Company in complying with the minimum retention requirement (MRR) as prescribed by RBI. Unlike securitisation, the company is not required to offer credit enhancements in any form and retain any exposures other than the stipulated MRR.

Direct assignment transactions mentioned above includes one transaction done under partial credit guarantee scheme of central govt, in which company has given first loss credit enhancement of Rs. 40.56 Crore. Company has not de-recognised this transaction under Ind AS as risks has retained with the company.

While assigning the receivables by way of Securitisation & Direct Assignment as above, the Company has complied with the Minimum Holding Period (MHP) & Minimum Retention Requirement (MRR) in line with the revised Guidelines on Securitisation and direct assignment transactions dated 21st August 2012 issued by RBI.

10. SHARE CAPITAL

During the year under review, the Company has issued and allotted 24,42,996 (Twenty Four Lakhs Forty Two Thousand Nine Hundred and Ninety Six) Equity shares of a face value of Rs.100/- (Rupee One Hundred only) each at a price of Rs. 614/- (Rupees Six Hundred and Fourteen only) for an aggregate amount Rs.149,99,99,544/- (Rupees One Hundred and Forty Nine Crores Ninety Nine Lakhs Ninety Nine Thousand Five Hundred and Forty Four only) to TMF Holdings Limited (Formerly known as Tata Motors Finance Limited) (being the holding company of the Company) on Preferential Allotment basis.

As at March 31, 2020, the Authorised Share Capital of the Company was Rs. 2000,00,00,000 (Rupees Two Thousand Crore) and Paid-Up Share Capital was Rs. 1331,27,68,900 /- (Rupees One Thousand Three Hundred Thirty One Crore Twenty Seven Lakhs Sixty Eight Thousand Nine Hundred only).

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the FY 2019-20, the Company had not given any loan, made any investment or provide any guarantee in violation to the provisions of Section 186 of the Companies Act, 2013.

12. INFORMATION TECHNOLOGY

The organisation has a multi-pronged strategy towards leveraging Technology and make it an inherent part of Business.

- **Project Turbo:** End to end Digitization of our sourcing process – the Company partnered with an emerging fin-tech company focused on lending as their core capability (Lentra) and launched the project Turbo to completely re-platform and re-define the sourcing process. The platform leverages new technologies like OCR (Character recognition), Digital process for KYC, Validating POI and POA documents directly from the source databases like (UIDAI, NSDL, VAHAN etc.), Integrates with our own rule engine Power curve for credit decisions and Digital agreements including eSign for complete transparency across the process, much improved customer experience and significant reduction in turnaround time (TAT). The new platform is currently under deployment and the early results show significant ease of use, adaptability and much improved productivity of our sales force.
- **ICMS – Integrated collection management system**: Subsequent of our deployment of a collection app for collections The organization has invested in an end to collection system integrating allocation, follow up with the customers, supports pro-active litigation, notices, remediation, delinquency management all under one platform. The platform also uses an AI based algorithm to nudge the CRE's and setting reminders and complete support for the supervisors to monitor their filed force for much better efficacy. This is in its stage wise deployment and the early results are very encouraging.
- **Business Intelligence**: the organization is committed to use analytics as a pivotal tool to be leveraged in all aspects of business be it Customer profiling, Risk profiling on the basis of personal and cultural parameters and Risk based pricing with capability to continuously correct the scoring model based on past experience. Data analytics has become an integral part of our managing the NPA provisioning based on a probability modelling. The Company had enhanced out investment in analytics by upgrading our SAS platform with new and better visual tools.
- **Sustainability and Scalability:** The organization has moved away from a traditional self-managed datacenter with TCS to a state of the art Tier 4 Data center with CtrlS which is a leading data center service provider across the globe. With this DC migration we have managed to get rid of all our hold hardware with new and latest hardware using new generation processors, much more reliable and consuming less power. The Hybrid DC can provide scalability for the next 10 years.
- **New product launches:** The Company had leveraged SAP to introduce new products like Business Loan and Working capital funding in order to meet the customers demand for lifecycle financing. Leveraging new technologies, the Company had introduced Robotic Process automation to take away a lot of mundane workload from our CPC.
- **Customer One App:** in order to service our customers, the Company had added many more self-service features on our customer facing app there by improving the adoption for a mere 8,000 a year ago to a 100,000+ customers.
- **Adoption and Compliance to RBI Mandate for NBFC's:** During FY 2017-18, RBI had issued the 'Master Direction – Information Technology Framework for the NBFC Sector' ("IT Master Directions") on June 8, 2017 and all NBFCs were required to comply with these IT Master Directions, by June 30, 2018.

Accordingly, for adequate IT Governance, we have defined an adopted an Information Technology Policy, Information Security Policy and Cyber Security Policy, BCP Plan, Social Media Policy and has also constituted an Information Technology Strategy Committee there by fully complied with all the requirements of the IT Master Directions and the same has been validated by Deloitte Touche Tohmatsu India LLP.

Digital Strategy: A Comprehensive digital strategy has been laid out to drive transformation across the value chain targeting a better experience for its customers, Channel Partners, Dealers and Leverage the new age product companies as our partners to support our aspiration to be the preferred life time financier, meeting all the financing needs of its customer helping him grow form an FTU to a Fleet owner.

13. HUMAN RESOURCES

Human resources played an integral role to drive a performance oriented work culture and improve organizational effectiveness while helping to align strategy and achieve business success. Key focused interventions / initiatives implemented during FY 19-20 are:

- Organization Restructuring (called 'Project Sparkle') was implemented in line with 'Fit for Future' organizational structure and technological transformation business plan. This customer focused hub and spoke model will help us build a future ready organization designed to cascade profit center focus and responsibility right down to the zonal level, a stronger interface between TML and TMF and also enable effective cross selling.
- EMPRO – Phase 1 of our new HRMS was launched for building agile technology and process solutions which will help in achieving better integration of systems, providing better employee experience and improving efficiency.
- Wolfpack Family was launched with keen focus on further nurturing a high performance, collaborative workplace.
- Hunger games – new Reward and Recognition framework was launched to ensure high performance culture in TMF Wolfpack Family. Special contests for driving business priorities were also introduced in this framework for alignment to organizational priorities.
- "One TMF, One Rewards & Recognitions –Wolfpack Awards framework" with standard parameters of R&R across organization to drive uniformity and better alignment to the overall organization priorities
- Assessment based model was used for promoting talent from M6 grade to leadership grade L1. The decisions were made based on combination of external psychometric assessments as well as internal assessments followed by interviews by Leadership panel.
- Employee Well - being and Assistance Program (EWAP) was launched for overall well-being of employees. This benefit can be availed by employees and their family members. The services comprise of counselling by professional counsellors, mindfulness program, resilience building stress management programs.
- This year in Mumbai Marathon 2020, a team of 160 employees from TMF supported our flagship Girl Child Program – Project Uddan.
- Internal Employee Engagement Survey for FY 2019-20 was conducted in April '20. Overall organizational employee engagement score stood at 91%
- A unique, intense and engaging Financial acumen workshop was conducted across all our regions focusing on basic concepts of financial management, understanding financial statements, managing profitability, understanding cash flow and working capital and evaluation of financial performance relevant to our industry.

14. COMPLIANCE

The Company has deployed "Lexcare" ("Application"), an online platform to monitor the compliances. The Application has features such as generation of compliance task alerts, generation of compliance reports and updating the compliance tasks based on regulatory & statutory developments.

During FY 2019-20, the Company has complied with its reporting requirements, including with RBI, in terms of the Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016, as amended from time to time. Further, during FY 2019-20, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board under section 143(12) of the Act.

The Company has complied with all the applicable laws and regulations including those of the Reserve Bank of India.

15. REGULATORY ACTION

There are no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and operations of the Company in future.

16. DEPOSITS

During the year under review, the Company has not accepted any deposit under Section 2(31) and Section 73 covered under Chapter V of the Companies Act, 2013.

17. EXTRACT OF THE ANNUAL RETURN

The extract of the annual return i.e. MGT-9 as required under Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, as amended, forming part of the Directors' Report for the year ended March 31, 2020 is enclosed as an "Annexure 1" to this Report.

18. ACCOUNTS AND ACCOUNTING STANDARDS

The financial statements for the year ended March 31, 2020 are prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act").

19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since Company does not own any manufacturing facility, the disclosure of information on other matters required to be disclosed in terms of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, are not applicable to the Company.

20. DIRECTORS

During the year under review, Mr. Hoshang Sinor whose term as an Independent Director of the Company expired on December 05, 2019 ceases to be Independent Director of the Company w.e.f. December 06,2019.

Mr. Nasser Munjee, Non-Executive Director of Company has been re-designated as an Independent Director with effect from March 03, 2020 subject to approval of shareholders at the ensuing General Meeting. The term of Mr.

Phillie Karkaria, an Independent Director of Company was ended on March 31, 2020 and he ceased to be an Independent Director of Company with effect from April 01, 2020.

In accordance with the requirements of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. P.B. Balaji is liable to retire by rotation at ensuing Annual General Meeting and eligible for re - appointment. The Company has received a Notice as per the provisions of Section 160 of the Act, from a member proposing the appointment of Mr. P.B. Balaji as Director of the Company.

All Independent directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act. The Directors have also disclosed their fit and proper status in accordance with the guidelines of RBI.

21. EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the individual Directors (including the Chairman) as well as an evaluation of the working of all Board Committees. The Board of Directors were assisted by the Nomination and Remuneration committee (NRC). The performance evaluation was carried out by seeking inputs from all the Directors / Members of the Committees, as the case may be. The criteria for evaluating the performance of the Board as a whole, covered various aspects of the Board's functioning such as fulfilment of key responsibilities, structure of the Board and its composition, establishment and delineation of responsibilities of the Board Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics, etc. The criteria for evaluation of individual Directors covered parameters such as attendance and contribution at meetings, guidance to Management, etc. The criteria for evaluation of the Board Committees covered areas related to degree of fulfilment of key responsibilities, adequacy of Board Committee composition, effectiveness of meetings, Committee dynamics, quality of relationship of the Committee with the Board and the Management, etc.

The feedback of the Independent Directors on their review of the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairman of the Company and the assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board, was taken into consideration by the Board in carrying out the performance evaluation.

22. POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY OF THE COMPANY

The Nomination and Remuneration Committee (NRC) develops the competency requirements of the Board based on the industry and strategy of the Company and recommends the reconstitution of the Board, as and when required. It also recommends to the Board, the appointment of Directors having good personal and professional reputation and conducts reference checks and due diligence of all Directors, before recommending them to the Board. Besides the above, the NRC ensures that the new Directors are familiarised with the operations of the Company.

The company has adopted the Tata Corporate Governance Guidelines which covers the provision for Remuneration Policy as required u/s 178 of the Companies Act 2013 and SEBI (LODR) Regulations 2015. The Copy of Tata Corporate Governance Guidelines is placed on the website of the company i.e. www.tmf.co.in. In accordance with the provisions of Section 178 of the Act, the Board of Directors has adopted a Remuneration Policy. The Policy on Board Diversity and Director Attributes has been framed to encourage diversity of thought, experience, knowledge, perspective, age and gender in the Board. The Remuneration Policy for Directors, Key Managerial Personnel and all other employees is aligned to the philosophy on the commitment of fostering a culture of leadership with trust. The Remuneration Policy aims to ensure that the level and composition of the remuneration of the Directors, Key Managerial Personnel and all other employees is reasonable and sufficient to attract, retain and motivate them to successfully run the Company.

The Company has also adopted a 'Fit and Proper' Policy for ascertaining the 'fit and proper' criteria to be adopted at the time of appointment of directors and on a continuing basis, pursuant to the RBI Master Directions for NBFCs.

23. KEY MANAGERIAL PERSONNEL

As on the date of report, the key managerial personnel of the Company are Mr. Samrat Gupta, Chief Executive Officer, Mr. Anand Bang, Chief Financial Officer and Mr. Vinay Lavannis, Company Secretary. Further, there were no change in KMP's of the Company during the F.Y. 2019-20.

24. INTERNAL AUDIT, CONTROL SYSTEMS AND THEIR ADEQUACY

The Chief Internal Auditor of the Company, is empowered by the Audit Committee and Board of Directors to carry out Internal Audit function of the Company. The Company ensures adequate internal control systems to ensure operational efficiency, safeguarding its assets, accuracy and promptness in financial reporting and compliance with laws and regulations from time to time. The effectiveness of the functioning of internal control systems is the responsibility of all the employees. Internal Audit Department evaluates the adequacy and effectiveness of Governance, Risk Management and Controls in the organization on a Risk Based approach under the plan approved by Audit Committee of Board. The reports are discussed and reviewed by the Senior Management and recommendations for improving the control environment are implemented on time bound manner.

The Company's Chief Internal Auditor reports functionally to the Chairman of the Audit Committee of the Board and administratively to Mr. Shyam Mani, Director. The Internal Audit function of the Company also reviews and ensures that the audit observations are acted upon on a timely basis. The Audit Committee of the Board reviews the Internal Audit reports and the adequacy and effectiveness of its internal controls. The Company's audit comments are also separately reviewed by the Audit Committee of Tata Motors Limited.

The Company's Internal Audit team under the guidance of the Chief Internal Auditor conducts audit of Corporate Management functions and branch operations. Chartered Accountant firms M/s. Deloitte Touché Tohmatsu India LLP, PKF Sridhar & Santhanam LLP, M/s T R Chaddha & Company LLP and M/s Mahajan & Aibara have been appointed to support the Internal Audit Department of the Company for conducting audit of Corporate Management Function and branch operations.

25. INTERNAL FINANCIAL CONTROLS

The Company has in place the approved policies and procedures for ensuring orderly and efficient conduct of the business, including adherence to the Companies' policies, safeguarding of assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures. The Company has adopted 'Committee of Sponsoring Organizations (COSO) 2013' as its internal controls framework which covers all the essential components of internal controls as stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India and required by the Companies Act, 2013. The Company has in place the documented Standard Operating Procedures, documented process flows and the Risk Control Matrices (RCMs) for the key processes which are updated, validated and tested periodically.

During the year, Company has adopted Tata Motors Group's 'One Control Framework' and risk and controls were updated to meet the design principles as per the adopted framework. Further as implemented by Group the Company has started using new tool ('Highbond') for documenting its risk and controls and for testing of controls.

Control testing for current year is performed by Group Control Tower, a new department formed at Tata Motors Limited for control testing for Group.

Based on the results of such assessment, Company has determined that Company's Internal Financial Controls were adequate and effective during the financial reporting as at March 31, 2020.

26. RISK AND CONCERNS

The Company recognizes the importance of risk management on account of increased competition and market volatility in the financial services business. The Company regularly reviews all the Key risks prioritized for Management as a part of its enterprise risk management framework with Risk Management Committee' of Directors. By design, the Company caters to some high risk profile customers. The Company has a well-developed and robust credit appraisal process which is reviewed from time to time, as required, to address any regulatory changes in the financial sector.

The 'Asset Liability Supervisory Committee' of Directors continued to closely monitor mismatches of assets liabilities and the 'Risk Management Committee' of Directors oversees the management of the integrated risks of the Company.

For the financial year, the Company has consciously re-aligned assets and customer profile mix in sourcing to build a risk balanced portfolio. Risk scoring model (RSPM) has been effectively leveraged for sourcing lower-risk profiles. Behavioural scorecards and recovery models have been comprehensively used to decide collection strategy on all delinquent cases. Gross Non Performing Asset (GNPA) & Net Non-Performing Asset (NNPA) charge have been optimized while prioritizing repossessions and vehicle-sale using advanced collection analytics. Implementation of the sourcing & collections initiatives using analytics has started showing positive results in delinquency & Non Performing Asset (NPA) charge.

The Company is a strong user of analytics and has invested significantly in human capital and technology in the area of analytics. Risk scoring models are deployed for sourcing and collections. Necessary tools and software have been deployed in the last year to enhance the analytical capabilities of the organization, a team of qualified statisticians and domain experts are engaged in developing necessary statistical models and analysis from time to time. The analytical capabilities of the organization have driven less manual intervention in decision making. In addition, analytics have driven standardization of processes leading to improved customer satisfaction.

27. ENTERPRISE RISK MANAGEMENT

The Company has structured approach towards Enterprise Risk Management (ERM) and has put a four themed approach to address the enterprise risk. They are:

- Financial risk
- Operational risk
- Strategic risk
- Hazard Risk

Over the years, the risks pertaining to financial and strategic risk to the Company have been managed in a systematic manner including a strong governance mechanism. The Company has strengthened the operational risk management by putting a formal Operational Risk Management (ORM) framework in place. Under this framework various operational risks are identified though a self-assessment process. The identified risks are then categorized in terms of criticality based on their impact and vulnerability. These risks are monitored on a periodic basis by adopting Key Risk Indicator (KRI) approach. The Company has deployed "Risk Monitor" ("Application"), an online platform to monitor and review the operational risks.

