TMF Holdings Limited

Annual Report F.Y. 2020-21

TMF HOLDING LIMITED
ANNUAL REPORT F.Y. 2020-21

BOARD OF DIRECTORS

Mr. Nasser Munjee, Independent Director and Chairman (Appointed w.e.f. June 09, 2020)

Mrs. Vedika Bhandarkar, Independent Director

Mr. P.S. Jayakumar, Independent Director (Appointed w.e.f. July 10, 2020)

Ms.Varsha Purandare, Independent Additional Director (Appointed w.e.f. June 16, 2021

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

Mr. Shyam Mani, Managing Director (Term as MD ended on March 31, 2021 and continuing as a Non-Executive Director w.e.f. April 01, 2021)

Mr. Samrat Gupta, Managing Director & CEO (Appointed w.e.f. April 01, 2021

Mr. P.D. Karkaria, Independent Director (Retired on May 19, 2020)
Mr. Guenter Butschek, Non-Executive Director (Resigned w.e.f. June 21, 2020)

CORPORATE INDENTIFICATION NUMBER (CIN)
U65923MH2006PLC162503

CHIEF FINANCIAL OFFICER

Mr. Anand Bang (Ceased w.e.f August 01, 2020)
Ms. Ridhi Gangar (Appointed w.e.f August 01, 2020)

COMPANY SECERETARY

Mr. Vinay Lavannis

REGISTERED OFFICE

14, 4th Floor, Sir H.C. Dinshaw Building 16, Horniman Circle, Fort, Mumbai-400001
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 5700

TMF HOLDINGS LIMITED

BANKERS

HDFC Bank Limited

DEPOSITORIES

Central Depository Services (India) Limited
National Securities Depository Limited

LISTED AT

Commercial Papers and Non- Convertible Debentures (NCDs) listed at
National Stock Exchange of India Limited

STATUTORY AUDITORS

M/s. B S R & Co. LLP

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

REGISTRAR AND SHARE TRANSFER AGENT

TSR Darashaw Consultants Private Limited
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli West, Mumbai 400 083
Tel:(022) 6656 8484, Fax: (022) 6656 8496
www.tcplindia.co.in
e-mail: : PSampat@tsrdarashaw.com

TMF HOLDINGS LIMITED

DIRECTORS' PROFILE

Name of Director	**Profile**
Mr. Nasser Munjee, Independent Director and Chairman *(Appointed with effect from June 09, 2020)*	Mr. Nasser Munjee holds Master's degree from the London School of Economics, UK. Mr. Munjee is 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 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. P. S. Jayakumar, Independent Director *(Appointed with effect from July 10, 2020)*	Mr. P S Jayakumar, 58 years, is a Chartered Accountant and holds post graduate diploma in business management from XLRI Jamshedpur. Mr. P S Jayakumar has a deep experience in the banking sector and financial sector with 23 years of work experience with Citibank in their India and Singapore office. Mr. P S Jayakumar's last assignment in Citibank was being the Country Head for the Consumer Banking Group. In his 23 years of working in Citibank, Mr. P S Jayakumar has been involved in innovation and development of retail financial service industry. On leaving Citibank in 2008, Mr. P S Jayakumar worked as an entrepreneur and was a cofounder of Value Budget Housing Company, a leader in housing for low and moderate income household. Value Budget Housing pioneered the use of manufacturing approach to construction and application of form and IT technology to low cost and affordable housing. In 2008, Mr. P S Jayakumar also confounded Home First Finance Ltd, a housing finance company licensed by NHB and provides long term purchase money mortgage loans for customers from low and moderate income household. These two companies have contributed to pioneering effort in building demand and supply for low cost and affordable housing. In 2015, Mr P S Jayakumar was selected by the Government of India to serve as the Managing Director and CEO for Bank of Baroda, first person from the private sector selected to run a large public sector bank. He lead a successful transformation of Bank of Baroda and completed three way merger between Bank of Baroda, Vijaya and Dena Bank. He was also awarded the 'Banker of the Year'

	by Financial Express for 2018. Currently Mr P S Jayakumar is working on his third start up venture and besides Tata Motor Finance Group of Companies also serves as an independent director on the Board of several other Companies.
Ms. Varsha Purandare, Independent Additional Director *(Appointed with effect from June 16, 2021)*	Ms. Varsha Purandare, has varied experience of 36 years in the areas of Credit, Forex, Risk, Treasury, Capital Markets, Investment Banking and Private Equity. Ms. Purandare was the Managing Director and Chief Executive Officer of SBI Capital Markets Limited ("SBI Caps") from November 2015 upto December 2018, where she was overall in-charge of SBI Caps and its five subsidiaries, covering investment banking and encompassing Equity Capital Markets, Debt Markets, Private Equity, Institutional & Retail Broking, Trustee & Foreign Subsidiaries. Prior to this, Ms. Purandare was the Deputy Managing Director and Chief Credit and Risk Officer of State Bank of India ("SBI"), where she headed the highest Credit Committee and was in-charge of the overall credit function. Besides the above, Ms. Purandare has held several positions in SBI, in India and abroad."
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 *(Managing Director till March 31, 2021 and continuing as a Non-*	Mr. Shyam Mani is associated with Tata Motors Finance (TMF) Group since 2006. During his 14 years of association with the TMF Group, he has transformed TMF Group into a strong captive financing arm of Tata Motors Limited. Mr. Mani retired as Managing Director of TMF Holdings Limited on March 31, 2021. Currently, in addition to other Tata Group Companies, he is Non-Executive Director of all three

Executive Director w.e.f. April 01, 2021)	TMF Group Companies viz. TMF Holdings Limited, Tata Motors Finance Limited and Tata Motors Finance Solutions Limited. Mr. Mani has played a key role in shaping the growth of TMF Group Companies both at strategic and visionary level. During his association with TMF Group, he led the Group towards growing the portfolio over Rs. 38000 cr. He led and oversaw a key restructuring exercise of TMF Group Companies, 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 TMF Group in the areas of Insurance and Used Vehicle business. TMF was also one of the first company 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 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. Mani is an alumnus of IIT, Kanpur and has a vast experience of over 40 years in the Industry spanning Manufacturing and Finance.
Mr. Samrat Gupta, Managing Director & CEO *(Appointed with effect from April 01, 2021)*	Mr. Samrat Gupta is the Managing Director & Chief Executive Officer (MD & CEO) of Tata Motors Finance Limited (from June 2020) and TMF Holdings Limited (from April 2021). He is a senior professional having 20 years of hands-on execution

	experience in driving profitable growth, corporate transformation and change management through organic & inorganic expansion. As the MD & CEO, he is focused on creating shareholder value by running organization wide initiatives that lead to improvement in customer satisfaction, enhance employee engagement, and generate healthy cash-flow. He joined TMF Group in the year 2014 as the Chief Financial Officer (CFO). In the year 2017, he was elevated to the position of CEO. During his 4 years stint as the CFO, among other achievements, he was instrumental in undertaking the financial restructuring of TMF Group under the Project Phoenix banner. Prior to joining TMF Group, Mr. Samrat has worked with many leading organizations including the TATA Group companies and other MNCs. As an investment banker, he has worked in global assignments related to cross border acquisitions, private equity and start-up venture fund raising, pricing and large contract negotiation, offshore and onshore infrastructure facility and resource augmentation, devising and implementing human capital strategy, leadership development and succession planning, equity & debt financing, balance sheet restructuring, buy back and capital reduction programs. Mr. Samrat has an MBA from the University of Manchester. He has widely travelled across the globe and his interests include listening to music and networking with people.
Mr. P. D. Karkaria, Independent Director *(Retired with effect from May 19, 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. Guenter Butschek, Non-Executive Director and Chairman *(Resigned with effect from June 21, 2020)*	Mr. Butschek, graduated in Business Administration and Economics with a diploma from the University of Cooperative Education Stuttgart, Germany. Mr. Guenter Butschek was the Chief Executive Officer & Managing Director of the Tata Motors Limited. Mr. Butschek's last assignment was with Airbus Group where he served as Chief Operating Officer of Airbus and Member of the Group Executive Committee. He played a critical role in reshaping the Industrial strategy, empowering operational units, implementing a global operating system and enhancing the end-to-end supply chain performance in order to master the rate increases. Prior to Airbus, Mr. Butschek worked at Daimler AG, where he gained more than 25 years of experience in international automotive management. The last role he held was that of President and Chief Executive Officer of Beijing Benz Automotive Co. Ltd. Leading the joint venture, he relocated the operations to an all new set-of-the-art facility and increased productivity and flexibility of plant/ He launched several new production lines for Mercedes, Chrysler and Mitsubishi products and set of foorprint for future profitable growth. Mr. Butschek began his professional career in 1984 at Mercedez-Benz AG in Stuttgart, Germany, as Project Engineer Central Material Management. After several positions in logistics, Human Resource and procurement at the Mercedes-Benz Passenger Cars division, Mr. Butschek became a member of the management Board of Daimler Chrysler South Africa (DCSA) with full operational responsibility in 2000.

TMF HOLDINGS LIMITED

DIRECTORS' REPORT

MARCH 31, 2021

To,
THE MEMBERS
TMF HOLDINGS LIMITED

The Directors feel privileged to present the 15th Annual Report on the business and operations of the company and the statement of accounts for the year ended March 31, 2021.

1. BACKGROUND

TMF Holdings Limited (Formerly Tata Motors Finance Limited) (herein after referred as 'TMFHL' or 'Company'), is a subsidiary company of Tata Motors Limited.

The Company registered itself as 'Systemically Important, Non-Deposit taking Non-Banking Finance Company' (NBFC) and classified as Core Investment Company (CIC- ND- SI) vide registration No. N-13.01836 dated October 11, 2017.

The Company holds investments in two operating companies (a) Tata Motors Finance Limited which is engaged in the business of new vehicle financing of vehicles manufactured by Tata Motors Limited and its subsidiaries; and (b) Tata Motors Finance Solutions Limited (TMFSL) which is engaged in Used Vehicle Finance and lending to dealers and suppliers of Tata Motors Limited (corporate lending business).

2. MANAGEMENT DISCUSSION & ANALYSIS

Economic Overview

The outbreak of COVID-19 pandemic threw the world economic order out of gear and subjected even the biggest and oldest business houses to test, defining a 'new normal' in the process. The turmoil and sudden grinding halt due to lockdown and movement restrictions significantly marred socio-economic activities in H1-FY21 across the globe and in India. With the gradual relaxation of lockdown restrictions, economic activity began making a slow but certain recovery from the unprecedented lows of first half of the fiscal. Having weathered the un-earthly lows effectively, India garnered positive sentiment in global market owing to the Government's stimulus measures, timely intervention of the central bank, infrastructure investments and large-scale public vaccination plans. Most research houses and institutions are expecting India to grow anywhere between 7.7% to

13.7% in FY22 strengthening its position as the preferred market and fastest growing economy.