28. CORPORATE GOVERNANCE

The Company recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly strive to improve these practices by adopting the best practices.

The Company believes that governance practices enable the management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximising value for all its stakeholders. The Company will continue to focus its resources and strengths, while upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to all Tata group companies.

As a part of the Tata Motors Group, the Company has a strong legacy of fair, transparent and ethical governance practices. In addition, the Company has adopted Governance Guidelines on Board Effectiveness, a Code of Conduct for Prevention of Insider Trading, a Vigil Mechanism, a Fair Practices Code, a Policy against Sexual Harassment in the Workplace, a Code of Conduct for Non-Executive Directors, Internal Guidelines on Corporate Governance.

The Company has signed the Tata Brand Equity and Business Promotion (BEBP) Agreement with Tata Sons Private Limited for subscribing to the TATA BEBP Scheme. The Company abides by the Tata Code of Conduct and the norms for using the Tata Brand identity.

A. BOARD OF DIRECTORS

The Board of Directors, along with its Committees, provides leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company. The size of the Board is commensurate with the size and business of the Company.

- As on March 31, 2020, the Board comprised of Seven (7) Directors viz. Mr. Nasser Munjee, Chairman, Mrs Vedika Bhandarkar, Mr. P. D. Karkaria, Mr. P.B. Balaji, Mr. Girish Wagh, Mr. Mayank Pareek and Mr. Shyam Mani.
- Mr. Nasser Munjee, Mrs Vedika Bhandarkar and Mr. P. D. Karkaria are the Independent Directors of the Company and other Directors are Non-Executive Directors.
- During FY 2019-20, nine (9) meetings of the Board of Directors were held on May 06, 2019, June 25, 2019, July 22, 2019, October 17, 2019, January 29, 2020, February 18, 2020, March 02, 2020, March 26, 2020 and March 30, 2020.
- Mr. P. D. Karkaria has been retired as an Independent Director of the Company w.e.f April 1, 2020 upon completion of his term.

The details of attendance at Board Meetings and at the previous AGM of the Company are given below:

Name of Director	Category	Board Meetings		Whether present at previous AGM held on June 28, 2019
		Held	Attended	
Mr. Nasser Munjee*	Chairman and Independent Director	9	8	No
Mrs Vedika Bhandarkar	Independent Director	9	8	Yes
Mr. Hoshang Sinor**	Independent Director	9	3	No
Mr. P.D. Karkaria#	Independent Director	9	8	No
Mr. P.B. Balaji	Non- Executive Director	9	8	Yes
Mr. Shyam Mani	Non- Executive Director	9	8	No
Mr. Mayank Pareek	Non- Executive Director	9	3	No
Mr. Girish Wagh	Non- Executive Director	9	6	No

*Mr. Nasser Munjee, Non- Executive Director of Company has been re-designated as an Independent Director with effect from March 03, 2020.

** Mr. Hoshang Sinor, Independent Director of Company ceased to be Director of Company with effect from December 06, 2019.

The term of Mr. Phillie Karkaria, an Independent Director of Company has been ended on March 31, 2020 and he ceased to be an Independent Director of Company with effect from April 01, 2020.

The Company has paid Sitting Fees and Commission to the Non-Executive Directors who are not in employment in Tata Companies and Independent Directors, for attending meetings of the Board and the Committees of the Board during FY 2019-20. Details of Sitting Fees and Commission are given below:

(Amount in ₹)

Name of Director	Sitting Fees paid for attending Board and Committee Meetings during FY 2019-20	Commission paid during FY 2019-20*
Mr. Nasser Munjee	4,90,000/-	
Mrs Vedika Bhandarkar	10,00,000/-	
Mr. Hoshang Sinor	6,40,000/-	
Mr. P.D. Karkaria	11,20,000/-	
Mr. Mayank Pareek	-	-
Mr. Shyam Mani	-	-
Mr. P.B. Balaji	-	-
Mr. Girish Wagh	-	-

*The Board has declared commission of Rs.30 lacs to be paid to Independent Directors for the financial year ended March 31, 2020 at its meeting held on May 29, 2020, which was subsequently paid during FY 2020-21.

- None of the Non-Executive Directors and Independent Directors had any pecuniary relationships or transactions with the Company during the year under review except the sitting fee and commission as mentioned above.

B. COMMITTEES OF THE BOARD

The Board has constituted various Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These include the Audit Committee, Nomination and Remuneration Committee, CSR Committee, Asset Liability Supervisory Committee, Risk Management Committee, Stakeholders Relationship Committee and Information Technology (IT) Strategy Committee.

The Company Secretary is the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions which are noted by the Board / respective Committees at their next meetings. The Minutes of meetings of all Committees of the Board are circulated to the Board of Directors, for noting.

i) Audit Committee

During the year under review, the Audit Committee comprises three (3) Independent Directors viz. Mrs Vedika Bhandarkar (Chairperson), Mr. Hoshang Sinor, Mr. P.D. Karkaria and one Non-Executive Director, Mr. P.B. Balaji.

Mr. Hoshang Sinor whose term as an Independent Director of the Company expired on December 05, 2019 ceased to be Independent Director of the Company w.e.f. December 06, 2019

After his cessation, there were three (3) director in this committee namely Mrs Vedika Bhandarkar (Chairperson), Mr. P.D. Karkaria and Mr. P.B. Balaji till March 31, 2020.

The composition of the Audit Committee is in line with the provisions of Section 177 of the Act. All the Members have the ability to read and understand financial statements and have relevant finance and/or audit experience.

The Board has adopted an Audit Committee Charter which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act and Guidelines issued by RBI. The Charter is reviewed from time to time. Given below, *inter alia*, is a gist of the responsibilities of the Audit Committee.

- Recommend the appointment and removal of the Auditors and their remuneration, nature and scope of audit.
- Ensure adequacy of internal controls and compliances and recommend remedial measures
- Review adequacy of the Internal Audit function
- Review and monitor the auditors' independence and performance and effectiveness of the audit process
- Oversee financial reporting process and disclosure of financial information.
- Examine the financial statements and the auditors' report thereon
- Evaluate internal financial controls and the risk management systems
- Act as a link between the Statutory Auditors, the Internal Auditors and the Board of Directors
- Review accounting policies
- Monitor compliance with Tata Code of Conduct
- Approve any transactions of the Company with related parties or any subsequent modifications thereof
- Scrutinize inter-corporate loans and investments
- Evaluate the valuation of undertakings or assets of the Company, if necessary
- Monitor the end use of funds raised through public offers and related matters
- Review findings of internal investigations / frauds / irregularities, etc.
- Carry out additional functions as per the regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee
- Carry out the responsibilities under the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices.

During the year under review, Seven (7) meetings were held on May 06, 2019, June 25, 2019, July 22, 2019, August 06, 2019, October 17, 2019, December 02, 2019, January 29, 2020, The composition of the Audit committee and the attendance of its members at its meetings held during FY 2019-20 is given below:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mrs Vedika Bhandarkar, Chairperson	Independent Director	7	6
Mr. Hoshang Sinor*	Independent Director	7	5
Mr. P.D. Karkaria**	Independent Director	7	6
Mr. P.B. Balaji	Non-Executive Director	7	6

* Retired w.e.f December 6, 2019.

**Retired w.e.f April 1, 2020.

The Board has accepted all the recommendations made by the Audit Committee during the year. The invitees for Audit Committee meetings are Chief Executive Officer, Statutory Auditors, Chief Internal Auditor of the Company, Chief Financial Officer and Company Secretary. The minutes of the Audit Committee meetings form part of the Board papers circulated for Board Meetings. The Chairman of the Audit Committee briefs the Board members about significant discussions at Audit Committee meetings. The Internal Audit function is headed by the Chief Internal Auditor of the Company who reports to the Chairman of the Audit Committee to ensure independence of internal audit.

ii) Nomination and Remuneration Committee (NRC)

The 'Nomination and Remuneration Committee' of Directors had been constituted to ensure appointment of directors with 'fit and proper' credentials and to review the performance of the Managing/Whole-time Directors/Key Managerial Personnel, to review and recommend remuneration/compensation packages for the Executive Directors, to decide commission payable to the directors, to formulate and administer ESOPs, if any and to review employee compensation vis-à-vis industry practices and trends.

As of March 31, 2020, the Nomination and Remuneration Committee comprises of two directors namely Mr. Nasser Munjee, Independent Director and Mr. P.B. Balaji, Non-Executive Director. The Company is required to appoint one independent Director to meet the composition of the Nomination and Remuneration Committee as per Section 178(1) of the Act.

During FY 2019–20, Three (3) meetings of the NRC were held on May 06, 2019, January 29, 2020 and March 03, 2020. The composition of the NRC and the attendance of its members at its meetings held during FY 2019-20 are given below:

Name of the member	Category	No. of meetings	
		Held	Attended
Mr. Hoshang Sinor*	Independent Director	3	1
Mr. Nasser Munjee	Independent Director	3	3
Mr. P.B. Balaji	Non-Executive Director	3	3

**Retired w.e.f December 6, 2019*

iii) Risk Management Committee (RMC)

The "Risk Management Committee' of Directors manages the integrated risks of the Company. After the cessation of Mr. Hoshang Sinor from the Board and its other Committees including the Risk Management Committee, this committee comprises of Four (4) Directors namely Mrs Vedika Bhandarkar, Mr. P.B. Balaji, Mr. P.D. Karkaria and Mr. Shyam Mani.

During, FY 2019-20, Four (4) meetings of the RMC were held on June 13, 2019; September 05, 2019; December 02, 2019 and March 19, 2020. The composition of the RMC and the attendance of its members at its meetings held during FY 2019-20 are given below:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mr. Hoshang Sinor*	Independent Director	4	3
Mrs Vedika Bhandarkar	Independent Director	4	4
Mr. P.D. Karkaria**	Independent Director	4	4
Mr. P.B. Balaji	Non-Executive Director	4	4
Mr. Shyam Mani	Non-Executive Director	4	4

* Retired w.e.f December 6, 2019.

**Retired w.e.f April 1, 2020.

iv) Asset Liability Supervisory Committee (ALCO)

The 'Asset Liability Supervisory Committee' of Directors oversees the implementation of the Asset Liability Management system and will periodically review its functioning. The 'Asset Liability Committee' comprising of senior executives constituted to carry out the necessary spade work for formalizing the ALM system in the Company reports to the 'Asset Liability Supervisory Committee' of Directors.

Till December 05, 2019, this committee was comprising of Four (4) Directors namely Mr. Hoshang Sinor, Chairman, Mr. P.B. Balaji, Mr. P.D. Karkaria and Mr. Shyam Mani.

However, after the cessation of Mr. Hoshang Sinor from the Board and its committees including ALCO and in pursuance of notification no DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 issued by Reserve Bank of India, Asset-Liability Management Committee of the Board of Directors was reconstituted with the following members:

a. Mrs Vedika Bhandarkar, Chairperson

b. Mr. P. D. Karkaria

c. Mr. P. B. Balaji

d. Mr. Shyam Mani

e. Mr. Samrat Gupta, CEO

f. Mr. Anand Bang, Group CFO

During FY 2019-20, Five (5) meetings of the ALCO were held on June 13, 2019, September 05, 2019; December 02, 2019, January 22, 2020 and March 26, 2020. The composition of the ALCO and the attendance of its members at its meetings held during FY 2019-20 are given below:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mr. Hoshang Sinor*	Independent Director	5	3
Mr. P.D. Karkaria**	Independent Director	5	5
Mrs Vedika Bhandarkar	Independent Director	5	1
Mr. Shyam Mani	Non- Executive Director	5	5
Mr. P.B. Balaji	Non- Executive Director	5	5
Mr. Samrat Gupta	Chief Executive Officer	5	1
Mr. Anand Bang	Group Chief Financial Officer	5	1

* Retired w.e.f December 6, 2019.

**Retired w.e.f April 1, 2020.

v) Corporate Social Responsibility (CSR) Committee

The Tata Group's ethos is deeply ingrained in the philosophy of societal development and is especially focused upon the engagement and upliftment of the disadvantaged sections of the society. The Company is committed to a policy of inclusive and sustainable growth for the marginalized communities. The Company shares the Group's belief that our society can only truly progress, if every individual can be included and empowered. To guide us in this journey, the Company has a well-defined Corporate Social Responsibility ("CSR") policy. The Company constituted the 'Corporate Social Responsibility' (CSR) Committee to formulate and recommend to the Board, a CSR policy, recommend the amount of expenditure to be incurred on the activities and monitor CSR activities of the Company.

The Corporate Social Responsibility (CSR) Committee of the Board consist of three (3) Directors namely Mrs Vedika Bhandarkar-Chairperson, Mr. Girish Wagh and Mr. Shyam Mani.

During FY 2019-20, One (1) meeting of the CSR Committee was held on January 29, 2020. The composition of the CSR Committee and the attendance of its members at its meeting held during FY 2019-20 are given below:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mrs Vedika Bhandarkar	Independent Director	1	1
Mr. Girish Wagh	Non- Executive Director	1	1
Mr. Shyam Mani	Non- Executive Director	1	1

vi) Stakeholders Relationship Committee (SRC)

The Company constituted Stakeholders' relationship Committee to consider and resolve the grievances of security holders of the Company.

Till July 22, 2019, the Stakeholders Relationship Committee (SRC) of the Board had two members namely Mrs Vedika Bhandarkar as Chairperson and Mr. P D Karkaria, member.

Mrs Vedika Bhandarkar was stepped down from the Chairpersonship/ membership of Stakeholders' Relationship Committee of the Company w.e.f. July 22, 2019. Thereafter, SRC was re-constituted by the Board on July 22, 2019 with following members:

1. Mr. P D Karkaria, Independent Director and Chairman of SRC
2. Mr. P B Balaji, Non-Executive Director

During FY 2019-20, Two (2) meetings of the SRC were held on July 22, 2019 and January 29, 2020. The composition of the SRC and the attendance of its members at its meetings held during FY 2019-20 are given below:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mrs Vedika Bhandarkar	Independent Director	2	1
Mr. P.D. Karkaria*	Independent Director	2	2
Mr. P B Balaji	Non-Executive Director	2	1

*Retired w.e.f April 1, 2020.

vii) Information Technology (IT) Strategy Committee (ITSC)

Information Technology (IT) Strategy Committee (ITSC) was formed as per the provisions of RBI Master Direction RBI/DNBS/2016-17/53 DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 pertaining to Information Technology Framework for the NBFC Sector. The terms of reference of this Committee are in line with the regulatory requirements. The roles and responsibilities of IT Strategy Committee include:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls
- Ensuring compliance to Outsourcing guidelines

During FY 2019-20, Two (2) meetings of the ITSC were held on November 22, 2019 and March 19, 2020. The composition of the ITSC and the attendance of its members at its meetings held during FY 2019-20 are given below:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mrs Vedika Bhandarkar	Independent Director	2	2
Mr. Hoshang Sinor*	Independent Director	2	1
Mr. P.D. Karkaria**	Independent Director	2	2
Mr. P B Balaji	Non-Executive Director	2	2
Mr. Samrat Gupta	Chief Executive Officer	2	2
Mr. Anand Bang	Chief Financial Officer	2	2
Mr. Ramesh Chandra	Chief Information Officer	2	2

* Retired w.e.f December 6, 2019.

**Retired w.e.f April 1, 2020.

C. OTHER INFORMATION

- The half-yearly Financial Results of the Company are submitted to the Stock Exchange (NSE) in accordance with the SEBI LODR Regulations and are published in a leading English daily newspaper and also communicated to the Debenture holders every six months through a half-yearly communiqué.
- Official news releases, including the half-yearly results, are also posted on the Company's website i.e., www.tmf.co.in. The 'Investors' section on the Company's website keeps the investors updated on material developments in the Company by providing key and timely information such as Financial Results, Annual Reports, etc.
- The Debentures issued on a private placement basis are listed on the Wholesale Debt Market segment of the NSE.
- The Company has appointed TSR Darashaw Consultants Private Limited ("TSR") as the Registrar and Transfer Agents ("RTA") for the privately placed debentures issued by the Company.
- The Company had also issued Commercial Papers (CP) which are listed with NSE pursuant to SEBI Circular :SEBI/HO/DHS/DDHS/CIR/P/2019/115 dated October 22, 2019.

29. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

As required under Section 177 of the Companies Act, 2013, the Board adopted the Whistle-Blower Policy which provides a formal mechanism for all employees of the Company to approach the Management/ Audit Committee and make protective disclosures to the Management about unethical behaviour, Insider Trading, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. No employee of the Company has been denied access to the Audit Committee. The Whistle Blower Policy of the Company is placed on the website of the company i.e. www.tmf.co.in

30. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 (POSH)

The Company has zero tolerance for sexual harassment at workplace and has a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under for prevention and redressal of complaints of sexual harassment at workplace. The Company received One complaint on sexual harassment during the year. As a proactive measure, to sensitize and build skill of Internal Complaints Committee (ICC) members on POSH guidelines, all ICC members went through a training program facilitated by an external faculty.

31. AUDITORS

The shareholders at the Annual General Meeting of the Company held on July 26, 2017 had appointed Messrs. BSR & Co, Chartered Accountants as Statutory Auditors of the Company from Q2 FY 2017- 18 onwards till the conclusion of AGM for FY 2021-22 subject to ratification at each Annual general meeting.

However, the requirement for ratification of auditor's appointment at every Annual General Meeting (AGM) has been omitted by the Companies (Amendment) Act, 2017, therefore, M/s BSR & Co, Chartered Accountants will continue to be the Statutory Auditors of the Company till the conclusion of AGM for FY 2021-22.

32. EXPLANATION ON STATUTORY AUDITOR'S REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors in their Reports on the Financial Statements of the Company for FY 2019-20.

33. SECRETARIAL AUDITORS

The Board of Directors at their meeting held on May 06, 2019 approved the appointment of M/s. V N Deodhar & Associates, Practicing Company Secretary as Secretarial Auditor of the Company in terms of the provisions of section 204 of the Companies Act, 2013 for conducting the secretarial audit of the Company. Secretarial Audit report issued by M/s. V N Deodhar & Associates, Practicing Company Secretary, forming part of the Directors' Report for the year ended March 31, 2020 is enclosed as an Annexure "3" to this Report.

The Board of Directors have appointed M/s V. N. Deodhar & Associates, Practicing Company Secretary as Secretarial Auditor for FY 2020-21 at its meeting held on May 29, 2020.

34. INFORMATION ON MATERIAL CHANGES AND COMMITMENTS

There are no material changes or commitments affecting the financial position of the Company which have occurred between March 31, 2020 and May 29, 2020, being the date of this Report.

35. RELATED PARTY TRANSACTIONS

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The Company has adopted a Related Party Transactions Policy. The Policy, as approved by the Board, is uploaded on the Company's website.

36. CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted Corporate Social Responsibility (CSR) Committee to formulate and recommend to the Board, a CSR policy, recommend the amount of expenditure to be incurred on the activities and monitor CSR activities of the Company. The annual report on CSR activities as required under Section 135 of the Companies Act, 2013 read with Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014, as amended, forming part of the Directors' Report for the year ended March 31, 2020 is enclosed as an Annexure "2" to this Report.

37. PARTICULARS OF EMPLOYEES

In accordance with Section 134 (2) read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, the Company had 17 (Seventeen) employees who were in receipts of remuneration of not less than Rs. 102 Lakh during the year ended March 31, 2020 or not less than Rs. 8.5 Lakh per month during any part of the said year.

Pursuant to this section and rule, report is being sent to all the Shareholders of the Company excluding the aforesaid information and the said particulars are made available at the Registered Office of the Company. The members interested in obtaining information under section 134 (2) may write to the Company Secretary at the Registered Office of the Company.

38. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory auditors and secretarial auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2019-20. Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the directors had selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

39. JOURNEY TOWARDS BUSINESS EXCELLENCE

TMF continued the implementation of its Business Excellence Program - TBEP Program which has been put in place. Focus has been put on strengthening processes and practices. The Enterprise Business Process Manual which is process repository of all its processes has been reviewed. All initiatives put in place last year continued this year thereby deepening process centric culture across the organization. BE Champions across all functions are actively engaged with embedding excellence culture within their function thereby making it gradually DNA of the organization.

The strategy workshop was organized led by International strategy facilitator Mr Nigel Penny and all functions participated in the exercise by doing SWOT analysis of their function and carrying out PESTLE analysis for each of major functions. The Strategy map for year 2020-21 was duly designed keeping in view strategic objectives and organizational imperatives and market considerations. This has been converted into Balance Score Card for year 2020-21 and initiatives for each of function and key measures have been identified along with owners. The MVV developed last year was reviewed and it was concluded by Management committee that it holds true even for current year too.

The improvement projects program has been put in place where in key 25 improvement and automation projects as identified by Cross Functional Teams have been taken up for implementation. Various cross functional teams have been formed who are working on these projects. We have engaged Tata Business Excellence group to guide these teams and train them formally in improvement tools.

Two-day Business Excellence workshop was conducted for entire senior management teams who were taken thru concepts of TBEM and business excellence framework.

TMF BE department was assigned responsibility of one of the most important attributes of sustainable excellence organization – having Business Continuity plan in place. This involved starting from basics – having BCP policy itself. BE Function engaged with E&Y and worked on creating robust BCP Policy in alignment with RBI Master Directions document as well as ISO 27002 :2013. This document was created and reviewed internally and subsequently duly approved by TMF Board. Based on business priorities, 16 functions were identified as Critical Functions and BE team engaged with all of them to identify business continuity risks and their mitigation plans. Accordingly, BIAs were identified and Functional Recovery plans were put in place. The BCP Drill was carried out with all five risks built into the BCP drill plan and detailed BCP readiness drills were conducted for all 16 functions and observations were reviewed with functional heads. The gaps have been remediated and BCP Plan put in place which was duly audited too and found to be in order and in alignment with BCP policy and RBI Master directions.

40. ACKNOWLEDGEMENTS

The Directors would like to place on record their gratitude for support received from the Reserve Bank of India and other Government and regulatory agencies and to convey their appreciation to Tata Motors Limited, TMF Holdings Limited, bankers, lenders, and all other business associates for the continuous support given by them to the Company. The Directors also place on record their appreciation of all employees of its holding Company who had extended their services to the Company for their commendable efforts, team work and professionalism.

On behalf of the Board of Directors of
TATA MOTORS FINANCE LIMITED
(Formerly known as Sheba Properties Limited)

NASSER MUNJEE
Chairman
(DIN: 00010180)
May 29, 2020

Annexure "1"

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

[Pursuant to section 92(3) *of the Companies Act, 2013* and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN: U45200MH1989PLC050444

ii) Registration Date: 24/01/1989

iii) Name of the Company: **TATA MOTORS FINANCE LIMITED** (Formerly known as Sheba Properties Limited)

iv) Category / Sub-Category of the Company: Public Limited Company (NBFC)

v) Address of the Registered office and contact details: 10th Floor, 106 A & B, Maker Chambers III, Nariman Point, Mumbai 400 021

vi) Whether listed company Yes / No: Yes, the Company is Debt Listed on National Stock Exchange of India Ltd.

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: TSR Darashaw Consultants Private Limited.
6-10 Haji Moosa Patrawala Indutrial Estate, Near Famous Studio,
20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.022-66568484

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	NBFC- Asset Finance Company	64990	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr .No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	TMF Holdings Limited (Formerly known as Tata Motors Finance Limited)	U65923MH2006PLC162503	HOLDING	97	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp – TMFHL & TMFSL	5,83,84,693	-	5,83,84,693	100	6,08,27,689	-	6,08,27,689	100	4.18
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-				-	-	-	-	-	-
(2) **Foreign**				-	-	-	-	-	-
a) NRIs - Individuals	-	-	-						
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	5,83,84,693	-	5,83,84,693	100	6,08,27,689	-	6,08,27,689	100	4.18
Total shareholding of Promoter (A) = (A)(1)+(A)(2)									

B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas									
b) Individuals									
i) Individual shareholders	-	-	-	-	-	-	-	-	-
holding nominal share capital									
upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders	-	-	-	-	-	-	-	-	-
holding nominal share capital									
in excess of Rs 1 lakh									
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1) + (B)(2)									
C. Shares held by									
Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**5,83,84,693**	**-**	**5,83,84,693**	**100**	**6,08,27,689**	**-**	**6,08,27,689**	**100**	**4.18**

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	TMF Holdings Limited	5,65,62,670	96.88	NIL	5,90,05,666	97	NIL	4.32
2	TMF Holdings Limited jointly with Shyam Mani	1	--	NIL	1	--	NIL	NIL
3	*TMF Holdings Limited jointly with Rohit Sarda	1	--	NIL	1	--	NIL	NIL
4	TMF Holdings Limited jointly with Vinay Lavannis	1	--	NIL	1	--	NIL	NIL
5	TMF Holdings Limited jointly with Anand Bang	1	--	NIL	1	--	NIL	NIL
6	TMF Holdings Limited jointly with Samrat Gupta	1	--	NIL	1	--	NIL	NIL
7	TMF Holdings Limited jointly with P.B. Balaji	1	--	NIL	1	--	NIL	NIL
8	TMF Holdings Limited jointly with Alok Chadha	1	--	NIL	1	--	NIL	NIL
9	Tata Motors Finance Solutions Limited	18,22,016	3.38	NIL	18,22,016	3	NIL	NIL

**Equity Share held by TMF Holdings Limited jointly with Mr. Adarsh Kumar was transferred to TMF Holdings Limited jointly with Mr. Rohit Sarda during FY 2019-20.*

iii) Change in Promoters' Shareholding (TMFHL AND TMFSL)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	5,83,84,693	100%	5,83,84,693	100
	Date wise Increase / Decrease in Promoters Share Holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	**June 29, 2019** – Allotment of 24,42,996 Equity shares to TMF Holdings Limited on Preferential Allotment basis	4.02	6,08,27,689	100
	At the End of the year			6,08,27,689	**100%**

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

Note:

Mr. Shyam Mani and Mr. P.B. Balaji- Non Executive Directors, Mr. Samrat Gupta, Chief Executive Officer (CEO), Mr. Anand Bang Chief Financial Officer (CFO) and Mr. Vinay Lavannis, Company Secretary are holding 1(one) Equity Share each jointly with TMF Holdings Limited as nominee of TMF Holdings Limited.

V. INDEBTEDNESS

	Indebtedness of the Company				Amount in Lakhs
	PARTICULARS	SECURED LOANS EXCL DEPOSITS	UNSECURED LOANS	OTHERS	TOTAL INDEBTEDNESS
	Indebtedness at the beginning of the financial year				
i)	Principal Amount	17,10,665.27	8,88,407.35	3,27,406.38	**29,26,479.00**
ii)	Interest due but not paid	0	0	0	**0**
iii)	Interest accrued but not due	7,046.71	9,219.30	672.53	**16,938.54**
	Total (i+ii+iii)	**17,17,711.98**	**8,97,626.64**	**3,28,078.92**	**29,43,417.54**
	Change in Indebtedness during the year				
	· Additions	12,90,801.12	21,85,299.81	3,80,991.04	**38,57,091.97**
	· Reductions	-14,53,785.23	-23,08,486.18	-2,69,397.68	**-40,31,669.08**
	Net Change	**-1,62,984.11**	**-1,23,186.36**	**1,11,593.36**	**-1,74,577.12**
	Indebtedness at the end of the financial year				
i)	Principal Amount	15,50,962.06	7,63,176.33	4,37,767.95	**27,51,906.34**
ii)	Interest due but not paid	0	0		**0**
iii)	Interest accrued but not due	3,765.81	11,263.95	1,904.33	**16,934.09**
	Total (I + ii + iii)	**15,54,727.87**	**7,74,440.28**	**4,39,672.28**	**27,68,840.42**

VI. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	*Managing Director, Whole-time Directors and/or Manager*			Total Amount
		NA	NA	NA	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify…	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	Nil	Nil	Nil	Nil
	Ceiling as per the Act	Nil	Nil	Nil	Nil

B. Remuneration to other directors: The Company paid only sitting fees to the Chairman and all independent directors for attending Board and Committee meetings during the year, Details are as under:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Nasser Munjee	Mrs. Vedika Bhandarkar	Mr. Hoshang Sinor	Mr. P D Karkaria	
	1. Independent Directors					
	➢ Fee for attending board / committee meetings	4,90,000	10,00,000	6,40,000	11,20,000	**32,50,000**
	➢ Commission	-	-	-	-	-
	➢ Others, please specify	-	-	-	-	-
	Total (1)	4,90,000	10,00,000	6,40,000	11,20,000	**32,50,000**
	2. Other Non-Executive Directors					
	➢ Fee for attending board / committee meetings	-	-	-	-	-
	➢ Commission	-	-	-	-	-
	➢ Others, please specify	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**4,90,000**	**10,00,000**	**6,40,000**	**11,20,000**	**32,50,000**
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	**-**	**-**	**-**	**-**	**Rs. 100000 per meeting**

Notes: Mr. Nasser Munjee, Non-Executive Director has been re-designated as an Independent Director with effect from March 03, 2020.

Mr. Hoshang Sinor retired from the Board of Directors with effect from December 06, 2019

Mr. P. D. Karakria retired from the Board of Directors with effect from April 01, 2020.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO Mr. Samrat Gupta	CFO Mr. Anand Bang	Company Secretary- Mr. Vinay Lavannis	Total
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	4,39,03,170	1,89,33,957	66,63,255	**6,95,00,382**
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit	-	-	-	-

The above gross salary includes Performance pay for the previous year, Quarterly Incentive for the current year, Housing Interest subsidy amount, Leave encashment etc. for the respective KMP

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

TATA MOTORS FINANCE LIMITED

NASSER MUNJEE

Chairman

(DIN: 00010180)

Date: 29/05/2020

Annexure "II"

A brief outline on the Company's Corporate Social Responsibility (CSR) Policy, including overview of projects or programs.

At Tata Motor Finance, our 'Community Impact' and 'Sustainability' initiatives are built around being a good corporate citizen. The Company has a stated sustainability objective of being a socially responsible corporate aiming to improve the quality of life in the communities we serve. Our CSR strategy has focused initiatives under three broad brands i.e., Initiatives which involve reaching out to the society and community at large are under "I-Care": Environmental impact initiatives are grouped under "Think Green". Employee volunteering is an integral part of our CSR philosophy and the Company encourage its employees to actively participate in the community and environmental impact projects. IMPACT – which stands for it is important to act is our employee volunteering program.

Our flagship community impact project 'Uddan' with our NGO partner Magic Bus is functioning at three locations – Bhandara, Joynagar and Kurnool. These projects focus on bringing in sustainable change in the stakeholder and the society. In our endeavour, as a part of the structured program, we give educational support, scholarships and facilitate livelihood opportunities. During FY 19-20, 8500+ girls were enrolled in Project Uddan across these 3 locations. We believe in creating change agents in the community and help girls develop a positive attitude. Our initiatives thus involve parents, teachers, schools, local administrative bodies as well. Hence we follow a holistic development approach which is deeply woven into the layers of the community. To understand the impact of these programs, we also conduct assessment of the programs. One of the inadvertent positive consequences of the Uddan program was the genesis of the Shakti Vahini. Shakti Vahini is a group of beneficiaries in Joynagar who came together in order to create a community social action group. Girl students felt the need to form a group that would work collectively towards addressing the social issues prevalent in the area. While the Shakti Vahini is not a component of the Uddan program, its goals align with some of the Uddan program goals. The Shakti Vahini aspires for a better society, free from gender discrimination and child marriage. Shakti Vahini conducts meetings to discuss the issues brought to their notice and the ways of tackling them. Schools have a single Shakti Vahini group which may include representatives from each class. The objectives of the Shakti Vahini are to stop early marriage, re-enrol dropped out students and stop child labour.

Impact of Project Uddan @ Bhandara

Bhandara

Adolescent girls who:

S.No.	Indicators	Baseline	Midline	Endline	Trend
1	Aspire to study upto graduation or beyond	59.90%	75.50%	92.8%	↑
2	Are aware of benefits of schooling	91.6%	96%	97.8%	↑
3	Are aware about anemia	42.70%	49.40%	65.93%	↑
4	Are aware of why menstruation occurs	54.70%	52.10%	70.65%	↑
5	Use sanitary napkins during menstruation	59.90%	82.80%	97.67%	↑
6	Are aware of the consequences of early marriage	46.10%	83.70%	84.07%	↑

Impact @Joynagar

Adolescent girls who:

Sr. No.	Key indicators	Baseline	Midline	Trend
1	Aspire to complete graduation	21.60%	45.75%	↑
2	Agree that it is acceptable for girls to play outdoor sports	35.5%	98%	↑
3	Are comfortable interacting with members of opposite sex	37.3%	88.7%	↑
5	Oppose the concept of dowry	69.5%	97.6%	↑
6	Have a bank account	91%	95.5%	↑

Impact @ Kurnool

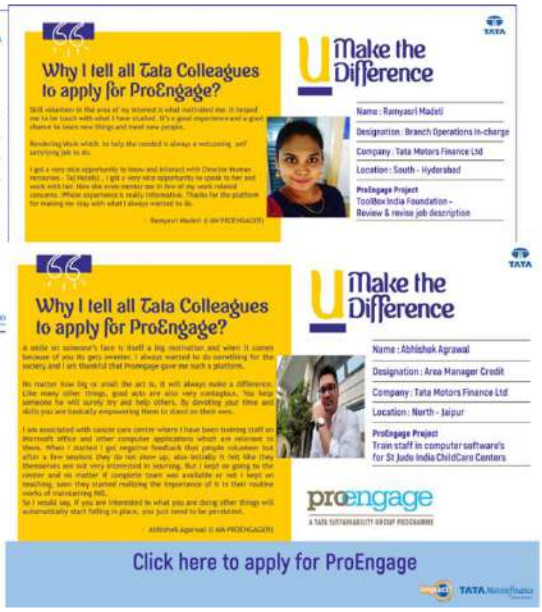
1. Beneficiaries are aware about the significance of education and keen to continue schooling. Girls aim to complete their graduation and some of them wish to pursue higher education such as post graduation, Phd, etc.
2. There is a positive spillover of the program on the parents. Majority of the parents are aware about the benefits of education, employment for girls, and are also aware of banking services available to them.
3. The awareness building component of the Uddan program has successfully informed girls about the RTE Act and its benefits, banking services, loan services for higher education, and sexual and reproductive health rights.
4. Adolescent girls and their parents were made aware about the legal age of marriage and physical, psychological and emotional consequences of early marriage on young girls.
5. Danger Zone Mapping has enabled girls to travel safely around their neighbourhood and avoid areas considered 'dangerous'.
6. Teachers and principals have reported higher classroom participation. Schools have acknowledged improvement in attendance of students since the inception of the Uddan intervention.

Agency among adolescent girls can be defined as an extension of the concept of personal choice and the ability to take meaningful action and pursue goals freely without fear of repercussions. Building agency is an ongoing process involving strengthening of aspirations, building confidence, expanding knowledge, and creating safe spaces that allow girls to freely express their opinions. Adolescent girls can express agency in a myriad of ways such as pursuing careers of their choosing, pushing back on marriage, and travelling alone to places outside of their regular routine, to name a few. Diversification of choice is another important step in the process of building agency among adolescent girls. Generating awareness of the choices available to them will in turn allow them to take meaningful action thus exercising agency in decision making.

IMPACT (our employee volunteering program) also works hand in hand in Project Uddan as well where employees and leaders regularly engage with stakeholders and volunteer at regular intervals. Our Leadership team and Head Office as well as Regions also engage regularly with the beneficiaries of this project. During the scholarship events, leaders make it a point to address all our stakeholders – adolescent girls, parents etc. During the field visits they also closely in interact with project field staff, school Principals, Gram Panchayats etc. Apart from this, employees in our Nagpur, Kolkata and Kurnool offices and respective regional offices regularly engage with the stakeholders as ambassadors of Tata Motor Finance's Project Uddan.

Under IMPACT we encourage our employees to step out and support social or environmental causes. In order to encourage a culture of volunteering, a policy of 2 working man -days was launched. During FY 2019-20, 160 employees participating in Tata Mumbai Marathon 2020 in support of the Project Uddan. We clocked close to 3978 volunteering hours clocked (excluding ProEngage- skill based volunteering program of Tata Group). Employees during the year actively participated in ProEngage where employees volunteered by using their skills for projects curated by Tata Sustainability Group.

- I AM A PROENGAGER



1. **The composition of the CSR Committee**

   As on March 31, 2020, the members of CSR Committee were Mrs Vedika Bhandarkar, Chairperson & Independent Director, Mr. Girish Wagh, Non-Executive Director and Mr. Shyam Mani, Non-Executive Director.

2. **Average net profit of the company for last three financial years:**

   For TMFL, Average net profit as per section 198 of preceding 3 years - Rs.46,31.94 lakhs

3. **Prescribed CSR Expenditure (two percent of the amount as mentioned above)**

   For TMFL in FY 2019-20 as per the Companies Act, 2013 comes to Rs. 92.64 lakhs (2% of average net profit as per section 198 of preceding 3 years of Rs. 46,31.94 lakhs)

4. Details of CSR spent during the financial year

(a) Total amount to be spend for the financial year FY 19-20: 92.64 Lakhs

Overall CSR Budget approved by Board for FY19-20 is Rs.365 Lakhs.

Total Project Uddan budget for all 3 locations for FY19-20 is Rs.291 Lakhs

(b) Amount unspent, if any: *Not applicable as amount spent is exceeding the prescribed CSR expenditure for the Company during the F.Y. 2019-20.*

Manner in which the amount spent voluntarily during the financial year is detailed below:

1	2	3	4	5	6	7	8
Sl. No	CSR Project or activity identified (voluntarily)	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) project or programs wise* (voluntarily)	Amount spent on the projects or programs Sub heads: Direct expenditure on project or programs Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency (voluntarily)
1	Project Uddan	Girl Child	Bhandara	116	116	106.8	106.8
			Joynagar	98	98	96.7	96.7
			Kurnool	77	76	75.1	75.1
	Total			**291**	**290**	**278**	**278**

**This amount is as per the fund utilization details shared by our NGO Partner – Magic Bus against Project Udaan Budget for FY 19-20*

In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in the Board report.

Not applicable.

5. Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The CSR committee is responsible and fully committed for the monitoring the CSR programmes and compliance under the Companies Act, 2013.

For and on behalf of the Board of Directors
TATA MOTORS FINANCE LIMITED

NASSER MUNJEE
Chairman
(DIN: 00010180)

Date: 29/05/2020

Annexure-III

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

TATA MOTORS FINANCE LIMITED

(Formerly known as Sheba Properties Limited),

10th Flr, 106 A & B, Maker Chambers III,

Nariman Point,

Mumbai-400 021.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Tata Motors Finance Limited (Formerly known as Sheba Properties Limited),** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Tata Motors Finance Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Tata Motors Finance Limited** ("the Company") for the financial year ended on March 31, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the Audit Period),

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the Audit Period),

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015,

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (Not applicable to the Company during the Audit Period),

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008,

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the Audit Period)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period)

(vi) During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws applicable specifically to the Company.

(a) The Reserve Bank of India Act,1934, and

(b) RBI's NBFC Directions and Guidelines, Circulars etc. issued by RBI from time to time, applicable on NBFCs,

Additionally, a declaration on compliance of various statues duly signed by the Chief Executive officer and Chief Financial Officer is submitted to the Board on quarterly basis.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India, and

(j) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that

The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the Minutes of the Meetings of the Board of Directors or Committee of the Board as case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period following events have occurred in the company:

i. The Company has allotted 1,000 Redeemable, Unsecured, Unlisted, Subordinated Non-Convertible Debentures of Rs.10,00,000/- each aggregating to an amount of Rs.100,00,00,000/- (Rupees One Hundred Crores Only) on April 30, 2019.

ii. The Company has allotted 2000 Subordinated, Unsecured, Redeemable Listed Non-Convertible Debentures of Rs.10,00,000/- each aggregating to an amount of Rs.200,00,00,000/- (Rupees Two Hundred Crores Only) on May 31,2019.

iii. The Company has allotted 24,42,996 Equity Shares of Rs.100/- each at a premium of Rs. 514/- each on Preferential Allotment basis aggregating to an amount of Rs.149,99,99,544/- on June 29,2019.

iv. The Company has allotted 1000 Subordinated, Listed, Unsecured, Rated, Perpetual Non-Convertible Debentures of Rs.10,00,000/- each aggregating to an amount of Rs.100,00,00,000/- (Rupees One Hundred Crores Only) on June 18,2019.

v. The Company has allotted 600 Subordinated, Listed, Unsecured, Rated, Perpetual Non-Convertible Debentures of Rs.10,00,000/- each aggregating to an amount of Rs.60,00,00,000/- (Rupees Sixty Crores Only) on November 01,2019.

vi. The Company has allotted 450 Subordinated, Listed, Unsecured, Rated, Perpetual Non-Convertible Debentures of Rs.10,00,000/- each aggregating to an amount of Rs.45,00,00,000/- (Rupees Forty Five Crores Only) on November 21,2019.

vii. The Company has allotted 450 Subordinated, Listed, Unsecured, Rated, Perpetual Non-Convertible Debentures of Rs.10,00,000/- each aggregating to an amount of Rs.45,00,00,000/- (Rupees Forty Five Crores Only) on December 18,2019.

For **V.N.DEODHAR & CO.,**

COMPANY SECRETARIES

V.N.DEODHAR

PROP.

FCS NO.1880

C.P. No. 898

UDIN: F001880B000295756

Place: Mumbai

Date: 29th May, 2020

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this Report.

Annexure A

To,

The members,

TATA MOTORS FINANCE LIMITED,

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial Records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management Representation about the Compliance of Laws, Rules & Regulations and happening of events, etc.

5. The Compliance of provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **V.N.DEODHAR & CO.,**

COMPANY SECRETARIES

V.N.DEODHAR

PROP.

FCS NO.1880

C.P. No. 898

Place: Mumbai

Date: 29th May, 2020

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC OVERVIEW

Global

The year 2019-20 was a difficult year with world output estimated to have grown at its slowest pace since the global financial crisis of 2009. The global health crisis sparked by the outbreak of the coronavirus has taken an extraordinarily heavy toll on world economy. Uncertainties, although declining, are still elevated due to protectionist tendencies of China and USA and rising USA-Iran geo-political tensions.

Apart from pandemic-related downside risks, escalating tensions between the United States and China on multiple fronts, frayed relationships among the Organization of the Petroleum Exporting Countries (OPEC) and widespread social unrest pose additional challenges to the global economy. Moreover, with low inflation outlook and high debt especially in advanced economies, prolonged weak aggregate demand could lead to further disinflation and debt servicing difficulties that in turn may weigh further on economic activity.

COVID-19 pandemic has had a more than anticipated negative impact on economic activity, and the recovery is expected to be gradual. Persistent social distancing and its effect on productivity as businesses ramp up necessary workplace safety and hygiene practices is expected to slow down recovery.

Domestic

Indian Economy as per CSO estimates slowed down with GDP growth moderating at 4.2% (lowest in last 11 years) in FY20, amidst a weak environment for global manufacturing, trade and demand. Investments too were impacted on account of geo political concerns and also due to pullback in credit from NBFC sector post the ILFS crisis. This caused investment and household consumption growth to slump, which further accentuated the slowdown. The nationwide lockdown imposed due to COVID-19 ground all business activity to a halt from mid of March 2020.

With staggered easing of lockdown restrictions, the Indian economy has started showing early signs of recovery. However, it is still uncertain when supply chains will be fully restored and when the demand conditions will normalise. The Government of India has initiated several measures to revive economic activity. Significant monetary and liquidity measures have been taken by Reserve Bank and fiscal measures by the Government of India, which should together help counter adverse impact of lockdown and spur demand to support growth.

Automotive Industry overview

During the financial year 2019-20, Indian automotive industry witnessed the worst kind of slowdown in automobile industry with falling sales and piling inventory amidst overall slowdown in the economy, hike in cost of acquisition and ownership because of increase in third party insurance, upward revision of road and registration tax by state governments and a rise in fuel prices. Impending change in emission norms (transition from BS IV to BS VI), low growth in rural wages, NBFC crisis impacting credit flow and the crippling impact of COVID pandemic from mid-March which normally turns out as the best performing month.

Overall domestic sales (Commercial vehicle & Passenger vehicle) in FY20 stood at 3.49 million units as against 4.39 million units in FY19, registering a decline of 20.4% YoY. Domestic Commercial Vehicle (CV) sales volume de-grew by 28.8% in FY20 over FY19, with Medium and Heavy CV (M&HCV) sales declining by 47.4% and sale of Light Commercial Vehicles (LCVs) declining by 20.7%. Domestic Passenger Vehicle (PV) sales volume declined by 17.9% YoY.

NBFC Sector Overview

The year opened with a spill over of the effect of IL&FS occurrence in 2018. With the country going into election mode in the first part of the fiscal and followed by the events around Kashmir, liquidity squeeze in the market probably didn't get the attention it required. While RBI did intervene with lowering interest rates with an assurance of enough liquidity in the banking system, consumers mostly relied on NBFCs for funding requirement for purchase of vehicles. The outbreak of COVID and implementation of lockdown further accentuated the crisis for NBFCs. Funding availability issues, confidence deficit of lenders due to asset quality challenges, low loan growth, high borrowing costs and weak operating performance continued to remain the key hurdles in the sector.

As per ICRA research, vehicle finance AUM which constituted ~40% of NBFC lending contracted by ~9% in FY20. The viability of new commercial vehicle operators was already impacted significantly as freight rates and trip demands remained sub-optimal while operational costs (contributed by fuel prices which account for 60% of the cost) remained high and continued to inch up steadily.

Financial receivables in MHCV segment lending witnessed a sharp jump in overdue position reduced earnings by transporters. Reduction in investment activity, contraction in mining and manufacturing activity and falling order book of construction companies, all of which have led to reduced availability of cargo and lower freight rates. This situation is expected to continue for the next few quarters because of slowdown in the industrial activity and reduced movement of goods, given that manufacturing plants have been shut down during the lockdown and is not expected to go back to full capacity very quickly. So far as ILSCV segment is concerned, we expect the impact to be relatively less as their application is largely for non-industrial uses, especially for LCV asset category. We anticipate increased asset quality issues and higher credit losses compared to the levels witnessed in current fiscal. In case of PV segment, with income levels of typical NBFC customers (cash salaried / non-prime job and self-employed category) remaining under stress because of economic slowdown, disbursals are expected to remain subdued with an increase in asset quality issues. The impact will also be visible in commercial segment (cab aggregators/operators) with large scale drop / suspension of operations due to COVID.

INDEPENDENT AUDITOR'S REPORT

To the Members of

TATA MOTORS FINANCE LIMITED

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

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

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

Independent Auditor's Report (Continued)

TATA MOTORS FINANCE LIMITED

Key Audit Matters

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

Description of Key Audit Matter

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment of loans to customers
Charge: INR 608,05.98 lakhs for year ended 31 March 2020
Provision: INR 584,96.10 lakhs at 31 March 2020</td></tr>
<tr><td colspan="2">Refer to the accounting policies in "Note 3(xv)(A)(iii)to the Financial Statements: Impairment of financial assets", "Note 3(i) to the Financial Statements: Significant Accounting Policies- use of estimates and judgements", "Note 8 to the Financial Statements: Loans" and "Note 45 to the Financial Statements on impact of COVID-19"</td></tr>
<tr><td>Subjective estimate and significant management judgment

Recognition and measurement of impairment of loans involve significant management judgement and estimate.

Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.

The most significant areas are:
- Segmentation of loan book
- Determination of exposure at default
- Loan staging criteria
- Calculation of probability of default / loss given default
- Consideration of probability weighted scenarios and forward looking macro-economic factors

The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.</td><td>Our key audit procedures included:

Design / controls
• Evaluation of the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding and industry practice.
• Testing the controls over 'Governance Framework' in line with the RBI guidance.
• Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the allowance for loan losses.
• Understanding management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.
• Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19.
• Using modelling specialist to test the model methodology and reasonableness of assumptions used, including management overlays.
• Testing of review controls over measurement of impairment allowances and disclosures in financial statements.</td></tr>
</table>

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment of loans to customers *(Continued)*	
Impact of COVID-19 On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact of and uncertainty related to the COVID-19 pandemic as a key element for recognition and measurement of impairment of loans on account of: - Short and long term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities; - impact of the pandemic on the Company's customers and their ability to repay dues; and - application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning. Management has conducted a qualitative assessment of significant increase in credit risk (SICR) of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macroeconomic scenarios and use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.	**Substantive tests** • Assessing the appropriateness of management rationale for determination of criteria for SICR considering both - adverse effects of COVID-19 and mitigants in the form of the RBI / Government financial relief package. • Assessing the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Corroborate through independent check and enquiries the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. • Focus on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Test of details over of calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance, where possible. • The appropriateness of management's judgments and estimates was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessing the factual accuracy and appropriateness of the additional financial statement's disclosures made by the Company regarding impact of COVID-19.