Trends of key macro-economic indicators are as follows:

Macro-economic Indicators % Y-o-Y	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
CPI	6.3	6.2	6.7	6.7	7.3	7.6	6.9	4.6	4.1	5.0	5.5
WPI	-3.4	-1.8	-0.2	0.4	1.3	1.3	2.3	2.0	2.5	4.2	7.4
GST Collections (Rs Tn)	-38.0	-9.0	-14.4	-12.0	3.9	10.2	1.4	11.6	8.1	7.4	27.0
Central Govt Exp (Rs Tn)	-20.7	45.7	5.6	-15.2	-26.0	9.5	48.3	29.1	49.5	52.9	NA
Unemployment %	21.7	10.2	7.4	8.4	6.7	7.0	6.5	9.1	6.5	6.9	6.5
PMI - Manufacturing	30.8	47.2	46.0	52.0	56.8	58.9	56.3	56.4	57.7	57.5	55.4
PMI - Services	12.6	33.7	34.2	41.8	49.8	54.1	53.7	52.3	52.8	55.3	54.6
NSE - VIX	30.2	29.1	24.2	22.8	19.5	24.8	19.8	21.1	25.3	28.1	20.6
91 Day T-Bill %	3.2	3.2	3.3	3.2	3.4	3.2	2.9	3.1	3.3	3.2	3.3
10 year G-Sec rate	5.8	6.0	5.7	6.1	6.1	5.9	5.8	6.0	6.0	6.3	6.3
FII Inflows USD Bn	-1.0	3.4	0.5	6.7	-0.2	3.0	8.5	9.6	2.0	3.3	2.3

However, prospects through fiscal 2022 will hinge on investment revival and success of reforms, both of which comes with its own set of challenges. Further, fresh lockdown and curbs in various states in the face of a severe second wave of coronavirus infections – COVID 2.0, has put the break on economic recovery. Pain in the short term is likely to continue, but the outlook in the medium term is anticipated to improve. With focus on infrastructure, long haul is expected to continue to do well. Mining and quarrying sector is also expected to gain on the back of increase in demand from non-power sectors and positive government reforms. High frequency indicators for Mar-21 & Apr-21 witnessed an upward trend from low base of last year to attain pre-COVID levels. This was also echoed in Google mobility and traffic data. April data indicates activity levels like Sept-Oct of last year. Agricultural sector continued to witness growth backed by a normal monsoon.

Automotive Industry overview

Auto sector down cycle started much before the pandemic outbreak with the domestic commercial vehicle industry witnessing one of the worst years in history in FY20, as wholesale volumes contracted by a sharp 29%. The sector continued to witness headwinds from all fronts, be it financing availability, macro-economic environment, regulatory developments or fleet operator health. These headwinds only compounded with the outbreak of the pandemic.

The new year – 2021 brought in a new dawn of hope for humankind as the fight against COVID-19 entered mass vaccination phase for the global population. It was no different for

India's Auto Inc which registered much-improved sales in December. CV sales in 2020 was at a decadal low but witnessed a comforting recovery from Jul-20. Transport indicators such as FASTag collections, E-Way bills reached pre-COVID levels in second half of FY21. While freight movement recovered to pre-COVID levels, passenger movement is yet to achieve that. March retail demand continued to be robust for PVs, but production constraints (semiconductor shortage) led to slightly lower than expected wholesale volumes. MHCV volumes surprised positively in March, being a seasonally strong month for MHCVs.

Overall volumes in both domestic Passenger & Commercial vehicle sales in FY21 fell further from the lows of FY20 (3.49 million units) to about 3.28 million units, a 6 % de-growth Y-o-Y. While the domestic Commercial Vehicle (CV) industry sales volumes fell by 20.8% in FY21 over FY20, domestic Passenger Vehicle (PV) industry sales waned by about 2% during this period.

Slowdown in new car sales, higher preference for used cars in place of public transport and ride hailing due to the pandemic, act as triggers to push up market; financing for old cars sees major jump during FY21. Demand for Used Vehicles with low vintage is showcasing an increasing trend, due to shortage of New Vehicles, thereby improving resale value. Private sector banks have started entering the Used Vehicle market seriously, thereby increasing competition in the Auto NBFC space. Many in the vehicle finance space are bringing about a change in the lending strategy by shifting from low-yielding products such as heavy commercial vehicles (HCVs) to high-yielding products such as used vehicles.

NBFC Sector Overview

NBFC sector has experienced multiple challenges over the last few years starting from impact of demonization to liquidity crunch driven by IL&FS crisis and issues surrounding asset quality for a few large NBFCs. In FY21, NBFC sector has had to wade through a raft of challenges amidst economic slowdown and asset quality concerns exacerbated by the pandemic induced lockdown.

Government support in terms of moratorium has helped this sector, however only temporarily. RBI also stepped in with rate cuts, allowing one-time restructuring, TLTRO windows etc. These measures threw a much-needed lifeline to most vulnerable companies to tide over liquidity crisis. On the supply side, sources of funds dried up, more so for small and mid-sized NBFCs on account of reduced risk appetite of banks for low rated and unrated exposures. The situation was worsened by unprecedented redemption pressure overshadowing the mutual fund industry, resulting in a spike in spreads. On the demand side, it became difficult for NBFCs to find creditworthy projects and borrowers to lend to as a result of pandemic induced stress.

CRISIL research reports had indicated degrowth in FY21 would be followed by a mellow growth in FY22 for NBFC sector. Green shoots from various measures have been visible in the last quarter of FY21, but sustainability remains the key. With the second wave of COVID, growth is likely to be pushed to second half of FY22. Capex plans may come to a temporary halt and sentiment is likely to be affected. NIMs could come under pressure given excess liquidity and limited avenues to lend. Asset quality issues in the first wave were contained with liquidity schemes and fiscal support to various parts of the economy. Banks and NBFCs built in elevated provisions to offset the impact. Asset quality has surprisingly panned out better so far. However, with the second wave and lockdown restrictions, economic recovery is likely to get stalled and would impact earnings and ability to repay loans. Further, with repayments under ECLGS falls due in second half of FY22, one could see higher delinquencies.

3. FINANCIAL RESULTS

(Rs. in Crore)

Particulars	**F.Y. 2020-21**	**F.Y. 2019-20**
Total Income	157.60	297.93
Less: Finance Costs	240.02	267.84
Impairment of financial instruments and other assets	0	8.68
Employee benefits expenses	4.88	6.04
Expenditure	3.97	4.93
Depreciation / Amortization	1.36	1.87
Profit Before Exceptional Item	**(92.64)**	**8.58**
Exceptional item	-	-
Profit Before Tax	**(92.64)**	**8.58**
Less: Tax Expense	17.42	-1.98
Profit After Tax	**(110.06)**	**10.56**
Other comprehensive income	0.04	0.03
Total comprehensive income for the year	**(110.02)**	**10.59**

Balance brought forward from previous year (distributable)	316.95	373.56
Amount Available for Appropriations	**206.93**	**384.15**
APPROPRIATIONS		
Statutory Reserve	-	2.11
Dividend on equity shares	-	65.09
Interim dividend on equity shares	-	-
Issue Expenses in Perpetual Debentures	72.23	-
Tax on Dividend	-	-
Surplus carried to Balance Sheet	**134.70**	**316.95**

The Company has transferred Nil % of the Net profit after taxes i.e., Rs. Nil crore to Statutory Reserve created pursuant to the provisions of the RBI Act, 1934.

2. DIVIDEND

The Board of Directors at its meeting held on April 30, 2021 recommended a final dividend to Compulsorily Convertible Preference Shares (CCPS) holders of the Company at the rate of Rs. 3.00/- per CCPS of face value of Rs.100/- each for 4,34,00,000 Cumulative, compulsorily convertible preference shares (CCPS) of the Company aggregating to Rs. 130,200,000/- subject to approval of the shareholders at their ensuing Annual General meeting. The dividend to CCPSs holders will be paid from accumulated profits. The Company had not declared dividend on equity shares in view of losses.

In terms of Indian Accounting Standard (Ind AS) 10 ‘Events after Balance Sheet Date' as notified by the Ministry of Corporate Affairs 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, 2021. Dividend will be payable to those Members whose names appear in the Register of Members as on June 25, 2021 i.e., the date of book closure/record date or the list of beneficiaries provided by depositories for dematerialised securities as of June 25, 2021.

3. OPERATIONS

The Company is engaged in business of granting of loans, guarantees and other forms of finance to, leasing and making of investments in securities of Tata Motors group companies and to carry such other activities as may be permitted under the CIC guidelines. During the year, the Company recorded a total income of Rs. 157.60 crore and profit before tax of Rs. (92.64) crore.

4. PERFORMANCE OF SUBSIDIARIES

Tata Motors Finance Limited (TMFL)

During the financial year 2020-21, the Company recorded new vehicle disbursals of Rs. 8,875 crores a drop of 29% in comparison to FY2019-20 disbursals of Rs. 12,451 crores. The Company financed overall 82,874 units of vehicles as compared to 1,37,911 units in FY 2019-20, registering a decline of 40% YoY. Commercial Vehicle financing contracts declined by 42% to 64,524 units in FY 2020-21 as compared to 1,11,391 units in FY 2019-20. The Passenger vehicle financing contracts too fell by 31% to 18,350 units as compared to 26,520 units in FY 2019-20. Also during FY 2020-21, the company disbursed Rs. 1,916 crores under Emergency Credit Line Guarantee Scheme (ECLGS).

During the financial year ended March 31, 2021, the Company earned a total income of Rs. 4,024.33 crores as compared with Rs. 3,851.83 crores in FY 2019-20, profit before tax (PBT) of Rs. 219.11 crore as against Rs. 29.21 crore in FY 2019-20 and profit after tax of Rs. 249.68 crore as against Rs. 59.16 crore in FY 2019-20.

Tata Motors Finance Solutions Limited (TMFSL)

The Company earned a total income of Rs. 834.32 crores with a profit before tax of Rs. 180.05 crores for the year ended March 31, 2021. Net interest income for the year grew by 33% year on year.