Independent Auditor's Report (Continued)

TATA MOTORS FINANCE LIMITED

Key Audit Matters *(Continued)*

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Assessment of business model for classification and measurement of financial assets

Financial assets classified at Amortised cost: INR 27148,99.14 lakhs as at 31 March 2020

Financial assets classified at FVOCI: INR 3763,60.16 lakhs as at 31 March 2020

Financial assets classified at FVTPL: INR 77,12.91 lakhs as at 31 March 2020</td></tr>
<tr><td colspan="2">Refer to the accounting policies in "Note3(xv)(A) to the Financial Statements: Financial Assets", "Note 3(i) to the Financial Statements: Significant Accounting Policies- use of estimates and judgements" and "Note 8 to the Financial Statements: Loans" and "Note 9 to the Financial Statements: Investments"</td></tr>
<tr><td>Classification and measurement of Financial assets – Business model assessment

Ind AS 109, Financial Instruments, contains three principal measurement categories for financial assets i.e.:
- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI); and
- Fair Value through Profit and Loss (FVTPL).

A financial asset is classified into a measurement category at inception and is reclassified only in rare circumstances. The assessment as to how an asset should be classified is made on the basis of both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

The term 'business model' refers to the way in which the Company manages its financial assets in order to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

Amortised cost classification and measurement category is met if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows FVOCI classification and measurement category is met if the financial asset is held in a business model in which assets are managed both in order to collect contractual cash flows and for sale. Such financial assets are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income.</td><td>Our key audit procedures included:

Design / controls
• Assessing the design, implementation and operating effectiveness of key internal controls over management's intent at the origination, to hold or to sell a financial asset, and the approval mechanism for such stated intent and classification of such financial assets (business model).
• For financial assets classified at amortised cost, we tested controls over the classification of such assets and subsequent measurement of assets at amortised cost. Further, we tested key internal controls over monitoring of such financial assets to check whether there have been any subsequent sales of financial assets classified at amortised cost.
• For financial assets classified as FVOCI, tested management's review controls over fair valuation of such assets.

Substantive tests
• Test of details over of classification and measurement of financial assets in accordance with management's intent (business model).
• We selected a sample of financial assets entered during the year to test whether their classification as at the balance sheet date is in accordance with management's intent.
• We have also checked that there have been no reclassifications of assets in the current year.</td></tr>
</table>

Independent Auditor's Report (Continued)

TATA MOTORS FINANCE LIMITED

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Assessment of business model for classification and measurement of financial assets *(Continued)* FVTPL classification and measurement category is met if the financial asset does not meet the criteria for classification and measurement at amortised cost or at FVOCI. Such financial assets are subsequently measured at fair value, with changes in fair value recognized in profit or loss. We identified business model assessment as a key audit matter because of the management judgement involved in determining the intent (to hold or to sell) at the time of origination for holding financial assets which could lead to different classification and measurement outcomes of the financial assets and its significance to the financial statements of the Company.	• For a selection of loans held at FVOCI, tested management's calculation of fair valuation at balance sheet date.
Going concern assumption	
Refer to the "Note 45 to the Financial Statements"	
The financial statements of the Company have been prepared on a Going Concern basis. Management's assessment of going concern is based on its evaluation of relevant conditions and events that may raise substantial doubt about the Company's ability to continue as a going concern. The following considerations are covered by management. - Current financial condition; including liquidity sources; - Conditional and unconditional obligations due or anticipated within one year; - Consideration of various risks viz., liquidity risk and credit risk; - Impact of COVID-19 and related uncertainties on the Company's performance.	Our key audit procedures included: • Evaluating management's assessment of the use of going concern assumption. • Reading the minutes of meetings of the Asset Liability Supervisory Committee and minutes of the meetings of the Board of Directors for identifying any areas of impact on the asset-liability position. • Holding discussions with management and understand plans /strategies, the impact of COVID-19 pandemic leading to a revision of plans/strategies and assessed the viability of such revised strategies. • Assessing the Company's financing terms. • Enquiring whether there was any rejection on borrowings, or any other difficulties faced on drawing down sanctioned lines from financial institutions. • Testing financial covenants in loan documents for breaches and understand the revised forecast in a plausible downside scenario and whether it expects to remain in compliance with the covenants.

Independent Auditor's Report (Continued)

TATA MOTORS FINANCE LIMITED

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Information technology	
Information Technology (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. 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 systems, we independently performed procedures to determine the operating effectiveness of application controls. For those controls that were changed during the year, we tested the change management process. We evaluated the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and that business users and developers did not have access to migrate changes in the production environment and the privileged access to applications, operating system or databases is restricted to authorized personnel.

Other Information

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

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

Independent Auditor's Report (Continued)

TATA MOTORS FINANCE LIMITED

Other Information *(Continued)*

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report (Continued)

TATA MOTORS FINANCE LIMITED

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

   i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 32(1) to the financial statements;

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

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

Independent Auditor's Report (Continued)

TATA MOTORS FINANCE LIMITED

Report on Other Legal and Regulatory Requirements (Continued)

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

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

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

Chartered Accountants

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

Vaibhav Shah

Partner

Membership No.:117377

UDIN: 20117377AAAABN1614

Mumbai

29 May 2020

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

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

We report that:

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

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

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

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

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

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

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

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

vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account and records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, goods and service tax, cess and other material statutory dues have been regularly deposited with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs and duty of excise.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date on when they become payable.

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

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

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

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

**The Company has deposited amount under protest.*

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

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

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

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

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

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

xiv. According to information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of shares during the year and in our opinion and according to the information and explanation given to us, the requirements of Section 42 of the Act have been complied with and amount raised have been used for the purposes for which the funds has been raised. The Company has not made any private placement of shares or fully or partly convertible debentures during the year.

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

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

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

Chartered Accountants

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

Vaibhav Shah

Partner

Membership No. 117377

UDIN: 20117377AAAABN1614

Mumbai

29 May 2020

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

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Tata Motors Finance Limited (the "Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Chartered Accountants

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

Vaibhav Shah

Partner

Membership No.: 117377

UDIN: 20117377AAAABN1614

Mumbai

29 May 2020

Balance Sheet as at March 31, 2020

(₹ In lakhs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	4	1902,97.62	700,79.17
(b) Bank Balance other than cash and cash equivalents	5	1287,38.68	977,83.10
(c) Derivative financial instruments	14	79,40.77	1,17.79
(d) Receivables			
i. Trade receivables	6	187,88.70	33,87.67
ii. Other receivables	7	59,66.31	8,90.80
(e) Loans	8	27357,32.70	30406,80.02
(f) Investments	9	139,73.35	178,16.83
(g) Other financial assets	10	54,74.85	138,34.10
		31069,12.98	**32445,89.48**
2 Non-financial assets			
(a) Current tax assets (net)		154,73.02	70,98.68
(b) Deferred tax assets (net)	11	157,65.31	175,31.19
(c) Property, plant and equipment	12A	211,32.51	98,44.63
(d) Capital work-in-progress		69.70	26.84
(e) Other intangible assets	12B	2,99.79	4,35.00
(f) Other non-financial assets	13	144,18.01	121,95.32
		671,58.34	**471,31.66**
3 Non-current assets held for sale	40	**3,35.68**	-
Total assets		**31744,07.00**	**32917,21.14**
II. LIABILITIES AND EQUITY			
1 Financial liabilities			
(a) Derivative financial instruments	14	10,25.29	2,30.85
(b) Payables	15		
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		233,18.28	236,58.74
(ii) Other payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		21,85.66	42,71.78
(c) Debt securities	16	6629,22.94	9328,45.12
(d) Borrowings (Other than debt securities)	17	18875,31.07	17933,78.49
(e) Subordinated liabilities	18	2014,52.34	2002,54.92
(f) Other financials liabilities	19	461,45.38	220,76.40
		28245,80.96	**29767,16.30**
2 Non-financial liabilities			
(a) Current tax liabilities (net)		53.31	51.65
(b) Provisions	20	76,75.66	124,21.37
(c) Other non-financial liabilities	21	54,43.14	58,55.54
		131,72.11	**183,28.56**
3 Equity			
(a) Equity share capital	22A	608,27.69	583,84.69
(b) Instruments entirely equity in nature	22B	250,00.00	-
(c) Other equity		2508,26.24	2382,91.59
		3366,53.93	**2966,76.28**
Total liabilities and equity		**31744,07.00**	**32917,21.14**

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

As per our report of even date attached

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

Vaibhav Shah
Partner
Membership No. 117377
Place : Mumbai
Date : May 29, 2020

For and on behalf of the Board of Directors

Vedika Bhandarkar
Director
(DIN - 00033808)

P.B. Balaji
Director
(DIN - 02762983)

Anand Bang
Chief Financial Officer

Shyam Mani
Director
(DIN – 00273598)

Samrat Gupta
Chief Executive Officer

Vinay Lavannis
Company Secretary
Place : Mumbai
Date : May 29, 2020

Statement of Profit and Loss for the year ended March 31, 2020

(₹ In lakhs)

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

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

As per our report of even date attached

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

Vaibhav Shah
Partner
Membership No. 117377

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

Vedika Bhandarkar
Director
(DIN - 00033808)

P.B. Balaji
Director
(DIN - 02762983)

Anand Bang
Chief Financial Officer

Shyam Mani
Director
(DIN – 00273598)

Samrat Gupta
Chief Executive Officer

Vinay Lavannis
Company Secretary

Place : Mumbai
Date : May 29, 2020

Cash Flow Statement for the year ended March 31, 2020

(₹ In lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	**29,21.18**	**137,87.66**
Adjustments for:		
Interest income on loans, deposits & investments	(3445,42.25)	(2999,04.91)
Finance costs (other than Interest expense on assets taken on lease)	2475,17.07	2040,57.44
Interest expense on assets taken on lease	4,60.59	-
Dividend income	(4,45.47)	(3,55.09)
Gain on sale of investments	(81,40.71)	(15,70.52)
MTM on investments measured at fair value through profit or loss	20,37.36	(1,65.74)
Allowance for loan losses (net of writeoff)	608,05.98	286,53.38
Allowance for doubtful loans and advances (others) (net of writeoff)	(3,67.60)	(66.49)
Depreciation and amortization	45,63.21	16,78.49
Loss/(profit) on sale of capital assets (net of writeoff)	38.23	12.40
Balances written back	(33,00.15)	(12,66.86)
MTM of derivatives not designated as hedges	4,41.96	(1,17.79)
Operating cash flow before working capital changes	**(380,10.61)**	**(552,58.03)**
Movements in working capital		
Trade payables	44.09	114,41.34
Other payables	(20,86.12)	(3,78.42)
Other financial liabilities	188,66.66	(22,11.83)
Other non financial liabilities	(4,12.40)	(77.32)
Trade receivables	(154,35.53)	(11,74.73)
Other receivables	(50,75.51)	(7,37.25)
Other financial assets	(19,14.80)	4,44.02
Provisions	(16,14.00)	3,42.06
Loans	2741,00.82	(9183,09.45)
Non financial assets	19,42.51	(70,06.78)
	2304,05.11	**(9729,26.39)**
Current taxes paid (net)	(83,72.68)	(65,86.92)
Finance costs paid	(2543,91.38)	(2055,55.84)
Interest income received on loans, investments & deposits	3384,80.36	2911,90.96
Net cash from/(used in) operating activities	**3061,21.42**	**(8938,78.19)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of capital assets	(138,73.46)	(76,09.39)
Proceeds from sale of capital assets	4,51.47	41.16
Purchase of mutual fund units	(104542,12.00)	(17481,10.00)
Redemption of mutual fund units	104623,52.71	17496,80.52
Investment in Trust securities	(20.87)	(20.86)
Proceeds from redemption of preference shares	99.98	-
Dividend income	4,45.47	3,55.09
Restricted deposits with banks	(436,97.32)	(435,59.95)
Realisation of restricted deposits with banks	127,41.74	103,54.47
Net cash used in investing activities	**(357,12.28)**	**(388,68.98)**

C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	150,00.00	300,00.00
Share issue expenses	(15.00)	(4,58.20)
Proceeds from issue of Compulsorily convertible preference shares	-	696,00.00
Proceeds from Debt securities	20737,41.49	26503,19.33
Repayment of Debt securities	(23440,04.19)	(26620,25.46)
Proceeds from Subordinated liabilities (net of issue expenses)	299,50.00	250,00.00
Repayment of Subordinated liabilities	(288,95.00)	-
Proceeds from borrowings (other than debt securities)	16029,21.46	29484,33.55
Repayment of borrowings (other than debt securities)	(15132,74.69)	(20662,29.69)
Interest payment on purchase of Right of use assets	(4,60.27)	-
Principal payment on purchase of Right of use assets	(12,67.33)	-
Proceeds from issue of Perpetual debt	250,00.00	-
Perpetual debt issue expenses	(4,64.29)	-
Dividend paid (including Dividend distribution tax)	(84,22.87)	(107,19.17)
Net cash (used in)/from financing activities	**(1501,90.69)**	**9839,20.36**
Net increase in cash and cash equivalents (A + B + C)	**1202,18.45**	**511,73.19**
Cash and cash equivalents at the beginning of the year	700,79.17	189,05.98
Cash and cash equivalents at the end of the year (Refer Note 4)	1902,97.62	700,79.17

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

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

As per our report of even date attached

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

Vaibhav Shah
Partner
Membership No. 117377

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

Vedika Bhandarkar
Director
(DIN - 00033808)

P.B. Balaji
Director
(DIN - 02762983)

Shyam Mani
Director
(DIN - 00273598)

Samrat Gupta
Chief Executive Officer

Anand Bang
Chief Financial Officer

Vinay Lavannis
Company Secretary

Place: Mumbai
Date: May 29, 2020

Statement of changes in equity for the year ended March 31, 2020

A. Equity share capital

(₹ in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	58,384,693.00	583,84.69	53,873,415.00	538,73.42
Shares issued during the year	2,442,996.00	24,43.00	4,511,278.00	45,11.27
Shares outstanding at the end of the year	60,827,689.00	608,27.69	58,384,693.00	583,84.69

B. Instruments entirely equity in nature

(i) Perpetual Debt

(₹ in lakhs)

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

C. Other equity

Particulars	Equity component of compound financial instrument (Refer Note 22C)	Other Reserves							Other components of equity				Total other equity
		Special reserve	Capital redemption reserve	Securities Premium Account	Capital Reserve	General reserve	Retained earnings		Equity instruments through OCI	Debt instruments through OCI	Cost of Hedging Reserve	Hedging Reserve	
							Undistributable (Ind AS 101)	Distributable					
Balance as at April 01, 2019	471,11.44	174,90.04	0.02	3010,98.38	190,82.18	17,85.59	(1761,69.60)	265,68.33	17,02.31	-	(3,77.10)	-	2382,91.59
a) Profit for the year	-	-	-	-	-	-	-	59,15.92	-	-	-	-	59,15.92
b) Other comprehensive income /(loss) for the year	-	-	-	-	-	-	-	2,16.11	(17,27.01)	88,62.92	5,45.73	(49,33.86)	29,63.89
c) Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**61,32.03**	**(17,27.01)**	**88,62.92**	**5,45.73**	**(49,33.86)**	**88,79.81**
d) Dividend (including dividend distribution tax of Rs. 30,40.60 lakhs)	-	-	-	-	-	-	-	(84,22.87)	-	-	-	-	(84,22.87)
e) Equity infusion during the year	-	-	-	125,57.00	-	-	-	-	-	-	-	-	125,57.00
f) Share issue expenses	-	-	-	(15.00)	-	-	-	-	-	-	-	-	(15.00)
g) Issue expenses on Perpetual Debt	-	-	-	-	-	-	-	(4,64.29)	-	-	-	-	(4,64.29)
h) Transfer to Special Reserve	-	11,83.18	-	-	-	-	-	(11,83.18)	-	-	-	-	-
Balance as at March 31, 2020	**471,11.44**	**186,73.22**	**0.02**	**3136,40.38**	**190,82.18**	**17,85.59**	**(1761,69.60)**	**226,30.02**	**(24.70)**	**88,62.92**	**1,68.63**	**(49,33.86)**	**2508,26.24**

Particulars	Equity component of compound financial instrument (Refer Note 22C)	Other Reserves							Other components of equity				Total other equity
		Special reserve	Capital redemption reserve	Securities Premium Account	Capital Reserve	General reserve	Retained earnings		Equity instruments through OCI	Debt instruments through OCI	Cost of Hedging Reserve	Hedging Reserve	
							Undistributable (Ind AS 101)	Distributable					
Balance as at April 01, 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 (including dividend distribution tax of Rs. 23,51.98 lakhs)	-	-	-	-	-	-	-	(107,19.18)	-	-	-	-	(107,19.18)
e) Equity infusion during the year	-	-	-	254,88.72	-	-	-	-	-	-	-	-	254,88.72
f) Share issue expenses	264,27.59	-	-	348,00.00	-	-	-	-	-	-	-	-	612,27.59
g) Issue expenses on Perpetual Debt	-	-	-	(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**

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

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

For and on behalf of the Board of Directors

Vaibhav Shah
Partner
Membership No. 117377

Vedika Bhandarkar
Director
(DIN - 00033808)

P.B. Balaji
Director
(DIN - 02762983)

Shyam Mani
Director
(DIN - 00273598)

Place: Mumbai
Date: May 29, 2020

Samrat Gupta
Chief Executive Officer
Place: Mumbai
Date: May 29, 2020

Anand Bang
Chief Financial Officer

Vinay Lavannis
Company Secretary

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

1. COMPANY INFORMATION

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

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

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

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/ applicable. The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 3.1 - Significant accounting judgements, estimates and assumptions. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lacs, except when otherwise indicated.

2.2 Historical cost convention

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

2.3 Presentation of financial statements

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(I) Use of estimates and judgments

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

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in following notes :

a) Note 3 (xv)- Business model assessment for classification and measurement of financial assets

b) Note 3 (xv) & 43- Impairment allowances of financial assets based on the expected credit loss model

c) Note 3(vii) and 3(viii)- Useful lives of property, plant and equipment and intangible assets.

d) Note 3(xi) and 34- Measurement of assets and obligations of defined benefit employee plans.

e) Note 3(iv) and 11- Recoverability and recognition of deferred tax assets.

f) Note 3(xii), 20 & 32- Measurement of provisions and contingencies.

g) Note 3(xvii) and 36- Fair value measurement of financial instruments.

h) Note (xv)- Effective Interest Rate (EIR) methodology that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments

i) Note (ix)- Determination of lease term where Company is a lessee

(ii) Revenue recognition

<u>**Revenue from Operations**</u>

(a) Income on loans arising from financing activities

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

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

- Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.
- Overdue Interest is recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established when the customer pays.

Income from direct assignment

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

(b) Dividend Income

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

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

(c) Rental Income

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

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

(d) Fees and Commission Income

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

(iii) Foreign currency

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

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

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

(iv) Income Taxes

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

Current income taxes are determined based on respective taxable income of Company and tax rules applicable for respective tax , Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry- forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current and deferred tax assets and liabilities on a net basis.

(v) Cash and Cash equivalents

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

(vi) Earning per share

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

(vii) Property, Plant and equipment (PPE)

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

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

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

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

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

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

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

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

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

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

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

(viii) Other intangible assets

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

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

Intangible assets and their useful lives are as under

Type of asset	Estimated useful life
Software	5 years

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

(ix) Leases

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

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

(i) Right of use of assets

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

(ii) Lease liabilities

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

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

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

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

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

(B) Company as a Lessor

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

Assets given on operating lease

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

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

Assets given on finance lease

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

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

(x) Impairment of Non financial assets

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

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

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

(xi) **Employee benefits**

(A) **Short term employee benefits**

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

(B) **Post Employment/retirement benefit Plans**

(1) **Defined contribution plans**

Superannuation fund

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

(2) **Defined benefit plans**

(a) **Provident fund**

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, except that the employer's contribution towards pension fund is paid to the Regional Provident Fund office, as specified under the law, are made to the provident fund set up as an irrevocable trust by Tata Motors Limited ("the ultimate parent Company"). The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall on account of , if any, shall be made good by the Company. The total liability in respect of the principal and interest shortfall of the Fund is determined on the basis of an actuarial valuation. The principal and interest liability arising only to the extent of the aforesaid differential shortfalls is a defined benefit. There is no shortfall as at March 31, 2020.

(b) **Gratuity**

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

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

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

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

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

(xiv) Segment reporting

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

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

(xv) Financial instruments

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

(A) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

a. at amortised cost, or

b. at fair value through other comprehensive income (FVOCI), or

c. at fair value through profit or loss (FVTPL)

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

(I) Debt Instruments

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

(a) At amortised cost:

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

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

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

(b) At FVTOCI:

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

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

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

(c) At FVTPL:

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

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

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

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

(II) Equity Instruments/investments

Investments in equity instruments are measured at fair value. Equity instruments, which are held for trading, are classified as at FVTPL.

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

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

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

(III) Impairment of financial assets

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

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

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

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

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

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

('DPD') status as under:

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

Definition of default

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

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

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

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

Forward looking information

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

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

Collateral valuation:

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

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

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

ECL on Debt instruments measured at amortised cost

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

ECL on Debt instruments measured at fair value through OCI

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

Write-off

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

(IV) Derecognition of financial assets

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

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

(B) Financial liabilities and equity instruments

Classification as debt or equity

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

(I) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

(a) At FVTPL:

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

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

(b) At amortised cost:

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

Financial guarantee contracts:

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

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

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and

- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115 - Revenue from contracts with customers

Derecognition of financial liabilities:

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

Modification/Renegotiation that do not result in derecognition

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

(II) Equity Instrument

An equity instrument is any contract that evidences residual interests in the assets of the Company after deducting all of its liabilities.

Incremental costs incurred which are directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

(III) Compound financial Instrument

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

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

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

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

(xvi) Derivatives and Hedging activities

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

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

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

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

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

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

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

(xvii) Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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

(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) Recent Accounting Pronouncement

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

Ind AS 116- "Leases"

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

Impact & transition approach adopted by the Company

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

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

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

(B) Amendments to certain existing standards

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

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

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

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

Impact on the Company

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

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

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

Impact on the Company

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

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

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS

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

Impact on the Company

There Company does not have any impact from this amendment.

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

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

Impact on the Company

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

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

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

Impact on the Company

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

vi) Amendments to Ind AS 23 – Borrowing Costs

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

Impact on the Company

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

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

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

Impact on the Company

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

Note 4

Cash and cash equivalents (₹ In lakhs)

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

Note 5

Bank balance other than cash and cash equivalents (₹ In lakhs)

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

Note 6

Trade receivables (₹ In lakhs)

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

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

Note 7

Other receivables (₹ In lakhs)

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

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

Note 8

Loans

(₹ In lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
From financing activities		
- Term loans	23607,75.12	30776,80.45
- Finance Lease receivables	3,54.96	-
- Credit substitutes (refer note (i) below)	371,20.02	412,37.77
From other than financing activities		
- Inter corporate deposits (repayable on demand)	240,00.00	-
Total (A) - Gross	**24222,50.10**	**31189,18.22**
Less: Impairment loss allowance	(568,07.12)	(782,38.20)
Total (A) - Net	**23654,42.98**	**30406,80.02**
At fair value through Other comprehensive income (FVOCI)		
From financing activities		
- Term loans	3719,78.70	-
Less: Impairment loss allowance	(16,88.98)	
Total (B) - Net	**3702,89.72**	**-**
(C)		
Secured by tangible assets (refer note (ii) below)	27448,30.78	30888,46.78
Unsecured	493,98.02	300,71.44
Total (C) - Gross	**27942,28.80**	**31189,18.22**
Less: Impairment loss allowance	(584,96.10)	(782,38.20)
Total (C) - Net	**27357,32.70**	**30406,80.02**
(D)		
Loans in India		
- Public Sector	-	-
- Others	27942,28.80	31189,18.22
Total (D) - Gross	**27942,28.80**	**31189,18.22**
Less: Impairment loss allowance	(584,96.10)	(782,38.20)
Total (D) - Net	**27357,32.70**	**30406,80.02**

Notes

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

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

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

Note 9
Investments

(₹ In lakhs)

	As at March 31, 2020					As at March 31, 2019				
	Amortised cost	At fair value			Total	Amortised cost	At fair value			Total
		Through other comprehensive income	Through profit or loss	Sub total			Through other comprehensive income	Through profit or loss	Sub total	
	(1)	(2)	(3)	(4=1+2+3)	(5=1+4)	(6)	(7)	(8)	(9=6+7+8)	(10=6+9)
Category of investments										
i. Mutual funds	-	-	-	-	-	-	-	-	-	-
ii. Debt securities	-	-	-	-	-	-	-	-	-	-
iii. Equity instruments*	-	60,70.44	66,06.05	126,76.49	126,76.49	-	77,97.45	77,80.95	155,78.40	155,78.40
iv. Preference Shares	1,90.00	-	-	-	1,90.00	2,89.98	-	-	-	2,89.98
v. Trust Securities	-	-	11,06.86	11,06.86	11,06.86	-	-	19,48.45	19,48.45	19,48.45
Total (A) - Gross	**1,90.00**	**60,70.44**	**77,12.91**	**137,83.35**	**139,73.35**	**2,89.98**	**77,97.45**	**97,29.40**	**175,26.85**	**178,16.83**
i. investments outside India	-	-	-	-	-	-	-	-	-	-
ii. Investments in India	1,90.00	60,70.44	77,12.91	137,83.35	139,73.35	2,89.98	77,97.45	97,29.40	175,26.85	178,16.83
Total (B)	**1,90.00**	**60,70.44**	**77,12.91**	**137,83.35**	**139,73.35**	**2,89.98**	**77,97.45**	**97,29.40**	**175,26.85**	**178,16.83**
Less: Allowance for impairment loss (C)	-	-	-	-	-	-	-	-	-	-
Total (D) = (A - C)	**1,90.00**	**60,70.44**	**77,12.91**	**137,83.35**	**139,73.35**	**2,89.98**	**77,97.45**	**97,29.40**	**175,26.85**	**178,16.83**

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

Annexure to Note 9

Face Value per unit (in Rs)	Description	Quantity (in nos.) as at March 31, 2020	As at March 31, 2020	Quantity (in nos.) as at March 31, 2019	As at March 31, 2019
	Investments measured at fair value through other comprehensive income				
	Investment in equity shares				
	(a) Quoted				
10	Tata Steel Limited	570,188	15,37.23	570,188	29,70.68
10	Tata Steel Limited (partly paid upto Rs. 2.5 per share)	39,323	11.66	39,323	25.25
10	Tata Chemicals Limited	10,060	22.49	10,060	59.23
1	Tata Power Limited	9,120	3.00	9,120	6.73
1	Tata Consumer Products Limited (pursuant to Scheme of Arrangement wherein 100 shares held in Tata Chemicals Limited are allotted 114 shares of face value of Rs. 1 in TCPL)	11,468	33.81	-	-
10	NTPC Limited	156,000	1,31.35	156,000	2,10.13
1	NMDC Limited	20,000	16.00	20,000	20.89
10	Coal India Limited	11,904	16.67	11,904	28.24
	(b) Unquoted				
10	Taj Air Limited	4,200,000	-	4,200,000	-
1,000	Tata International Limited	19,350	22,48.23	19,350	24,26.30
100	Tata Industries Limited	993,753	20,50.00	993,753	20,50.00
	Subtotal (a)		**60,70.44**		**77,97.45**
	Investments measured at fair value through profit and loss				
	Investment in equity shares				
	(a) Quoted				
10	Automobile Corporation of Goa Limited	48,315	1,41.90	48,315	2,70.54
	(b) Unquoted				
10	Tata Technologies Limited	811,992	64,64.15	811,992	73,40.41
10	Tata Hitachi Construction Machinery Company Private Limited	285,714	-	285,714	1,70.00
	Investment in trust securities (partly paid)				
10	SBI Macquarie Infrastructure Trust (Partly paid upto Rs 8.60 (at March 31, 2019: Rs 8.46)	15,000,000	11,06.86	15,000,000	19,48.45
	Subtotal (b)		**77,12.91**		**97,29.40**
	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
	Fully Paid Cumulative Redeemable Preference shares (Unquoted)				
100	8.50% Tata Precision Industries (India) Limited	150,000	1,50.00	150,000	1,50.00
	Fully Paid Cumulative Redeemable Non Participating Preference shares (unquoted)				
1,000	12.50% Tata Capital Limited	-	-	6,665	99.98
	Investments in Debentures and Bonds				
	(a) Quoted				
	Fully Paid Secured, Non - Convertible, Redeemable Debentures				
12.50	8.49% NTPC Limited (issued as bonus)	275,752	-	275,752	-
	Subtotal (c)		1,90.00		2,89.98
	Total (a + b + c)		**139,73.35**		**178,16.83**

Note 10

Other financial assets

(₹ In lakhs)

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

Note 11

Income taxes

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

(₹ In lakhs)

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

b) Reconciliation of the income tax expenses and accounting profit

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

(₹ In lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before taxes	29,21.18	137,87.66
Income tax expenses calculated at 34.944% (previous year - 34.608%)	**10,20.78**	**48,17.96**
Tax effect of the amount which are not taxable in calculating taxable income :		
- Effect of income that is exempt from taxation	(1,55.67)	(1,24.78)
- Effect of expenses not deductible for tax computation	7,08.08	6,65.30
- Utilization of unrecognised and unused tax losses to reduce current tax expense	(164,26.63)	(124,25.16)
- Impact of change in statutory tax rates		
- Deferred tax assets not recognised because realization is not probable	102,55.14	70,66.68
- Deferred tax asset now created on previously unrecognised and unused tax losses	-	(66,00.00)
- Others	16,03.56	-
Income tax expense/(credit) recognised for the year at effective tax rate	**(29,94.74)**	**(66,00.00)**

c) Deferred tax assets/liabilities (net)

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

(₹ In lakhs)

Particulars	As at April 1, 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2020
Deferred tax liabilities :				
- Property, plant & equipment & Intangible assets- Accumulated depreciation/Amortisation	-		-	-
- Intangible assets- Accumulated amortization	-	-	-	-
- Fair Valuation of Equity Instruments measured at FVTOCI and FVTPL	57.92	(7,11.94)	47,60.60	41,06.60
- Income to be taxed on actual receipt basis	-	28,83.52	-	28,83.52
- Sourcing commission claimed on incurrence basis	44,53.86	3,49.46	-	48,03.32
Total deferred tax liabilities	**45,11.78**	**25,21.04**	**47,60.60**	**117,93.44**
Deferred tax asset :				
- Unabsorbed and unused tax losses and unabsorbed depreciation	66,00.00	-	-	66,00.00
- Expenses deductible in future years:				
- Provisions for impairment allowances on financial assets	84,97.22	71,12.58	-	156,09.80
- Compensated absences and retirement benefits allowable on payment basis	4,63.92	71.48	-	5,35.40
- Others	-	97.60	-	97.60
Total deferred tax assets	**155,61.14**	**72,81.66**	**-**	**228,42.80**
Net deferred tax asset/(liabilities) excl MAT Credit	**110,49.36**	**47,60.62**	**(47,60.60)**	**110,49.36**
- Minimum alternate tax (MAT) entitlement	64,81.83	(17,65.88)	-	47,15.94
Deferred tax assets/(liabilities) (net)	**175,31.19**	**29,94.74**	**(47,60.60)**	**157,65.30**

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, 2020
Deferred tax liabilities :				
- Property, plant & equipment & Intangible assets- Accumulated depreciation/Amortisation	108,66.46	(108,66.46)	-	-
- Intangible assets- Accumulated amortization				
- Fair Valuation of Equity Instruments measured at FVTOCI and FVTPL	-	57.92	-	57.92
- Income to be taxed on actual receipt basis				-
- Sourcing commission claimed on incurrence basis	26,76.00	17,77.86		44,53.86
Total deferred tax liabilities	**135,42.46**	**(90,30.68)**	**-**	**45,11.78**
Deferred tax asset :				
- Unabsorbed and unused tax losses and unabsorbed depreciation	-	66,00.00		66,00.00
- Expenses deductible in future years:				
- Provisions for impairment allowances on financial assets	137,10.05	(52,12.83)	-	84,97.22
- Compensated absences and retirement benefits allowable on payment basis	3,68.04	95.88	-	4,63.92
- Others	39,13.72	(39,13.72)	-	-
Total deferred tax assets	**179,91.82**	**(24,30.68)**	**-**	**155,61.14**
Net deferred tax asset/(liabilities) excl MAT Credit	**44,49.36**	**66,00.00**	**-**	**110,49.36**
- Minimum alternate tax (MAT) entitlement	64,81.83	-	-	64,81.83
Deferred tax assets/(liabilities) (net)	**109,31.19**	**66,00.00**	**-**	**175,31.19**

d) Amounts recognised directly in equity

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

e) Tax losses

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

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

(₹ in lakhs)

Year of expiry	Amount
After March 31, 2025	79,29.04

Note 12A

Property, plant and equipment

(₹ In lakhs)

Particulars	Gross Block				Accumulated Depreciation				Net Block
	Balance as at April 01, 2019	Additions	Deletions	Balance as at March 31, 2020	Balance as at April 01, 2019	Depreciation	Deletions	Balance as at March 31, 2020	Balance as at March 31, 2020
Buildings*	59,29.96	17,28.41	11,19.65	65,38.72	3,67.22	15,74.94	4,32.55	15,09.61	50,29.11
Furniture and fixtures	12,02.73	63.73	1,76.45	10,90.01	5,23.59	1,49.64	1,05.27	5,67.96	5,22.05
Vehicles	5,06.41	127.13	1,15.44	5,18.10	1,34.68	1,40.13	56.09	2,18.72	2,99.38
Vehicles - given on lease	84,97.32	94,79.20	6,80.70	172,95.82	9,95.15	21,39.68	3,35.95	27,98.88	144,96.94
Office equipments	6,76.24	2,38.11	65.92	8,48.43	1,47.13	2,41.15	32.87	3,55.41	4,93.02
Data processing machines	6,20.20	1,51.31	-	7,71.51	3,05.04	1,74.46	-	4,79.50	2,92.01
Total	**174,32.86**	**117,87.89**	**21,58.16**	**270,62.59**	**24,72.81**	**44,20.00**	**9,62.73**	**59,30.08**	**211,32.51**

* Includes Right of use assets having Gross Block value as on April 01, 2019 of Rs. 51,15.42 lakhs, additions during the year of Rs. 17,28.41 lakhs, deletions during the year of Rs. 4,49.67 lakhs, depreciation charge during the year of Rs. 15,64.95 lakhs and deletions in accumulated depreciation of Rs. 98.25 lakhs. Net block as on March 31, 2020 amounts to Rs. 49,27.47 lakhs Refer note 37 forming part of the financial statements.