Slowdown in new car sales, higher preference for used cars in place of public transport and ride hailing due to the pandemic, acted as triggers to push up Used Vehicle sales; financing for old cars saw a major jump during FY21. Demand for Used Vehicles with low vintage is showcasing an increasing trend, due to shortage of New Vehicles, thereby improving resale value. Private sector banks have started entering Used Vehicle market in a serious way, thereby increasing competition in a hitherto unorganised marketplace with few NBFCs in play. Many in vehicle financing space are bringing about a change in their lending strategies by increasing weightage for high yielding used vehicles financing solutions. The Company has also laid the foundation for ambitious growth in this segment. The second wave of the pandemic and the restrictions imposed in its wake is likely to hinder our market development efforts and growth strategies.

Focusing on new the opportunities in the current year, the Company made a systemic shift in its core strategy and the existing Used Vehicle (UV) team was made responsible to generate repurchase business while the new vehicle financing team catered to refinancing requirements of customers. As a result, UV Repurchase disbursals grew from Rs 974 crores in FY20 to Rs 1,605 crores in FY21.

The Government’s financial stimulus package under the “Aatmanirbhar Abhiyaan” included Rs 3 lac crore of collateral-free automatic loans. These loans were intended towards businesses and MSMEs which have been adversely hit by the pandemic and therefore needed immediate additional funding to meet up operational liabilities and revival of business. These loans came with 100% credit guarantee from Government of India. ‘Fast track’ loan was introduced to extend finance under this scheme to our existing retail customers. Loans worth Rs 328 crores was extended through the Company to existing used vehicle customers.

As a result, ‘Refinance’ per se, took the back seat with higher focus being put into extending ‘Fast track’ loans as the end use was one and the same. Consequently, UV refinance disbursals de-grew from Rs 1,588 crores in FY20 to Rs 533 crores in FY21.

Overall used vehicle disbursals in the current year stood at Rs 2,467 crores (27,787 units) against Rs 2,563 crores (21,281 units) in the corresponding period last year.

Overall IRR for FY21 was at 14.81% as against 13.72% in FY20. UV Repurchase IRR came 75 bps higher at 15.75% in FY21 as against FY20 IRR of 15.00%, while UV ‘Fast track’ loans came at an IRR of 13.12% which is a relatively healthy rate considering negligible risk involved with this pool. UV Refinance IRR for FY21 came at 13.10% as against 12.89% in FY20.

Continuous efforts were made to scale up business through non-DSA and non-Dealer channels along with attractive incentive schemes which acted as a catalyst for improved performance during the year.

Corporate Lending Group (CLG) book of the Company grew from Rs. 1,081 crores in March-2020 to Rs 1,710 crores in March-2021. As compared to Mar-20, short term book grew by 79% and stood at Rs 768 crores, driven by enhanced inventory funding for off take of vehicles and traction gained in invoice financing facility launched during the year for vendors of Tata Motors and Tata Marcopolo. Long term book grew by 45% y-o-y and stood at Rs 942 crores primarily driven by long term loans to key dealers & vendors. Long term loans also included ECLGS loans disbursed during the period amounting to Rs 117 crores.

Pursuant to the provisions of Section 129(3) of the Act, the Consolidated Financial Statements of the Company are included in the Annual Report. A separate statement, containing the salient features of the Financial Statements of the subsidiary and associate companies, in the prescribed Form No. AOC-1, is also included in the Annual Report. The Financial Statements of the Company, including the Consolidated Financial Statements, are also available on the website of the Company, www.tmf.co.in

5. FINANCE

The weighted average cost of borrowings for the year ended March 31, 2021 was 9.6 % per annum on average borrowings of Rs. 2,503.19 crore. The total borrowings as of March 31, 2021 stood at Rs. 2474.82 crore comprising mainly of Commercial Papers amounting to Rs.674.37 crore, and Non-Convertible Debentures (including liability portion of compound financial instrument) of Rs. 1800.45 crores.

The Debt / Equity ratio as on March 31, 2021 was 0.45:1 times.

The Company's Capital adequacy as of March 31, 2021 is 52.91% (March 31, 2020: 64.47%), which is higher than the RBIs mandated level of 15.0%.

6. 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	NA	NA	CARE A1+
3	Long Term Bank Facility	NA	ICRA AA-/ Stable	CARE AA-/ Stable

4	Non-Convertible Debenture	CRISIL AA-/ Stable	ICRA AA-/ Stable	CARE AA-/Stable
5	Perpetual Bonds	CRISIL AA-/ Stable	NA	NA

* Outlook revised by CRISIL from Negative to Stable w.e.f. 17th March 2021.
@ Outlook revised by ICRA from Negative to Stable w.e.f 08h February 2021.
\# Outlook revised by CARE from Negative to Stable w.e.f. 24st March 2021.

7. SHARE CAPITAL

As at March 31, 2021, the Authorised Share Capital of the Company was Rs.3250,00,00,000 (Rupees Three Thousand Two Hundred and Fifty Crore) and Paid-Up Share Capital was Rs.2082,28,34,420/- (Rupees Two Thousand Eighty-Two Crores Twenty-Eight Lakhs Thirty-Four Thousand Four Hundred and Twenty).

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

The provisions of Section 186 of the Act pertaining to group investments, granting of loans to any persons or bodies corporate and giving of guarantees or providing security in connection with loans to any other bodies corporate or persons are not applicable to the Company since the Company is a Core Investment Company registered with RBI.

4. INFORMATION TECHNOLOGY AT TMF GROUP

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 (Optical 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 Sober 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 gone live all India in H2 2021 and the results show significant ease of use, adaptability and much improved productivity of our sales force.

- **Lakshmi – 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 deployed in Q2 2021 and the 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 based on 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 mentioned below to meet the regulatory requirements, customers demand for lifecycle financing and managing covid crisis.
    - ECLG Loan (Emergency Credit Line Guarantee Scheme)
    - Payment Solutions (Fuel Loan)
    - Granting 6 Months Moratorium due to Covid
    - Working Capital Loan
    - Business Loan
    - RPA (Robotic Process Automation)

- **Customer One App:** 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 1,60,000+ 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.
- **Managed Covid crisis by enabled WFH (Work from Home)**
  To ensure the business continuity during Covid time, IT enabled the remote working of all the employees by shifting the IT assets to their respective home and provided the secured 2 level authentication VPN access to ensure the business as usual with zero-day productivity loss.
- **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.

9. HUMAN RESOURCES PRACTICES IN TMF GROUP

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 20-21 are:

- TMF showcased agility in terms of adapting to New Normal, despite of the challenging scenario our Employee Engagement Score (EES) stood at 94% and attrition was at its lowest.

- Ensured Wolfpack is motivated and energized even during uncertainty. We leveraged digital/virtual channels, introduced new Initiatives in Engagement, L&D, R&R. Digital employee initiatives were launched under Connect, Upgrade & Recharge. 'Hunger Games- reloaded' Reward and Recognition program launched to strengthen Wolfpack's high performing culture
- L&D team launched various digital learning interventions through-out the year on functional as well as soft skills learning including Turbo training, Fuel Loan & Payment Systems, etc. They took feedback as well as further refined the learning interventions through the Learning Connects with regional and zonal business heads.
- Based on feedback from business and inputs from employees, we created Span Breaker roles reporting to ZBH for better span control as well as effective dealer relationships in bigger zones.
- Through Maverick program we restructured business support departments like Credit and PLG to new 8 regions and zones structure through a comprehensive selection process.
- In the Talent Acquisition process, we benchmarked with other NBFCs and Banks and revised some key processes like background verification and pre-employment medical checks to both improve efficiency and align with the industry.
- Given pandemic situation we revised our induction process and made it completely on-line that was run on digital medium by respective business verticals.
- Programs & initiatives to ensure safety of TMF Wolfpack Family at various junctures was conducted under Safety and Health first intervention.
- EMPRO – our new HRIS was launched to provide a better employee experience throughout employee life cycle.
- As a part of adapting to new work norms, 'Work From Anywhere' policy was launched for the Head Office employees.

10. 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 2020-21, 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 2020-21, 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.

11. 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.

12. 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.

13. 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, 2021 is enclosed as an "Annexure 1" to this Report.

Further, pursuant to section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 shall be placed on the website of the Company, www.tmf.co.in/Investor-zone/

14. ACCOUNTS AND ACCOUNTING STANDARDS

The financial statements for the year ended March 31, 2021 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").

15. 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.

During the year, the Company did not have any earnings in foreign exchange (previous year Rs. Nil) and outgo in foreign exchange was is Nil (previous year Nil)

16. DIRECTORS

During the F.Y. 2020-21 and at the date of this report, following changes occurred in Board of the Company:

i. Mr. P.D. Karkaria, an Independent Director of the Company whose term of office ended on May 18, 2020, retired from the Board w.e.f. May 19, 2020.
ii. Mr. Nasser Munjee has been appointed as an Independent Director of the Company w.e.f. June 09, 2020.
iii. Mr. Guenter Karl Butschek, Non- Executive Director resigned from the Board w.e.f. June 21, 2020.
iv. Mr. P. S. Jayakumar has been appointed as an Independent Director of the Company w.e.f. July 10, 2020.
v. Mr. Shyam Mani whose term as Managing Director ended on March 31, 2021, continuing as Non-Executive Director of the Company w.e.f. April 01, 2021.
vi. Subsequent to the retirement of Mr. Shyam Mani as a Managing Director, Mr. Samrat Gupta has been appointed as a Managing Director & CEO of the Company w.e.f April 01, 2021 pursuant to shareholder’s approval at the EGM dated March 17, 2021.
vii. Ms. Varsha Purandare has been appointed as an Independent, Additional Director w.e.f June 16, 2021 subject to confirmation of Shareholders at the ensuing Annual General Meeting of the Company.

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 this Annual General Meeting and is eligible for re -appointment.

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. The Board is of the opinion that the independent Directors of the Company has the required integrity, expertise, and experience (including the proficiency).

17. 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 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.

18. 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 Remuneration Policy for Directors, Key Managerial Personnel, and other employees of the Company pursuant to the provisions of Section 178(3) of the Companies Act, 2013. The Company has also adopted Tata Group Corporate Governance Guidelines, copy whereof is placed on the website of the company i.e. www.tmf.co.in.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.

Salient features of the Remuneration Policy, inter alia, includes:

- Remuneration in the form of Sitting Fees and Commission to be paid to Independent Directors and Non-Independent Non-Executive Directors, in accordance with the provisions of the Act and as recommended by the NRC;
- Remuneration to Managing Director/Executive Directors/KMP and all other employees is reasonable and sufficient to attract, retain and motivate them to run the Company successfully and retain talented and qualified individuals suitable for their roles, in accordance with the defined terms of remuneration mix or composition; and
- No remuneration would be payable to Directors for services rendered in any other capacity unless the services are of a professional nature and the NRC is of the opinion that the Director possesses requisite qualification for the practice

of the profession and approval of the Central Government has been received, if required, for paying the same.

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 annually pursuant to the RBI Master Directions for NBFCs.

19. KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Anand Bang has resigned as Chief Financial Officer w.e.f August 01, 2020 and Ms. Ridhi Gangar has been appointed as Chief Financial Officer of the Company w.e.f. August 1, 2020. Further, after the retirement of Mr. Shyam Mani as Managing Director on March 31, 2021, Mr Samrat Gupta has been appointed as Managing Director & CEO of the Company w.e.f. April 01, 2021. As on the date of report, the key managerial personnel of the company are Mr. Samrat Gupta, Managing Director & CEO, Ms. Ridhi Gangar, Chief Financial Officer and Mr. Vinay Lavannis, Company Secretary.

20. INTERNAL AUDIT, CONTROL SYSTEMS AND THEIR ADEQUACY

Amid volatility and elevated uncertainties, TMFL’s ability to take risks and manage them efficiently is a key factor of business success. TMFL has devised appropriate systems and frameworks including automated Internal Financial Controls framework, Enterprise-Wide Risk Management framework, Fraud Control Unit, detailed Delegation of Authority, effective IT systems aligned to business requirements, a robust Legal compliance and Ethics framework and a Whistle Blower mechanism to manage its risks and ensure achievement of its strategic and business objectives. Internal Audit helps the Company accomplish its objectives by providing an independent appraisal of the adequacy and effectiveness of these Governance, Control and Risk Management processes set up by the Management. The function provides an independent and objective assurance, advice, and insight to the management on all aspects of risk and controls.

The Chief Internal Auditor of the Company is appointed by the Audit Committee and Board of Directors. The position reports functionally to the Chairman of the Audit Committee of the Board and administratively to Mr. Samrat Gupta, Managing Director & CEO. Under the guidance of the Chief Internal Auditor, the Internal Audit Department evaluates the adequacy and effectiveness of Governance, Risk Management and Controls basis a risk based Internal Audit plan approved by the Audit Committee covering both corporate functions and branch operations. The Audit Committee of the Board reviews the status of Internal Audit Plan achievement and the issues and recommendations highlighted in the Internal Audit reports on a periodic basis in the presence of the management. The Internal Audit reports are discussed and recommendations for improving the risk and control environment are implemented in a time bound manner. The Internal Audit function of the Company also reviews and ensures that the audit observations are acted upon on a timely basis.

During the current financial year, M/s. Deloitte Touché Tohmatsu India LLP, PKF Sridhar & Santhanam 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.

21. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal controls for ensuring the orderly and efficient conduct of the business, including adherence to the Companies' policies, safeguarding of assets, prevention and detection of frauds and errors, 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 as required by the Companies Act, 2013.

Company has adopted Tata Motors Group's 'One Control Framework' and controls testing for the TML Group entities is performed by Group Control Tower (GCT). The Group uses a tool (called 'Highbond') for documenting risk and controls and even for testing of controls.

Based on results of assessment of the design and operating effectiveness of the controls, Company has determined that Company's Internal Financial Controls were adequate and effective during the financial reporting as of March 31, 2021.

22. 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 2020-21, 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.

23. 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.

24. 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 striving 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, 2021, the Board comprised of Five (5) Directors viz., Mr. Nasser Munjee, Independent Director and Chairman, Mr. P. S. Jayakumar, Independent Director, Mrs. Vedika Bhandarkar, Independent Director, Mr. P. B. Balaji, Non-Executive Director, Mr. Shyam Mani, Managing Director.

Subsequent to the retirement of Mr. Shyam Mani as Managing Director on March 31, 2021, Mr. Samrat Gupta has been appointed as a Managing Director & CEO of the Company w.e.f April 01, 2021 pursuant to shareholder's approval at the EGM dated March 17, 2021.
Ms. Varsha Purandare has been appointed as an Independent, Additional Director w.e.f June 16, 2021 subject to confirmation of Shareholders at the ensuing Annual General Meeting of the Company.

During FY 2020-21, Eight (8) meetings of the Board of Directors were held on May 09, 2020, May 29, 2020, July 23, 2020, September 21, 2020, October 20, 2020, January 08, 2021, January 20, 2021 and March 01, 2021. 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 September 21, 2020**
		Held	**Attended**	
Mr. Nasser Munjee[i]	Independent Director and Chairman	8	6	Yes

Mr. P. S. Jayakumar[ii]	Independent Director	8	6	Yes
Mrs. Vedika Bhandarkar	Independent Director	8	8	Yes
Mr. P. D. Karkaria[iii]	Independent Director	8	1	No
Mr. Guenter Butschek[iv]	Non- Executive Director	8	2	No
Mr. P. B. Balaji	Non- Executive Director	8	8	Yes
Mr. Shyam Mani[v]	Managing Director	8	8	Yes

i. Appointed w.e.f June 09, 2020.

ii. Appointed w.e.f July 10, 2020.

iii. Retired w.e.f. May 19, 2020.

iv. Resigned w.e.f June 21, 2020.

v. Managing Director upto March 31, 2021 and continuing as Non-Executive Director w.e.f April 01, 2021.

The Company has paid Sitting Fees to the Independent Directors, for attending meetings of the Board and the Committees of the Board during FY 2020- 21:

- Details of Sitting Fees and Commission are, given below:

Name of Director	Sitting Fees paid for attending Board and Committee Meetings during FY 2020-21	Commission paid for FY 2020-21
Mr. Nasser Munjee	3,60,000/-	
Mr. Guenter Butschek	-	-
Mr. P. S. Jayakumar	7,60,000/-	-
Mr. P. D. Karkaria	1,00,000/-	-
Mrs. Vedika Bhandarkar	10,50,000/-	-
Mr. P. B. Balaji	-	-
Mr. Shyam Mani	-	-

- None of the Non-Executive Directors and Independent Directors had any pecuniary relationships or transactions with the Company during the year under review.

- A summary of the minutes of the meetings of the Boards of the subsidiary companies were placed before the Board, for noting on a quarterly basis.

b. Committees of the Board

The Board has constituted 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, Asset Liability Supervisory Committee, Risk Management Committee, Corporate Social Responsibility (CSR) Committee. The Company Secretary is the Secretary of all the 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) <u>Audit Committee</u>

As on March 31, 2021, the Audit Committee of the Company comprised of two Independent Directors viz. Mr. P. S. Jayakumar (Chairman) and Mrs. Vedika Bhandarkar and one Non-Executive Director, Mr. P. B. Balaji.

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, 7 (Seven) meetings were held on April 09, 2020, May 29, 2020, July 23, 2020, October 14, 2020, October 20,2020, January 20, 2021 and March 01, 2021.

The composition of the Audit committee and the attendance of its members at its meetings held during FY 2020-21 are given below:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mr. P. D. Karkaria[i]	Independent Director	7	1
Mr. P. S. Jayakumar[ii]	Independent Director	7	5
Ms. Vedika Bhandarkar	Independent Director	7	7
Mr. P. B. Balaji	Non-Executive Director	7	7

i. Retired w.e.f. May 19, 2020.
ii. Appointed w.e.f. July 10 ,2020.

The Board has accepted all the recommendations made by the Audit Committee during the year. The invitees for audit Committee meetings are Managing Director, 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 on March 31, 2021, the Nomination and Remuneration Committee of the Board comprises of two independent Directors namely Mrs. Vedika Bhandarkar- Chairperson & Mr. Nasser Munjee and Mr. P. B. Balaji, Non-Executive Director of the Company. Mr. P. S. Jayakumar, Independent Director has been appointed as member of Nomination and Remuneration Committee w.e.f June 16, 2021.

During FY 2020–21, Two (2) meetings of the NRC were held on June 03 ,2020 and March 01, 2021. The attendance of its members at its meetings held during FY 2020-21 are, given below:

Name of the member	**Category**	**No. of meetings**	
		Held	**Attended**
Mrs. Vedika Bhandarkar[i]	Independent Director	2	1
Mr. Nasser Munjee[i]	Independent Director	2	1
Mr. P. B. Balaji	Non-Executive Director	2	2
Mr. Guenter Butschek	Non-Executive Director	2	1

i. Appointed w.e.f. June 20, 2020.

iii) Asset Liability Supervisory Committee (ALCO)

The ‘Asset Liability Supervisory Committee’ of Directors oversees the implementation of the Asset Liability Management system and 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.

As of March 31, 2021, Asset-Liability Supervisory Committee comprises of Five (5) Members namely Mr. P. S. Jayakumar (Chairman), Mrs. Vedika Bhandarkar, Mr. P. B. Balaji, Mr. Shyam Mani and Ms. Ridhi Gangar, (Group CFO).

During FY 2020-21, Four (4) meetings of the ALCO were held on June 26, 2020, September 18, 2020, December 24, 2020 and March 16, 2021. The attendance of its members at ALCO meetings are given below:

Name of Member	**Category**	**No. of Meetings**	
		Held	**Attended**
Mr. P. S. Jayakumar[i]	Independent Director	4	3
Mrs. Vedika Bhandarkar	Independent Director	4	4
Mr. P. B. Balaji	Non- Executive Director	4	4
Mr. Shyam Mani[ii]	Managing Director	4	4
Mr. Anand Bang[iii]	TMF Group CFO	4	1
Ms. Ridhi Gangar[iv]	TMF Group CFO	4	3

i. Appointed w.e.f. July 10, 2020.
ii. Managing Director upto March 31, 2021 and continuing as Non-Executive Director w.e.f. April 01, 2021.
iii. Resigned w.e.f. August 01, 2020.
iv. Appointed w.e.f August 01, 2020.

iv) <u>Risk Management Committee (RMC)</u>

The 'Risk Management Committee' of Directors manages the integrated risks of the Company. As of March 31, 2021, Risk Management Committee comprises of Four (4) Directors namely Mr. P. S. Jayakumar (Chairman), Mrs. Vedika Bhandarkar, Mr. P. B. Balaji and Mr. Shyam Mani.

During FY 2020-21, Four (4) meeting of the RMC were held on June 26, 2020, September 18, 2020, December 24, 2020 and March 16, 2021. The attendance of its members are given below:

Name of Member	**Category**	**No. of Meetings**	
		Held	**Attended**

Mr. P. S. Jayakumar[i]	Independent Director	4	3
Mrs. Vedika Bhandarkar	Independent Director	4	4
Mr. P. B. Balaji	Non- Executive Director	4	4
Mr. Shyam Mani[ii]	Managing Director	4	4

i. Appointed w.e.f. July 10, 2020.

ii. Managing Director upto March 31, 2021 and continuing as Non-Executive Director w.e.f April 01, 2021.

v) <u>Corporate Social Responsibility (CSR) Committee</u>

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 had 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.