(₹ In lakhs)

Particulars	Gross Block				Accumulated Depreciation				Net Block
	Balance as at April 01, 2018	Additions	Deletions	Balance as at March 31, 2019	Balance as at April 01, 2018	Depreciation	Deletions	Balance as at March 31, 2019	Balance as at March 31, 2019
Buildings	8,14.54	-	-	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**

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

Note 12B

Intangible Assets

(₹ In lakhs)

	Gross Block				Accumulated Amortisation				Net Block
Particulars	Balance as at April 01, 2019	Additions	Deletions	Balance as at March 31, 2020	Balance as at April 01, 2019	Amortisation during the period	Deletions	Balance as at March 31, 2020	Balance as at March 31, 2020
Computer Software	8,49.83	8.01	-	8,57.84	4,14.83	1,43.22	-	5,58.05	2,99.79
Total	**8,49.83**	**8.01**	**-**	**8,57.84**	**4,14.83**	**143.22**	**-**	**5,58.05**	**2,99.79**

	Gross Block				Accumulated Amortisation				Net Block
Particulars	Balance as at April 01, 2018	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**

Note 13
Other non-financial assets

(₹ In lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Advances	48,58.13	10,95.03
Deposits with statutory authorities (Net of provision Rs. 87.92 lakhs; March 31, 2019 Rs. 60.76 lakhs)	50.58	69.24
Deposits paid under protest	11,04.69	13,77.44
Prepaid expenses	21,79.68	23,65.89
Taxes recoverable and dues from government (Net of provision Rs. 3,03.69 lakhs; March 31, 2019 Rs. 3,15.64 lakhs)	39,61.17	28,01.32
Stamp papers	3,39.64	4,65.61
Others (Net of provision Rs. 1,29.80 lakhs; March 31, 2019 Rs. 19,04.19 lakhs)	19,24.12	40,20.79
Total	**144,18.01**	**121,95.32**

Note 14
Derivative financial instruments as at March 31, 2020

(₹ In lakhs)

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

Derivative financial instruments as at March 31, 2019

(₹ In lakhs)

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

Note 15
Payables

(₹ In lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
total outstanding dues of micro enterprises and small enterprises	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	233,18.28	236,58.74
Total	**233,18.28**	**236,58.74**
Other Payables		
total outstanding dues of micro enterprises and small enterprises	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	21,85.66	42,71.78
Total	**21,85.66**	**42,71.78**

Note: Information in respect of micro enterprises and small enterprises to whom the Company owes dues, which are outstanding as at the balance sheet date and disclosed above as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

Note 16
Debt securities (at amortised cost)

(₹ In lakhs)

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

Note : # Nature and extent of security for secured borrowings outstanding

Nature and extent of Security created and maintained for secured non-convertible debentures (privately placed) listed on WDM segment of NSE as per SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 1(A) Nature

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

i) One of the Company's residential flat (Refer note 4) and

ii) a) All receivables of the Company arising out of loan and lease transactions

b) All other book debts, trade advances forming part of movable assets of the Company

c) Any other security as identified by the Company and acceptable to the debenture trustee

1)B) Extent

The Minimum Security of 100% for non convertible debentures outstanding has been maintained.

Details of Non Convertible Debentures (Secured)

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

Note 17
Borrowings (Other than debt securities) (at amortised cost)

(₹ In lakhs)

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

Note (i)

Nature of Security for secured term loans from banks:

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

a) All receivables of the Company arising out of loan, lease transactions and tradeadvances.

b) All other book debts.

c) Receivables from pass through certificates in which Company has invested.

d) Such other current assets as may be identified by the Company from time to time and accepted by the security trustee.

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

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

a) All receivables of the Company arising out of loan, lease and trade advances;

b) All other book debts;

c) Receivables from pass through certificates in which Company has invested; and

d) Such other current assets as may be identified by the Company from time to time and accepted by the security trustee.

Note (ii)

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

Note (iii)

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

Details of Term Loans from banks (Secured)

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

Details of External Commercial Borrowings (USD)

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

Details of Collateralised Debt Obligation

From Balance sheet Date	As at March 31, 2020		As at March 31, 2019	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing between 3 Years to 5 Years	7.90% to 9.20%	3090,83.23	6.80% to 8.60%	2764,58.36
Maturing between 1 year to 3 Years	6.47% to 9.10%	1139,11.18	6.47% to 7.98%	283,97.87
Total		**4229,94.42**		**3048,56.24**
Less: Unamortised borrowing costs		1,70.18		1,22.86
Net		**4228,24.24**		**3047,33.38**

Details of Term Loans from banks (Unsecured)

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

Details of Inter corporate deposits (ICDs)

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

Details of Loans repayable on demand from banks (Secured)

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

Details of Cash credit facilities (Secured)

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

Note 18
Subordinated Liabilities (at amortised cost)

(₹ in lakhs)

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

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

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

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

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

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

Note 19
Other financials liabilities

(₹ In lakhs)

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

Note 20
Provisions

(₹ In lakhs)

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

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

(a) Provision for Indirect taxes

(₹ in lakhs)

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

(b) Provision for consumer disputes

(₹ in lakhs)

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

Note 21
Other non-financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Dues	25,08.65	29,54.83
Others	29,34.50	29,00.71
Total	**54,43.15**	**58,55.54**

Note 22A
Equity Share Capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹	Number	₹
Authorised				
Equity Shares of Rs.100 each with voting rights	120,000,000	1200,00.00	150,000,000	1500,00.00
		1200,00.00		**1500,00.00**
Issued, Subscribed and Fully Paid up				
Equity Shares of Rs.100 each	60,827,689	608,27.69	58,384,693	583,84.69
Total		**608,27.69**		**583,84.69**

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

Equity Shares	As at March 31, 2020		As at March 31, 2019	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	58,384,693	583,84.69	53,873,415.00	538,73.42
Shares Issued during the year	2,442,996	24,43.00	4,511,278.00	45,11.27
Shares outstanding at the end of the year	**60,827,689**	**608,27.69**	**58,384,693**	**583,84.69**

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of Issued Share Capital	No. of shares	% of Issued Share Capital
A. Equity shares with voting rights				
Holding Company				
TMF Holdings Limited	59,005,673	97.00	56,562,677	96.88
Subsidiaries of holding company				
Tata Motors Finance Solutions Limited	1,822,016	3.00	1,822,016	3.12

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of Issued Share Capital	No. of shares	% of Issued Share Capital
Equity Share with voting rights				
TMF Holdings Limited	59,005,673	97.00	56,562,677	96.88

d) Terms / rights attached to equity shares:

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

e) Distributions

(₹ in lakhs)

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

Note 22B
Instruments entirely equity in nature

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

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

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

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

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

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

Note 22C
Equity Component of Compound Financial Instrument

(₹ in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹	Number	₹
Authorised				
Preference shares of Rs.100 each	80,000,000	800,00.00	50,000,000	500,00.00
		800,00.00		**500,00.00**
Issued, Subscribed and Fully Paid up				
Equity portion of cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	53,800,000	286,11.44	53,800,000	286,11.44
Equity portion of non-cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	18,500,000	185,00.00	18,500,000	185,00.00
Total	**72,300,000**	**471,11.44**	**72,300,000**	**471,11.44**

a) Reconciliation of the CCPS outstanding at the beginning and at the end of the reporting year (₹ in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	72,300,000	471,11.44	37,500,000	206,83.85
Shares Issued during the year	-	-	34,800,000	264,27.59
Shares outstanding at the end of the year	**72,300,000**	**471,11.44**	**72,300,000**	**471,11.44**

b) Details of CCPS held by holding company and its subsidiaries: (₹ in lakhs)

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

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares Held	% of holding in that class of shares	Number of Shares Held	% of holding in that class of shares
TMF Holdings Limited	33,500,000	46.33	33,500,000	46.33
Aditya Birla Finance Limited	10,000,000	13.83	10,000,000	13.83
Kotak Mahindra Prime Limited	5,000,000	6.92	5,000,000	6.92

d) Terms / rights attached to preference shares:

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

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

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

Distributions

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

Note 22D

(I) Other components of equity

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

(₹ in lakhs)

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

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

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

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

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

(4) The movement of Debt instruments through other comprehensive income is as follows :- (₹ in lakhs)

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

(5) Summary of Other components of equity :- (₹ in lakhs)

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

(II) Notes to reserves

(1) Special reserve

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

(2) Capital redemption reserve

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

(3) Securities Premium Account

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

(4) Capital reserve

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

(5) General reserve

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

(6) Retained earnings

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

(7) Equity Instrument through OCI

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

(8) Hedging Reserve through OCI

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

(9) Cost of hedge reserve

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

Note 23

Interest Income

(₹ in lakhs)

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

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

Note 24

Net gain on fair value changes

(₹ in lakhs)

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

Note 25

Other Income

(₹ in lakhs)

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

Note 26

Finance Costs (on financial liabilities measured at amortised cost)

(₹ in lakhs)

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

Note 27
Impairment on financial instruments and other assets

(₹ in lakhs)

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

Note 28
Employee Benefit Expenses

(₹ in lakhs)

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

Note 29
Other expenses

(₹ in lakhs)

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

(i) Auditors' remuneration (excluding taxes):

(₹ in lakhs)

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

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

(ii) Corporate social responsibility

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

Note 30

Earnings per share

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

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

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

Particulars	As at March 31, 2020	As at March 31, 2019
Basic		
Weighted average no. of equity shares outstanding	83,704,134	73,901,649
Net profit attributable to equity share holders	59,15.92	203,87.66
Basic earnings per share (Rs.) *	7.07	27.59
Diluted		
Weighted average no. of equity shares outstanding	83,704,134	73,901,649
Net profit attributable to equity share holders	59,15.92	203,87.66
Diluted earnings per share (Rs.)	7.07	27.59
Face value per share (Rs.)	100	100

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

Note 31

Segment reporting

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

Note 32

Contingent liabilities and commitments :-

1. Contingent liabilities to the extent not provided for:

a) Claims against the company not acknowledged as debts:

(₹ in lakhs)

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

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

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

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

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

2. Commitments:

Capital commitments

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

Other commitments

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

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

Note 33
Related party disclosures

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

(A) Parties where the control exists:

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

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

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

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

(ii) Tata Sons and its subsidiaries and Joint arrangements

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

(iii) Relatives of Key Management personnel

Ms. Sonu Mani - Non Executive Director Spouse

(iv) Post Employment Benefit Plans

Tata Motors Finance Limited Employees Gratuity Trust

(C) Key Management personnel :

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

(II) Transactions/Balances with Related parties

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

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

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

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

(₹ in lakhs)

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

Transactions and balances with Key Management personnel and their relatives

(₹ in lakhs)

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

(c) **Key management personnel remuneration**

(₹ in lakhs)

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

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

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

Note 34

Employee benefit obligations

a) Defined contribution plans

Superannuation fund

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

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

b) Defined benefit plans

Provident fund

In accordance with Indian law, eligible employees of Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, except the employer's contribution towards pension fund paid to the Regional Provident Fund office, as specified under the law, are made to the provident fund set up as an irrevocable trust by Tata Motors Limited. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation.

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

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

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

(₹ in lakhs)

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

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

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

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

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

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

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

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

The asset allocation for plan assets is determined based on investment criteria prescribed under the relevant regulations As at March 31, 2020, the defined benefit obligation would be affected by approximately ₹ 5,61.86 lakhs on account of a 0.50% decrease in the expected rate of return on plan assets.

Gratuity

The gratuity defined benefit plan is a funded plan and the Company makes contributions to the Tata Motors Finance Limited Employees Gratuity Trust for funding the defined benefit gratuity plan for qualifying employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service.

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

(₹ in lakhs)

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

(₹ in lakhs)

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

(₹ in lakhs)

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

(₹ in lakhs)

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

(₹ in lakhs)

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

(₹ in lakhs)

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

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

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

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

(₹ in lakhs)

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

(₹ in lakhs)

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

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

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

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

(₹ in lakhs)

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

l) Risk Exposure

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

Investment Risk: If future investment returns on assets are lower than assumed in valuation, the scheme's assets will be lower, and the funding level higher, than expected.

Change in bond yields: A decrease in yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

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

Note 35A

Asset Liability Maturity Pattern of certain items of assets and liabilities

(₹ in lakhs)

S. No.	Particulars	Period	Up to 30/31 days	Over 1 Month up to 2 months	Over 2 months up to 3 months	Over 3 month & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
1	Deposits	March 31, 2020	43,09.65	18,00.71	242,83.62	180,52.91	788,84.79	14,07.00	-	-	1287,38.68
		March 31, 2019	56,28.65	40,25.71	24,77.18	91,35.77	727,64.79	37,51.00	-	-	977,83.10
2	Advances	March 31, 2020	589,39.14	284,01.81	450,79.34	2132,38.00	5023,59.29	12129,61.14	4835,10.79	1912,43.19	27357,32.70
		March 31, 2019	825,76.14	833,83.86	1123,34.27	2472,25.73	5037,32.36	14745,71.83	4666,05.74	702,50.09	30406,80.02
3	Investments	March 31, 2020	-	-	-	-	-	-	-	139,73.35	139,73.35
		March 31, 2019	-	-	-	-	-	-	-	178,16.83	178,16.83
4	Borrowings from banks / financial institutions	March 31, 2020	241,84.30	14,41.08	284,64.17	569,36.29	4297,44.79	5834,14.70	3455,25.09	-	14697,10.42
		March 31, 2019	141,83.02	15,00.00	1586,87.50	999,95.94	5023,08.69	5058,88.07	3654,93.00	38,50.00	16519,06.22
5	Market borrowings	March 31, 2020	2333,24.46	2052,43.81	1746,24.24	1196,51.70	1195,96.01	2774,79.28	708,50.05	814,26.35	12821,95.90
		March 31, 2019	1635,56.72	1960,31.55	962,00.99	446,87.21	2455,72.98	3837,08.19	572,60.77	825,55.14	12695,73.56

Notes:

1 Deposit is in the form of Fixed Deposits with Banks

2 Borrowings does not include Inter Corporate Deposits

3 Cash Credit and WCDL are shown in 6 months to 1 Year time bucket as per RBI guidelines

4 Market Borrowings includes Non convertible Debentures, Liability component of compound financial instruments, Commercial papers other than those subscribed by banks and Collateralised Debt Obligations

Note 35B

Capital to Risk Assets Ratio (CRAR)

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

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

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

Note 35C
Perpetual debt Instruments

(₹ in lakhs)

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

* Before adjusting securitisation exposure

Note 35D
Disclosure on securitisation/direct assignment of standard assets

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

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

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

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

II) Details of Assignment transactions undertaken by applicable NBFCs

(₹ in lakhs)

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

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

Note 35E
Disclosure of restructured advances

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

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

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

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

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

Note 35F

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

(₹ in lakhs)

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

Note 35G

Investments

(₹ in lakhs)

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

Note 35H
Capital Market

(₹ in lakhs)

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

Note 35I
Ratings assigned by credit rating agencies and migrations of ratings in respect of all credit facilities and debt instruments during the year:

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

Note 35J
Details of financing of parent company's products

(₹ in lakhs)

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

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

Note 35K
Concentration of advances

(₹ in lakhs)

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

Note 35L
Concentration of exposures

(₹ in lakhs)

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

Note 35M
Concentration of NPAs

(₹ in lakhs)

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

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

Note 35N

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

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

Notes:

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

(b) Percentage of Gross NPA to total advances at Company level as per RBI regulations for current and comparative years are as below :- March 31, 2020 : 5.89%, March 31, 2019 : 2.92%

Note 35O

Customer complaints

(Numbers)

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

*complaints include legal cases lodged

Note 35P

Movement of NPAs

(₹ in lakhs)

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

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

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

Net NPAs to net advances : March 31, 2020 : 5.10 %, March 31, 2019 : 1.52%

Note 35Q
Forward Rate Agreement / Interest Rate Swap

(₹ in lakhs)

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

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

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

Quantitative Disclosures

(₹ in lakhs)

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

Note 35R
Disclosure on Restructuring of MSME advances

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

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

(₹ in lakhs)

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

Note 35S

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

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

(₹ in lakhs)

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

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

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

(iii) Top 10 Borrowings

(₹ in lakhs)

Amount	% of Total Borrowings
11600,29.31	42%

(iv) Funding Concentration based on significant instrument / product

(₹ in lakhs)

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

(v) Stock ratios

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

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

(vi) Institutional set-up for liquidity risk management

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

Note 35T

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

(₹ in lakhs)

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

* Based on the confirmations received upto May 09, 2020

Note 35U

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

(₹ in lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7= 4-6
Performing Asset						
Standard Asset	Stage-1	22760,15.69	132,40.80	22627,74.89	91,04.06	41,36.74
	Stage-2	3545,85.36	221,75.36	3324,10.00	14,18.34	207,57.02
Subtotal		26306,01.05	354,16.16	25951,84.89	105,22.40	248,93.76
Non-Performing Asset (NPA)						
SubStandard	Stage-3	1465,51.48	214,58.73	1250,92.75	140,66.79	73,91.94
Doubtful up to 1 Year	Stage-3	151,46.10	12,64.88	138,81.21	41,69.93	(29,05.05)
1 to 3 Years	Stage-3	8,65.90	1,97.59	6,68.31	5,10.96	(3,13.37)
More than 3 Years	Stage-3	10,64.26	1,57.77	9,06.49	8,85.60	(7,27.83)
Subtotal of Doubtful		**170,76.26**	**16,20.24**	**154,56.01**	**55,66.49**	**(39,46.25)**
Loss	Stage-3	-	-	-	-	-
Subtotal of NPA		**1636,27.74**	**230,78.97**	**1405,48.76**	**196,33.29**	**34,45.69**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage-1	2,10.25	0.97	2,09.28	-	0.97
	Stage-2	-	-	-	-	-
	Stage-3	-	-	-	-	-
Subtotal		**2,10.25**	**0.97**	**2,09.28**	**-**	**0.97**
TOTAL	Stage-1	22762,25.94	132,41.77	22629,84.17	91,04.06	41,37.71
	Stage-2	3545,85.36	221,75.36	3324,10.00	14,18.34	207,57.02
	Stage-3	1636,27.74	230,78.97	1405,48.76	196,33.29	34,45.69

Note 35V

Other disclosures

1 No penalties were imposed by RBI and other regulators during the financial year 2019-20. (financial year 2018-19: Nil)

2 The Company does not have any exposure in real estate sector during the financial year 2019-20. (financial year 2018-19: Nil)

3 The Company has not exceeded the prudential exposure limits in respect to single borrower limit / group borrower limit during the financial year 2019-20. (financial year 2018-19: Nil)

4 The Company is only registered with Reserve Bank of India as a Systemically Important Non Deposit Taking Non Banking Financial Company.

5 The Company has not drawn down any amounts from the reserves during the financial year 2019-20 except as disclosed in Statement of Changes in Equity. (financial year 2018-19: Nil)

6 The Company has not sold any Financial Assets to Securitisation / Reconstruction Company for Asset Reconstruction during financial year 2019-20. (financial year 2018- 19: Nil)

7 The Company has not purchased any non-performing financial assets during the financial year 2019-20. (financial year 2018-19: Nil)

8 Overseas assets (for those with joint ventures and subsidiaries abroad)

The Company does not have any joint venture or subsidiary abroad, hence not applicable

9 ***Unsecured advances***

As at March 31, 2020, the amount of unsecured advances stood at Rs. 493,98.02 Lakhs (March 31, 2019: Rs. 300,71.44 Lakhs)

The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or authority

Note 36

Fair value measurements

Financial Instruments by categories

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

(₹ in lakhs)

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

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

Fair value hierarchy

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

(₹ in lakhs)

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

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

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

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

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

(₹ in lakhs)

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

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

Fair value hierarchy

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

(₹ in lakhs)

Particulars	As at March 31, 2019					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
(a) Investments	175,26.85	175,26.85	55,40.15	-	119,86.70	175,26.85
(b) Derivative instruments	1,17.79	1,17.79	-	1,17.79	-	1,17.79
Total	**176,44.64**	**176,44.64**	**55,40.15**	**1,17.79**	**119,86.70**	**176,44.64**

Particulars	As at March 31, 2019					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost for which fair value is disclosed						
(a) Loans	30406,80.02	30378,95.58	-	-	30378,95.58	30378,95.58
Total	30406,80.02	30378,95.58	-	-	30378,95.58	30378,95.58

Particulars	As at March 31, 2019					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value						
(a) Derivative instruments	2,30.85	2,30.85	-	2,30.85	-	2,30.85
	2,30.85	2,30.85	-	2,30.85	-	2,30.85

Particulars	As at March 31, 2019					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost for which fair value is disclosed						
(a) Borrowings	**3573,99.43**	**3569,83.73**	**-**	**3569,83.73**	**-**	**3569,83.73**
(b) Debt securities	**3721,81.29**	**3788,85.86**	**-**	**3788,85.86**	**-**	**3788,85.86**
(c) Subordinated liabilities	**2002,54.92**	**2145,14.50**	**-**	**2145,14.50**	**-**	**2145,14.50**
Total	**9298,35.64**	**9503,84.09**	**-**	**9503,84.09**	**-**	**9503,84.09**

1. Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of quoted equity shares and mutual fund investments.
2. Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e; derived from prices). This level of hierarchy include Company's over-the-counter (OTC) derivative contracts.
3. Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy include investments in certain unquoted equity shares.

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

Valuation technique used to determine fair value of financial instruments

(a) Derivatives are fair valued using market observable rates and published prices together with forecast cash flow information where applicable are classified in level 2.

(b) The fair value of loans arising from financing activities has been estimated by discounting expected cash flows using rates at which loans of similar credit quality and maturity would be made and internal assumptions such as expected credit losses and estimated collateral value as at March 31, 2020 and March 31, 2019. Since significant unobservable inputs are applied in measuring the fair value of loans arising from finance activities are classified in Level 3.

(c) The fair value of borrowings is estimated by discounting expected future cash flows, using a discount rate equivalent to the risk-free rate of return, adjusted for the credit spread considered by the lenders for instruments of similar maturity and credit quality are classified in level 2.

(d) The fair value of the long term borrowings carrying floating-rate of interest is not impacted due to interest rate changes and will not be significantly different from their carrying amounts.

(e) Costs of certain unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. These investments in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments at FVTOCI as the directors believes this provides a more meaningful presentation for medium or long term strategic investments, than reflecting changes in fair value immediately in profit or loss.

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

Fair value of financial assets/liabilities measured at amortised cost

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

Reconciliation of level 3 fair value measurement is as below :

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

Note 37

Company as a Lessee

The Company has leases for the office premises at its PAN India branches, rented yards for repossessed vehicles and for other equipments like Gensets. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of revenue) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (refer Note12)

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

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

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

(₹ in lakhs)

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

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

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

(₹ in lakhs)

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

Note 38

Company as a Lessor

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

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

Although the risks associated with rights that the Company retains in underlying assets are not considered to be significant, the Company employs strategies to further minimise these risks.

For example, ensuring all contracts include clauses requiring the lessee to compensate the Company when a property has been subjected to excess wear-and-tear during the lease term.

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

(₹ in lakhs)

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

Note 39

Finance Lease receivables

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

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

(₹ in lakhs)

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

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

(₹ in lakhs)

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

Note 40

Assets held for sale

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

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

Note 41

Reconciliation of Movement in Borrowings to cash flows from financing activities

(₹ in lakhs)

Particulars	As at April 01, 2019	Cash flows (net)	Exchange difference	Amortisation / EIR adjustments	As at March 31, 2020
Debt securities	9328,45.12	(3161,25.62)	-	462,03.44	6629,22.94
Borrowings (Other than debt securities)	17933,78.49	802,36.76	119,15.09	20,00.73	18875,31.07
Subordinated liabilities	2002,54.92	10,55.00	-	1,42.42	2014,52.34
Total	**29264,78.53**	**(2348,33.86)**	**119,15.09**	**483,46.60**	**27519,06.35**

Note 42

Maturity Analysis of Assets and Liabilities

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

(₹ in lakhs)

	Particulars	March 31, 2020			March 31, 2019		
		Current	Non current	Total	Current	Non current	Total
I	ASSETS						
1	**Financial assets**						
(a)	Cash and cash equivalents	1902,97.62	-	1902,97.62	700,79.17	-	700,79.17
(b)	Bank Balance other than cash and cash equivalents	501,07.85	786,30.83	1287,38.68	649,58.00	328,25.10	977,83.10
(c)	Derivative financial instruments(assets)	27.45	79,13.32	79,40.77	-	1,17.79	1,17.79
(d)	Receivables						
i.	Trade receivables	187,88.70	-	187,88.70	33,87.67	-	33,87.67
ii.	Other receivables	59,66.31	-	59,66.31	8,90.80	-	8,90.80
(e)	Loans	12578,45.90	14778,86.80	27357,32.70	10318,00.85	20088,79.17	30406,80.02
(f)	Investments	-	139,73.35	139,73.35	-	178,16.83	178,16.83
(g)	Other financial assets	29,26.26	25,48.59	54,74.85	122,83.07	15,51.03	138,34.10
2	**Non-financial assets**						
(a)	Current tax assets (net)	-	154,73.02	154,73.02	-	70,98.68	70,98.68
(b)	Deferred tax assets (net)	-	157,65.31	157,65.31	-	175,31.19	175,31.19
(c)	Property, plant and equipment	-	211,32.51	211,32.51	-	98,44.63	98,44.63
(d)	Capital work-in-progress	-	69.70	69.70	-	26.84	26.84
(e)	Other intangible assets	-	2,99.79	2,99.79	-	4,35.00	4,35.00
(f)	Other non-financial assets	84,03.30	60,14.71	144,18.01	96,44.14	25,51.18	121,95.32
3	**Non-current assets held for sale**	3,35.68	-	3,35.68	-	-	-
	Total assets	**15346,99.07**	**16397,07.93**	**31744,07.00**	**11930,43.70**	**20986,77.44**	**32917,21.14**
II	**LIABILITIES**						
1	**Financial liabilities**						
(a)	Derivative financial instruments(liability)	-	10,25.29	10,25.29	-	2,30.85	2,30.85
(b)	Payables						
i.	Trade payables						
	- total outstanding dues of micro enterprises and small enterprises						
	- total outstanding dues of creditors other than micro enterprises and small enterprises	233,18.28	-	233,18.28	236,58.74	-	236,58.74
ii.	Other payables						
	- total outstanding dues of micro enterprises and small enterprises						
	- total outstanding dues of creditors other than micro enterprises and small enterprises	21,85.66	-	21,85.66	42,71.78	-	42,71.78
(c)	Debt securities	6194,82.15	434,40.79	6629,22.94	7562,64.80	1765,80.32	9328,45.12
(d)	Borrowings (Other than debt securities)	7384,49.76	11490,81.31	18875,31.07	7389,99.45	10543,79.04	17933,78.49
(e)	Subordinated liabilities	360,90.25	1653,62.09	2014,52.34	288,88.59	1713,66.33	2002,54.92
(f)	Other financials liabilities	353,07.57	108,37.81	461,45.38	213,69.63	7,06.77	220,76.40
2	Non-financial liabilities						
(a)	Current tax liabilities (net)	53.31	-	53.31	51.65	-	51.65
(b)	Provisions	1,37.39	75,38.27	76,75.66	1,33.84	122,87.53	124,21.37
(c)	Other non-financial liabilities	54,43.14	-	54,43.14	58,55.54	-	58,55.54
	Total liabilities	**14604,67.51**	**13772,85.56**	**28377,53.07**	**15794,94.03**	**14155,50.83**	**29950,44.86**
	Net	**742,31.56**	**2624,22.37**	**3366,53.93**	**(3864,50.33)**	**6831,26.61**	**2966,76.28**

Note 43

Financial risk management

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

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

(A) Credit Risk

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

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

Exposure to Credit Risk

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

Financial assets that are neither past due or impaired

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

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

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

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

i) Loans - Credit quality of financial assets and impairment loss

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

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

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company is in retail lending business on pan India basis. Vehicle Finance (consisting of new Commercial Vehicles, Passenger Vehicles) is lending against security. Hypothecation endorsement is made in favour of the Company in the Registration Certificate in respect of all registerable collateral. Portfolio is reasonably well diversified across South, North, East and Western parts of the country. Similarly, sub segments within Vehicle Finance like Heavy Commercial Vehicles, Light Commercial Vehicles, Car and Multi Utility Vehicles, and Small

Commercial Vehicles, leading to well diversified sub product mix.

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

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

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

The following table provides information about the credit quality of financial assets and impairment loss The ageing of loans as of balance sheet date is given below. The ageing analysis have been considered from the due date.

(₹ in lakhs)

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

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

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

(₹ in lakhs)

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

(B) Management of Liquidity risk

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

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

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

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

(₹ in lakhs)

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

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

(₹ in lakhs)

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

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

(₹ in lakhs)

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

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

(₹ in lakhs)

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

(C) Management of Market Risk

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

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

(i) Foreign currency risk

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

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

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

(ii) Interest rate risk

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

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

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

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

(₹ in lakhs)

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

Interest rate risk

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

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

Equity price risk

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

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

(₹ in lakhs)

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

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

Capital management

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

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

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

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

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

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

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

*The above ratios have been computed in accordance with the guidelines issued by RBI on March 13, 2020.
In addition the Company has financial covenants relating to the borrowing facilities that it has taken from the lenders which is monitored and complied by the Company.

Note 44

Transfer of financial assets

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

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

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

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

Net of provision of Rs. 49,38.30 lakhs and Rs.38,03.29 lakhs as at March 31, 2020, and March 31, 2019 respectively.

Note 45

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

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

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

Note 46

Fraud

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

Vaibhav Shah
Partner
Membership No. 117377

Place: Mumbai
Date: May 29, 2020

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 29, 2020

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

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

(₹ in lakhs)

Particulars		Amount outstanding	Amount overdue
	Liabilities side:		
(1)	**Loans and advances availed by the non-banking financial Company inclusive of interest accrued thereon but not paid:**		
	(a) Debentures : Secured (Note-1)	1906,43.04	-
	: Unsecured (other than falling within the meaning of public deposits)	2127,16.28	-
	(b) Deferred Credits	-	-
	(c) Term Loans	11803,02.94	-
	(d) Inter-corporate loans and borrowings	-	-
	(e) Commercial Papers (Note-2)	4742,29.77	-
	(f) Other Loans		
	- Working capital demand loan	2494,00.00	-
	- Cash Credit from banks	218,76.11	-
	- Collateral Debt Obligation	4247,28.57	

	Assets side:	**Amount Outstanding**
(2)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**	
	(a) Secured	27301,73.05
	(b) Unsecured	493,98.02
(3)	**Break up of Leased Assets and stock on hire and other assets towards AFC activities**	
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	3,54.96
	(b) Operating lease	2,73.63
	(ii) Stock on hire including hire charges under sundry debtors :	
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	247,86.24
	(b) Loans other than (a) above (refer note 1 & note 2 below)	27694,42.56
(4)	**Break-up of Investments:**	
	Current Investments:	
	1 Quoted :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-
	Investment in Senior Pass Through Certificates	-
	2 Unquoted:	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-
	Long Term Investments:	
	1 Quoted :	
	(i) Shares : (a) Equity (Investment in subsidiary)	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Other	19,14.11

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

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

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

Vedika Bhandarkar
Director
(DIN - 00033808)

P.B. Balaji
Director
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Anand Bang
Chief Financial Officer

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Samrat Gupta
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Place : Mumbai
Date : May 29, 2020