As of March 31, 2021, Corporate Social Responsibility (CSR) Committee of the Board comprises of two Independent Directors viz. Mrs. Vedika Bhandarkar- Chairperson & Mr. Nasser Munjee and Mr. Shyam Mani, Managing Director of the Company.

During FY 2020-21, no meeting of the CSR Committee was held in view of non-availability of profits. The composition of the CSR Committee and the attendance of its members at its meetings held during FY 2020-21 are given below:

Name of Member	**Category**	**No. of Meetings***	
		Held	**Attended**
Mrs. Vedika Bhandarkar	Independent Director	0	0
Mr. Nasser Munjee	Independent Director	0	0
Mr. Shyam Mani[i]	Managing Director	0	0

i. Managing Director upto March 31, 2021 and continuing as Non-Executive Director w.e.f April 01, 2021.
*CSR meetings were not held due to non-requirement of CSR spending during the year.

vi) Stakeholders Relationship Committee (SRC)

The Company had constituted Stakeholders' Relationship Committee to consider and resolve the grievances of security holders of the Company. The SRC Comprised of Two (2) Members viz. Mr. P. S. Jayakumar (Chairman), Independent Director and Mr. Shyam Mani, Managing Director. However, Mr. P. S. Jayakumar resigned as Member of SRC w.e.f December 31, 2020. Further, since the number of security holders of the Company was less than one thousand, the Board decided to dissolve the SRC of the Company w.e.f. January 20, 2021. During FY 2020-21, no meeting of SRC was held.

c. Others Governance matter

- The Company has appointed TSR Darashaw Consultants Private Limited ("TSR") as the Registrar and Transfer Agents ("RTA") for the privately placed debentures and Commercial Paper (CP) issued by the Company.
- The Company had issued Commercial Papers (CP) which is listed with National Stock Exchange of India Limited (NSE) pursuant to SEBI Circular SEBI/HO/DHS/DDHS/CIR/P/2019/115 dated October 22, 2019.
- The Non- Convertible Debentures (NCDs) issued by the Company on a private placement basis are also listed on the Wholesale Debt Market segment of the NSE.
- Accordingly, pursuant to Chapter V, Regulation 52(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company prepares and submit audited financial results on half yearly basis in the format specified by the SEBI LODR Regulations, 2015 as amended within the prescribed time period to NSE. The said results are published in a leading English daily newspaper and communicated to the Debenture holders, through a half-yearly communique and also posted on the website of the Company, www.tmf.co.in.
- The investor section on the Company's website keeps the investor updated on material developments in the Company by providing key and timely information such as Financial Results, Annual Reports, etc. The debenture holders/ CCPS holders can also send their queries/complaints at the designated e-mail address**: vinay.lavannis@tmf.co.in**
- The Company is in compliance with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

25. 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, 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.

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

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 NIL complaints 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.

27. AUDITORS

The shareholders at the Annual General Meeting of the Company held on July 26, 2017 had appointed Messrs. B S R & Co. LLP, 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) have been omitted by the Companies (Amendment) Act, 2017, therefore, M/s B S R & Co. LLP, Chartered Accountants will continue to be the Statutory Auditors of the Company till the conclusion of AGM for FY 2021-22.

28. 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 2020-21.

29. SECRETARIAL AUDITORS

The Board of Directors at its meeting held on May 29, 2020 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, 2021 is enclosed as an "Annexure 3" to this Report.

The Board of Directors has appointed M/S S.G & Associates, Company Secretaries as Secretarial Auditor for FY 2021-22 at its meeting held on May 11, 2021.

30. 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, 2021 and July 20, 2021, being the date of Board Report.

31. 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, www.tmf.co.in

32. PARTICULARS OF EMPLOYEES

A Statement giving the details required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2021, is annexed as Annexure '2"

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 only One (1) employee who were in receipts of remuneration of not less than Rs. 102 Lakhs during the year ended March 31, 2021 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 only through electronic mode to all the Members whose e-mail addresses are registered with the Company. The members interested in obtaining information under Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 may write to the Company Secretary at vinay.lavannis@tmf.co.in

33. 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 2020-21. 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.

34. JOURNEY TOWARDS BUSINESS EXCELLENCE IN TMF GROUP

TMF now has well entrenched its own Business Excellence Program (TBEP) customized to its needs and is code named as “Pinnacle”. It is reviewed and improved every year post TBEM assessment. The Pinnacle program is built on five foundational pillars –

- Documented Processes
- Uniform Deployment
- Stakeholder Centricity
- Performance reviews & Improvement
- Organizational Alignment

In the year under review multiple initiatives to address all above were executed by cross section of organization as per plan. The Enterprise Process Manual & Branch Process Manual was reviewed, updated & implemented across Head Office and all locations. Strategy Map was reviewed and appropriately updated, Balance Score Card was aligned with strategy map and updated for the year with aligned measures. This BSC which operationalises the strategy map was reviewed on monthly basis; Suitable business course corrections were made which enabled the TMF to maintain the lead in marketplace.

To ascertain the feedback of all our stakeholders to identify further improvement areas multiple Stakeholder Surveys were undertaken including Customer, Dealer & DSAs and employees. To improve internal efficiencies further we had ten key support functions, conducting internal customer satisfaction surveys among their internal user team who utilise their services during normal business operations. The external Satisfaction Surveys were very positive with satisfaction index being 85% + across all Customers, dealers and DSAs. The employee engagement score was unbelievable 91% indicating high robust HR culture within the organization.

Regular Performance reviews enabled the functions to identify improvement opportunities which were acted upon diligently and promptly by the functional heads. This helped improve business operations further. Additionally, TMF formally adopted Continuous Improvement program where in 25 projects were identified for improvement and are being taken forward systematically by the respective Cross Functional teams. TMF thus has set the foundation for new improvement culture wherein employees are trained in improvement tools and how to identify improvement opportunities. We have engaged Tata Business Excellence group to guide these teams and train them formally in improvement tools TMF also identified multiple processes for simplification and automation thereby having leaner and swifter process operations.

TMF put in place formal communication framework and practice of inter departmental SLAs which were reviewed on monthly basis to identify gaps if any.

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.

TMF has laid foundation of identifying benchmarks for process related areas and compare the TMF performance with appropriate benchmarks. This is being taken forward as formal Benchmark process for both financial & non-financial areas. Safety Process was enhanced in the year under review and Safety Performance Dashboard has been set in place. Safety Council has been constituted consisting of senior leadership team and it reviews the safety process implementation as well as safety performance dashboard. Regional innovation even was held in the year under review where 24 bright ideas have been identified thru qualifying regional Innovista events held across 8 regions. The Grand Finale for this Innovation Program is scheduled at Head office in May 21. TMF discharges its responsibility towards clean environment by reviewing the carbon foot print on annual basis. In the current year under review carbon foot print declined to 1.40 Mt / employee which is 14% lower than last year. TMF has maintained admirable declining trend of Carbon Foot Print from 2,7 MT / employee to 1.40 MT/ Employee over last seven years.

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 16 identified critical functions were identified engaged with all of them to review business continuity risks and their mitigation plans. Accordingly, BIAs were updated, and Functional Recovery plans were modified as appropriate. They have been duly audited too and found to be in order and in alignment with BCP policy and RBI Master directions. The success of BCP plan is evident from the fact that TMF has adopted Work from home policy and all BCP processes have been found to deliver 100% result with all functional teams reporting perfect outcomes and there has been no adverse business impact at all.

The TBEM application was prepared and submitted in Jul 2020 and external assessment exercise was undertaken in Nov / Dec 20 over digital platforms. There were 61 focussed discussions of senior TBEM assessors with various teams in Head office and across the country. The assessors reviewed each process and associated result in detail and concluded that TMF has improved significantly since last assessment and were impressed with passion and energy across the organization and acknowledged the deep-rooted process centric improve oriented culture. TMF performance was found to be very impressive, and assessors accorded score of 551 which meant TMF secured band change over last assessment, and this has been record performance by TMF having secured two TBEM recognitions in two consecutive assessments. This year TMF was recognised as Emerging Industry Leader and would receive the Trophy at hands of Group Chairman on 29th Jul 2021 during JRD QV function scheduled to be held in Mumbai.

35. 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, Tata Motors Finance 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
TMF HOLDINGS LIMITED

NASSER MUNJEE
CHAIRMAN
DIN: 00010180

Date: July 20, 2021

Annexure “1”

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2021

[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: U65923MH2006PLC162503

ii) Registration Date: 01/06/2006

iii) Name of the Company: **TMF HOLDINGS LIMITED**

iv) Category / Sub-Category of the Company: LIMITED COMPANY (NBFC)

v) Address of the Registered office and contact details: 14, 4th Floor, Sir H.C. Dinshaw Building 16, Horniman Circle, Fort, Mumbai- 400 021.

vi) Whether listed company Yes / No: Yes, Non-Convertible Debentures (NCDs) and Commercial Papers (CPs) issued by the Company are 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
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli West, Mumbai 400 083
Tel: (022) 6656 8484 (022) 6656 8496

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- Core Investment 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	Tata Motors Limited	L28920MH1945PLC004520	Holding	100	2(87)
2	Tata Motors Finance Solutions Limited	U65910MH1992PLC187184	Subsidiary	100	2(84)
3	Tata Motors Finance Limited	U45200MH1989PLC050444	Subsidiary	97	2(84)
4	Loginomic Tech Solutions Private Limited	U74900KA2015PTC080558	Associate	26	2(6)

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	% Chan

									ge during the year
	Demat	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	Nil	-	Nil	-	Nil	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	1,648,283,436	6	1,648,283,442	100	1,648,283,436	6	1,648,283,442	100	-
e) Banks / FI									
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**1,648,283,436**	**6**	**1,648,283,442**	**100**	**1,648,283,436**	**6**	**1,648,283,442**	**100**	**-**
(2) **Foreign**									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-									
Total shareholding of Promoter (A) =	**1,648,283,436**	**6**	**1,648,283,442**	**100**	**1,648,283,436**	**6**	**1,648,283,442**	**100**	**-**

(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)	**1,648,283,436**	**6**	**1,648,283,442**	**100**	**1,648,283,436**	**6**	**1,648,283,442**	**100**	**-**

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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**	**% change in shareholding during the year**
1	Tata Motors	1,648,283,436	100	NIL	1,648,283,436	100	NIL	NIL

	Limited							
2	Tata Motors Limited jointly with P.B. Balaji	1	--	NIL	1	--	NIL	NIL
3	Tata Motors Limited jointly with Girish Wagh	1	--	NIL	1	--	NIL	NIL
4	Tata Motors Limited jointly with Vispi Patel	1	--	NIL	1	--	NIL	NIL
5	Tata Motors Limited jointly with Ashok Kumar Koyari	1	--	NIL	1	--	NIL	NIL
6	Tata Motors Limited jointly with Asim Mukopadhyay	1	--	NIL	1	--	NIL	NIL
7	Tata Motors Limited jointly with H.K. Sethna	1	--	NIL	1	--	NIL	NIL

iii) Change in Promoters' Shareholding (TML)

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	1,648,283,436		1,648,283,436	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)	Nil		Nil	
	At the End of the year			**1,648,283,436**	**100%**

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

Sl. No.		**Shareholding at the beginning of the year**		**Cumulative Shareholding during the year**	
	For Each of the Top 10 Shareholders	**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 Shareholding 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.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	**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 Shareholding 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. P.B. Balaji- Non Executive Director is holding 1(one) Equity Share jointly with Tata Motors Limited as its nominee.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued as of March 31, 2021:

					Rs Lakhs
	PARTICULARS	**SECURED LOANS**	**UNSECURED**	**DEBT PORTION**	**TOTAL**
			LOANS	**OF CCPS**	**BORROWINGS**
	Indebtedness at the beginning of the financial year				
i)	Principal Amount	-	250,763.57	2,393.49	**253,157.05**
ii)	Interest due but not paid	-	-	-	**-**
iii)	Interest accrued but not due	-	-	-	**-**
	Total (i+ii+iii)	**-**	**250,763.57**	**2,393.49**	**253,157.05**
	<u>Change in Indebtedness during the year</u>				
	· Addition	-	428,225.54	191.52	**428,417.05**
	· Reduction	-	-433,962.35	-130.20	**-434,092.55**
		-	-	-	**-**
	Net Change	**-**	**-5,736.82**	**61.32**	**-5,675.50**
	Indebtedness at the end of the financial year				
i)	Principal Amount	**-**	**245,026.76**	2,454.80	**247,481.56**
ii)	Interest due but not paid		**-**		**-**

		-		-	
iii)	Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	**-**	**245,026.76**	**2,454.80**	**247,481.56**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (Amount in Rs.):

Sl. No.	**Particulars of Remuneration**	***Shyam Mani, Managing Director***	**Total Amount**
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,99,18,681	3,99,18,681
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,73,753	5,73,753
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission - as % of profit - others, specify…	Nil	Nil
5	Others, please specify	Nil	Nil
	Total (A)	4,04,92,434	4,04,92,434
	Ceiling as per the Act	Within the statutory limits under the Companies Act, 2013 and Rules made thereunder	Within the statutory limits under the Companies Act, 2013 and Rules made thereunder

Note:

Mr. Shyam Mani has designated as Non- Executive Director of TMF Holdings Ltd. w.e.f. April 01, 2021 and Mr. Samrat Gupta has been appointed as Managing Director & CEO w.e.f. April 01, 2021.

B. *Remuneration to other directors: The Company has paid only sitting fees to independent directors for attending Board and Committee meetings during the year and details are as under:* *(Amt in Rs.)*

Sl. No.	**Particulars of Remuneration**	**Name of Directors**						**Total Amount**
		Mr. Nasser Munjee, Independent. Director	**Mrs. Vedika Bhandarkar, Independent. Director**	**Mr. P.S. Jayakumar, Independent. Director**	**Mr. P.D. Karkaria, Independent. Director**	**Mr. Guenter Karl Butschek, Non-Executive Director**	**Mr. P.B. Balaji, Non-Executive Director**	
	1. Independent Directors ➢ Fee for attending board / committee meetings ➢ Commission ➢ Others, please specify	3,60,000 - -	10,50,000 - -	7,60,000 - -	1,00,000 - -	- - -	- - -	**22,70,000** - -
	Total (1)	3,60,000	10,50,000	7,60,000	1,00,000	-	-	**22,70,000**
	2. Other Non-Executive Directors ➢ Fee for attending board / committee	-	-	-	-	-	-	-

	meetings ➢ Commission ➢ Others, please specify	- -	- -	- -	- -	- -	- -	- -
	Total (2)	**-**	**-**	**-**				
	Total (B)=(1+2)	3,60,000	10,50,000	7,60,000	1,00,000	-	-	**22,70,000**
	Total Managerial Remuneration							
	Overall Ceiling as per the Act	**-**	**-**	**-**	-	-	-	**Rs. 100000 per meeting**

Notes:

1. Mr. Nasser Munjee has been appointed as an Independent Director of the Company w.e.f. June 09, 2020.
2. Mr. P. D. Karkaria, Independent Director of the Company whose term of office ended on May 18, 2020, retired from the Board w.e.f May 19, 2020.
3. Mr. P. S. Jayakumar has been appointed as an Independent Director of the Company w.e.f. July 10, 2020.
4. Mr. Guenter Karl Butschek, Non- Executive Director resigned from the Board w.e.f. June 21, 2020.

C. *Remuneration to Key Managerial Personnel other than MD/Manager/WTD* ***(Amount in Rs.)***

Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**		
		CFO Ms. Ridhi Gangar	**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	- - -	- - -	- - -
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit	-	-	-

Notes:

1. During the year under review, Mr. Anand Bang, CFO has resigned w.e.f. August 01, 2020 and Ms. Ridhi Gangar has been appointed in his place as a CFO w.e.f. August 1, 2020.
2. The remuneration of Ms. Ridhi Gangar, Chief Financial Officer (CFO) and Mr. Vinay Lavannis, Company Secretary was paid by Tata Motors Finance Limited (TMFL), Subsidiary Company during the year FY 2020-201 as per KMP cost sharing agreement.

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	-	-	-	-	-

On behalf of the Board of Directors of
TMF HOLDINGS LIMITED

NASSER MUNJEE

Chairman

DIN: 00010180

July 20, 2021

Annexure “2”

Details of Remuneration of Directors, KMPs and Employees and comparatives [Pursuant to Section 197 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

1. **The ratio of the remuneration of each Director to the median remuneration of the employees of the Company**

Sr. No.	**Name of Directors**	**Designation**	**Remuneration F.Y. 2020-21** (Amount in Rs.)	**Ratio of Remuneration to median remuneration**
1	Mr. Guenter* Butschek	Non-Executive Director	-	-
2	Mr. Nasser Munjee**	Independent Director and Chairman	3,60,000	-
3	Mr. P.D. Karkaria#	Independent Director	1,00,000	-
4	Mr. P.S. Jayakumar##	Independent Director	7,60,000	-
5	Mrs. Vedika Bhandarkar	Independent Director	10,50,000	-
6	Mr. P. B. Balaji	Non-Executive Director	-	-
7	Mr. Shyam Mani	Managing Director	4,04,92,434	-

*Mr. Guenter Butschek, Independent Director and Chairman of the Company ceased from the Board of Company with effect from June 21, 2020.

**Mr. Nasser Munjee has been appointed as an Independent Director and Chairman of the Board w.e.f. June 09, 2020.

Mr. P.D. Karkaria, Independent Director retired from the Board w.e.f. May 19, 2020.

Mr. P.S. Jayakumar has been appointed as an Independent Director of the Company w.e.f. July 10, 2020.

Notes:

1. The median remuneration for the employees in TMFHL for the F.Y. 2020-21 was not applicable as there was only employee in TMF Holdings Limited.

2. The remuneration of above Independent Directors is only the Sitting fees paid to them in F.Y. 2020-21. There was no other remuneration paid to them during the year.

3. No remuneration/ sitting fees was paid to Non-Executive Directors of the Company during the F.Y. 2020-21. Hence, the Ratio of Remuneration to median remuneration for the above Non-Executive Directors could not be computed.

4. The remuneration of Mr. Shyam Mani, Managing Director includes Performance pay, leave encashment, Car Allowances etc. paid to him during the year.

2. the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company

(Amount in Rs.)

Sr. No.	Name of Directors and Key Managerial Personnel	Designation	Remuneration in F.Y. 2020-2021	Remuneration in F.Y. 2019-2020	% increase in remuneration
1	Mr. Guenter Butschek	Non-Executive Director	-	-	**-**
2	Mr. Nasser Munjee	Independent Director and Chairman	3,60,000/-	-	**-**
3	Mr. P.D. Karkaria#	Independent Director	1,00,000/-	7,90,000/-	**-87.34**
4	Mr. P.S. Jayakumar	Independent Director	7,60,000/-	-	**-**
5	Mrs. Vedika Bhandarkar	Independent Director	10,50,000	6,90,000/-	**52.17**
6	Mr. P. B. Balaji	Non-Executive Director	-	-	-
7	Mr. Shyam Mani	Managing Director	4,04,92,434	7,54,52,086/-	**-46.33**
KEY MANAGERIAL PERSONNEL					
1	Mr. Ridhi Gangar*	Chief Financial Officer (CFO)	-	**-**	
2	Mr. Vinay Lavannis	Company Secretary (CS)	**-**	**-**	

Notes:

1. The remuneration of independent Directors is only the Sitting fees paid to them in financial year 2020-21 and F.Y 2019-20. Hence, the percentage increase / decrease in the remuneration for the above Independent Directors has not been computed.

2. Mr. Anand Bang, existing CFO of the Company resigned we.f. 01/08/2020 and Ms. Ridhi Gangar was appointed in his place as new CFO of the Company w.e.f. 01/08/2020.

3. No remuneration/ sitting fees was paid to Non-Executive Directors of the Company during the F.Y. 2020-21 and F.Y. 2019-20 who was in employment with Tata Group Companies. Hence, the percentage increase / decrease in the remuneration for the above Non-Executive Directors has not been computed.

4. The remuneration of Ms. Ridhi Gangar, Chief Financial Officer (CFO) and Mr. Vinay Lavannis, Company Secretary was paid by Tata Motors Finance Limited (TMFL), Subsidiary Company (Part of TMF Group) during the year FY 2020-201 as per KMP cost sharing agreement. Hence, the percentage increase / decrease in their remuneration has not been given in this report.

3. **the percentage increase in the median remuneration of employees in the financial year 2020-21** (Amount in Rs.)**;**

	F.Y. 2020-21	F.Y. 2019-20	Increase (%)
Median remuneration of employees per annum	NA	NA	NA

The Median Remuneration for the employees in TMF Holdings Limited for the F.Y. 2020-21 and F.Y. 2019-20 was not applicable as there was only one employee in TMF Holdings Limited.

4. **the number of permanent employees on the rolls of company;**

The total no. of employees on the rolls of TMF Holdings Limited as on March 31, 2021 was 1 (One).

5. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

(Amount in Rs.)

	F.Y. 2020-21	F.Y. 2019-20	Increase (%)
Average salary of all employees (other than Key Managerial Personnel)	NA	NA	NA

Salary of CFO	-	-	-
Salary of CS	-	-	-

As there was only one employee in the Company i.e. Mr. Shyam Mani, Managing Director; Average salary could not be computed.

The remuneration of Ms. Ridhi Gangar, Chief Financial Officer (CFO) and Mr. Vinay Lavannis, Company Secretary was paid by Tata Motors Finance Limited (TMFL), Subsidiary Company during the year FY 2020-21 as per KMP cost sharing agreement.

Hence, the average percentile increase in their remuneration has not been computed.

6. **Affirmation that the remuneration is as per the remuneration policy of the Company**

   It is affirmed that the remuneration paid to the Managing Directors is as per the Nomination and Remuneration Policy of the Company.

7. The statement containing names of top 10 employees in terms of remuneration drawn and the particulars of employees as required u/s 197 (12) of the Companies Act 2013 read with Rules 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is available for the inspection.

Name of Employee	**Remuneration in F.Y. 2020-21**	**Remuneration in F.Y. 2019-20**
Mr. Shyam Mani	4,04,92,434	Rs. 7,54,52,086/-

The above difference in the salary of Mr. Shyam Mani is mainly due to onetime Special Project Performance Incentive paid to him in the F.Y. 2019-20.

For TMF HOLDINGS LIMITED

NASSER MUNJEE
Chairman
DIN: 00010180

Date: July 20, 2021

V. N. DEODHAR & CO.
Company Secretaries
V.N.DEODHAR
B.Com (Hons), B.A.LL.B. (Gen.) F.C.S.

4/3, 'Radha', 1st Floor,
Shastri Hall, Grant Road (W),
Mumbai - 400 007.
Tel. : 2385 0364
Fax : 2386 1709
E-mail : vndeodhar@gmail.com

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[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,
TMF HOLDINGS LIMITED
14, 4th Floor, Sir H.C. Dinshaw Building,
16, Horniman Circle, Fort,
Mumbai-400 001.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **TMF Holdings 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 TMF Holdings 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, 2021 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 TMF Holdings Limited ("the Company") for the financial year ended on March 31, 2021 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;

V. N. DEODHAR & CO. FCS 1880 C. P. 898 COMPANY SECRETARIES

(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;

(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,

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Additionally, a declaration on compliance of various statues duly signed by the Managing Director, Chief Financial Officer and Chief Legal & Compliance 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,
(ii) Auditing Standards issued by The Institute of Company Secretaries of India and
(iii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that

The Board of Directors of the Company is 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 1950 Perpetual, Subordinated, Listed, Unsecured, rated, Non-Convertible Debentures of the face value of Rs.10,00,000/- each aggregating to an amount of Rs.195,00,00,000/- (Rupees One Hundred Ninety Five Crores Only) on 11th August, 2020.

ii The Company has allotted 3050 Subordinated, Listed, Unsecured, rated, Perpetual, Non-Convertible Debentures of the face value of Rs.10,00,000/- each aggregating to an amount of Rs.305,00,00,000/- (Rupees Three Hundred Five Crores Only) on 18th August, 2020.

iii. The members of the Company at the Annual General Meeting held on September 21, 2020 have passed a Special Resolution under Section 14 of the Companies Act, 2013 approving the amendments to the Articles of Association for the Company to enable it to carry out consolidation and reissuance of its debt securities with the approval of the Board of Directors of the Company.

V. N. DEODHAR & CO. FCS 1880 C. P. 898 COMPANY SECRETARIES iv The Company has allotted 5000 Subordinated, Listed, Unsecured, rated, Perpetual, Non-Convertible Debentures of the face value of Rs.10,00,000/- each aggregating to an amount of Rs.500,00,00,000/- (Rupees Five Hundred Crores Only) on 30th December, 2020.

v. 3500 Subordinated, Listed, Unsecured, rated, Perpetual, Non-Convertible Debentures of the face value of Rs.10,00,000/- each aggregating to an amount of Rs.350,00,00,000/- (Rupees Three Hundred Fifty Crores Only) on 10th March, 2021.

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

V. N. DEODHAR & CO. FCS 1880 C. P. 898 COMPANY SECRETARIES

V.N.DEODHAR
PROP.
FCS NO.1880
C.P. NO. 898

UDIN: F001880C000220857
Place: Mumbai
Date: 30th April,2021

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,
TMF Holdings 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 & CO. COMPANY SECRETARIES FCS 1880 C. P. 898

V.N.DEODHAR
PROP.
FCS NO.1880
C.P. NO. 898

UDIN: F001880C000220857
Place : Mumbai
Date : 30th April,2021

B S R & Co. LLP
Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400 063

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

Independent Auditor's Report

To the Members of TMF Holdings Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of TMF Holdings Limited (the "Company"), which comprise the Standalone Balance Sheet as at 31 March 2021, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash flows for the year then ended, and notes to the Standalone 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 Standalone 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 2021, and loss 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 Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone 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 Standalone Financial Statements.

Emphasis of Matter

As more fully described in Note 38 to the Standalone Financial Statements, the extent to which the COVID-19 pandemic will have impact on the Company's financial performance is dependent on future developments, which are highly uncertain.

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

Independent Auditor's Report *(Continued)*

TMF Holdings Limited

Key Audit Matters

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

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
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. 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 and application controls • We tested a sample of key controls operating over the information technology in relation to the 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, modification, removal of user rights, user access review 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 systems and 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 Standalone Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone 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 Standalone 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 Standalone 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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone Financial Statements.

Auditor's Responsibilities for the Audit of the Standalone 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 Standalone 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 the Standalone 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 Standalone 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 Standalone 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 Standalone Financial Statements, including the disclosures, and whether the Standalone 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 Standalone 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.

Am

Independent Auditor's Report *(Continued)*

TMF Holdings Limited

Report on Other Legal and Regulatory Requirements

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

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

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

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

   c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Standalone 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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 the Standalone 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 2021 on its financial position in its Standalone Financial Statements - Refer Note 30 to the Standalone Financial Statements;

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

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

   iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these Standalone Financial Statements since they do not pertain to the financial year ended 31 March 2021.

Independent Auditor's Report *(Continued)*

TMF Holdings Limited

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

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

In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Company at its extra ordinary general meeting held on 17 March 2021, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197 (16) of the Act which are required to be commented upon by us.

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

Sameer Mota
Partner
Membership Number: 109928
UDIN:21109928AAAAKW5804

Mumbai
30 April 2021

TMF Holdings Limited

Annexure A to the Independent Auditor's report - 31 March 2021

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

We report that:

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

(b) The Company has a program of physical 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 included under the head property, plant and equipment are held in the name of the Company.

ii. The Company is registered as a non-deposit accepting core investment company with Reserve Bank of India. The Company 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, accordingly, 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 applicable 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 the provisions 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, value added 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 2021 for a period of more than six months from the date on when they become payable.

TMF Holdings Limited

Annexure A to the Independent Auditor's report - 31 March 2021 *(Continued)*

(c) According to the information and explanation given to us and based on our examination of the records of the Company, there are no dues of income tax and goods and service tax that have not been deposited on account of dispute.

viii. According to information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and dues to debenture holders during the year. The Company did not have any loans or borrowings from government or banks.

ix. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, clause 3(ix) of the Order is not applicable to the Company.

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 year.

xi. According to information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided the managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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 standalone 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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the order are not applicable to the Company.

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.

TMF Holdings Limited

Annexure A to the Independent Auditor's report - 31 March 2021 *(Continued)*

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

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

Sameer Mota
Partner
Membership No. 109928
UDIN:21109928AAAAKW5804

Mumbai
30 April 2021

TMF Holdings Limited

Annexure B to the Independent Auditor's report on the Standalone Financial Statements of TMF Holdings Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid Standalone 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 the Standalone Financial Statements of TMF Holdings Limited (the "Company") as of 31 March 2021 in conjunction with our audit of the Standalone 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 the Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to the Standalone 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 the Standalone 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 the 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 the Standalone 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 the Standalone 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 the Standalone 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 the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone 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 Standalone Financial Statements, whether due to fraud or error.

TMF Holdings Limited

Annexure B to the Independent Auditor's report on the Standalone Financial Statements of TMF Holdings Limited for the year ended 31 March 2021 *(Continued)*

Auditor's Responsibility ***(Continued)***

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

Meaning of Internal Financial controls with Reference to the Standalone Financial Statements

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

Because of the inherent limitations of internal financial controls with reference to the Standalone 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 the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone 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

Sameer Mota
Partner
Membership No. 109928
UDIN:21109928AAAAKW5804

Mumbai
30 April 2021

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Standalone Balance Sheet as at March 31, 2021

(Rs. in lakhs)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
I ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	4	12,54.90	116,22.11
(b) Bank balance other than cash and cash equivalents	5	100,00.00	1.87
(c) Receivables			
i. Trade receivables	6	90.14	14,75.63
ii. Other receivables	7	43.55	57.45
(d) Investments	9	7777,06.11	6631,60.10
(e) Other financial assets	8	36,47.96	31,67.25
		7927,42.66	**6794,84.41**
2 Non-financial assets			
(a) Current tax assets (net)		36,65.52	88,81.34
(b) Deferred tax assets (net)		-	17,37.83
(c) Property, plant and equipment	10	35,21.04	36,60.30
(d) Other non-financial assets	11	2,17.03	21.49
		74,03.59	**143,00.96**
Total assets		**8001,46.25**	**6937,85.37**
II LIABILITIES AND EQUITY			
1 Financial liabilities			
(a) Payables	12		
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		66.53	1,19.65
(ii) Other payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		5,72.62	4,99.95
(b) Debt securities	13	2450,26.76	2157,63.57
(c) Borrowings (Other than debt securities)	14	24,54.80	373,93.49
(d) Other financials liabilities	15	38,91.83	85,63.52
		2520,12.54	**2623,40.18**
2 Non-financial liabilities			
(a) Current tax liabilities (net)		2,35.31	2,18.77
(b) Provisions	16	15.93	20.97
(c) Other non-financial liabilities	17	1,94.41	2,92.13
		4,45.65	**5,31.87**
3 Equity			
(a) Equity share capital	18	1648,28.34	1648,28.34
(b) Instruments entirely equity in nature	18A	1350,00.00	-
(c) Other equity		2478,59.72	2660,84.98
		5476,88.06	**4309,13.32**
Total liabilities and equity		**8001,46.25**	**6937,85.37**

See accompanying notes forming part of standalone financial statements (1 to 38)

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

Sameer M. ..

SAMEER MOTA
Partner
Membership No. 109928

Place : Mumbai
Date: April 30, 2021

For and on behalf of the Board of Directors

PALAMADAI SUNDARARAJAN JAYAKUMAR Digitally signed by PALAMADAI SUNDARARAJAN JAYAKUMAR Date: 2021.04.30 22:41:52 +05'30'

P. S. JAYAKUMAR
Director
(DIN - 01173236)

PATHAMADAI BALACHANDRAN BALAJI Digitally signed by PATHAMADAI BALACHANDRAN BALAJI Date: 2021.04.30 21:47:49 +05'30'

P.B. BALAJI
Director
(DIN - 02762983)

SAMRAT GUPTA Digitally signed by SAMRAT GUPTA Date: 2021.04.30 22:36:38 +05'30'

SAMRAT GUPTA
Managing Director and CEO
(DIN - 07071479)

RIDHI ZAVERI GANGAR Digitally signed by RIDHI ZAVERI GANGAR Date: 2021.04.30 22:33:29 +05'30'

RIDHI GANGAR
Chief Financial Officer

VINAY BABURAO LAVANNIS Digitally signed by VINAY BABURAO LAVANNIS Date: 2021.04.30 22:39:08 +05'30'

VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: April 30, 2021

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Standalone Statement of Profit and Loss for the year ended March 31, 2021

(Rs. in lakhs)

	Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
	Revenue from operations			
	(a) Interest income	19	73,45.20	90,55.98
	(b) Dividend income		18,50.00	77,32.04
	(c) Rental income		7,70.02	5,95.15
	(d) Net gain on fair value changes	20	5,54.19	9,38.54
	(e) Other fees and service charges		22.04	-
I	**Total Revenue from operations**		**105,41.45**	**183,21.71**
II	Other income	21	52,18.79	114,71.53
III	**Total income (I + II)**		**157,60.24**	**297,93.24**
IV	**Expenses:**			
	(a) Finance cost	22	240,02.34	267,83.89
	(b) Impairment of financial instruments and other assets	23	-	867.73
	(c) Employee benefits expenses	24	4,87.97	6,03.73
	(d) Depreciation and impairment	10	1,36.21	1,86.67
	(e) Other expenses	25	3,97.35	4,93.29
	Total expenses		**250,23.87**	**289,35.31**
V	**(Loss) / Profit before exceptional items and tax (III - IV)**		**(92,63.63)**	**8,57.93**
VI	**Exceptional items**		-	-
VII	**(Loss) / Profit before tax (V - VI)**		**(92,63.63)**	**8,57.93**
VIII	Tax expense	26		
	Current tax		4.59	(1,98.38)
	Deferred tax		17,37.83	-
	Total tax expense		**17,42.42**	**(1,98.38)**
IX	**(Loss) / Profit for the year (VII - VIII)**		**(110,06.05)**	**10,56.31**
X	**Other comprehensive income**			
	A Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans		4.20	2.51
	Subtotal (A)		**4.20**	**2.51**
XI	**Total comprehensive income for the year (IX + X)**		**(110,01.85)**	**10,58.82**
XII	**Earnings per share of Rs 10 each**	27		
	Basic (in Rs.)		(0.63)	0.06
	Diluted (in Rs.)		(0.63)	0.06
	See accompanying notes forming part of standalone financial statements (1 to 38)			

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

SAMEER MOTA
Partner
Membership No. 109928

Place : Mumbai
Date: April 30, 2021

For and on behalf of the Board of Directors

PALAMADAI SUNDARARAJAN JAYAKUMAR — Digitally signed by PALAMADAI SUNDARARAJAN JAYAKUMAR Date: 2021.04.30 22:42:31 +05'30'

P. S. JAYAKUMAR
Director
(DIN - 01173236)

PATHAMADAI BALACHANDRAN BALAJI — Digitally signed by PATHAMADAI BALACHANDRAN BALAJI Date: 2021.04.30 21:48:19 +05'30'

P.B. BALAJI
Director
(DIN - 02762983)

SAMRAT GUPTA — Digitally signed by SAMRAT GUPTA Date: 2021.04.30 22:36:58 +05'30'

SAMRAT GUPTA
Managing Director and CEO
(DIN - 07071479)

RIDHI ZAVERI GANGAR — Digitally signed by RIDHI ZAVERI GANGAR Date: 2021.04.30 22:34:02 +05'30'

RIDHI GANGAR
Chief Financial Officer

VINAY BABURAO LAVANNIS — Digitally signed by VINAY BABURAO LAVANNIS Date: 2021.04.30 22:39:32 +05'30'

VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: April 30, 2021

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Standalone Cash Flow Statement for the year ended March 31, 2021

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / profit before tax	(92,63.63)	8,57.93
Adjustments for:		
Interest Income on loans, deposits and investments	(73,45.20)	(90,55.98)
Finance costs	240,02.34	267,83.89
Depreciation and impairment	1,36.21	1,86.67
Gain on sale of investments	(4,80.74)	(9,36.54)
Net gain on fair value changes (unrealised)	(73.45)	(2.00)
Dividend income	(18,50.00)	(77,32.04)
Allowances for loan losses (net)	-	8,67.73
Profit on sale of property, plant and equipments (net)	(9.61)	(30.67)
Operating cash flow before working capital changes	**51,15.92**	**109,38.99**
Movements in working capital		
Loans	-	269,97.26
Trade receivables	13,85.49	242,31.97
Other receivables	13.90	(57.40)
Trade payables	(53.12)	63.75
Other payables	72.67	(1,87.39)
Other financial assets	(26.02)	(14.11)
Other non financial assets	(1,95.54)	(5.67)
Other financial liabilities	36.33	-
Provision for employee benefit expenses	(0.84)	(2.60)
Other non financial liabilities	(97.73)	1,48.77
	62,51.06	**621,13.57**
Finance costs paid	(192,32.67)	(243,76.08)
Dividend income	18,50.00	77,32.04
Interest income received on loans, deposits and investments	68,90.51	80,37.60
Income taxes (paid)/refund (net)	52,27.78	3,17.75
Net cash generated from operating activities	**9,86.68**	**538,24.88**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipments	12.67	97.73
Purchase of mutual fund units	(5287,80.31)	(17972,09.00)
Redemption of mutual fund units	4502,53.90	17928,45.54
Redemption of Non Convertible Debentures (NCDs)	103,00.00	100,00.00
Investment in debentures of subsidiaries and joint ventures	-	(451,70.00)
Investment in preference shares of subsidiaries and joint ventures	(457,76.77)	-
Deposits with more than 3 months maturity and restricted deposits / balances	(99,98.13)	(1.68)
Net cash used in investing activities	**(1239,88.64)**	**(394,37.41)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (net of issue expenses)	-	149,85.00
Proceeds from issue of Instruments entirely equity in nature (net of issue expenses)	1277,76.59	-
Payment of dividend on equity shares	-	(65,08.67)
Proceeds from borrowings (other than debt securities)	1825,00.00	2875,00.00
Repayment of borrowings (other than debt securities)	(2175,00.00)	(2525,00.00)
Proceeds from issue of debt securities	2203,97.19	4426,17.05
Repayment of debt securities	(2005,39.03)	(5048,49.34)
Net cash generated from/(used in) financing activities	**1126,34.75**	**(187,55.96)**
Net decrease in cash and cash equivalents (A + B + C)	(103,67.21)	(43,68.49)

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Standalone Cash Flow Statement for the year ended March 31, 2021

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash and cash equivalents at the beginning of the year	116,22.11	159,90.60
Cash and cash equivalents at the end of the year (Refer Note 4)	12,54.90	11,622.11

Note:
1) Finance costs has been considered as arising from operating activities in view of the nature of the Company's business.
2) The Statement of Cash Flows has been presented using indirect method as per the requirements of Ind AS 7 Statement of Cash Flows.

In terms of our report attached

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

cmmer.h...

SAMEER MOTA
Partner
Membership No. 109928

Place : Mumbai
Date: April 30, 2021

For and on behalf of the Board of Directors

PALAMADAI SUNDARARAJAN JAYAKUMAR Digitally signed by PALAMADAI SUNDARARAJAN JAYAKUMAR Date: 2021.04.30 22:43:03 +05'30'
P. S. JAYAKUMAR
Director
(DIN - 01173236)

PATHAMADAI BALACHANDRAN BALAJI Digitally signed by PATHAMADAI BALACHANDRAN BALAJI Date: 2021.04.30 21:48:41 +05'30'
P.B. BALAJI
Director
(DIN - 02762983)

SAMRAT GUPTA Digitally signed by SAMRAT GUPTA Date: 2021.04.30 22:37:16 +05'30'
SAMRAT GUPTA
Managing Director and CEO
(DIN - 07071479)

RIDHI ZAVERI GANGAR Digitally signed by RIDHI ZAVERI GANGAR Date: 2021.04.30 22:34:22 +05'30'
RIDHI GANGAR
Chief Financial Officer

VINAY BABURAO LAVANNIS Digitally signed by VINAY BABURAO LAVANNIS Date: 2021.04.30 22:39:54 +05'30'
VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: April 30, 2021

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)

Standalone Statement of changes in equity for the year ended March 31, 2021

A. Equity share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Rs. In lakhs	Number	Rs. In lakhs
Shares outstanding at the beginning of the year	1,648,283,442	1648,28.34	1,598,283,442	1598,28.34
Shares issued during the year	-	-	50,000,000	50,00.00
Shares outstanding at the end of the year	1,648,283,442	1648,28.34	1,648,283,442	1648,28.34

B. Instruments entirely equity in nature

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Rs. In lakhs	Number	Rs. In lakhs
Balance as at beginning of the year	-	-	-	-
Issued during the year	10,000	1350,00.00	-	-
Balance as at end of the year	10,000	1350,00.00	-	-

C. Other equity

(Rs. in lakhs)

Particulars	Equity component of compound financial instrument (Refer Note 18B)	Special reserve*	Securities Premium Account	Capital reserve	Retained earnings		Total
					Undistributable (IndAS 101)	Distributable	
Balance as at April 1, 2020	370,72.59	247,10.68	1669,62.94	50,90.59	5,52.86	316,95.32	2660,84.98
(Loss) for the year						(110,06.05)	(110,06.05)
Issue expenses on perpetual debentures			-			(72,23.41)	(72,23.41)
Balance as at March 31, 2021	**370,72.59**	**247,10.68**	**1669,62.94**	**50,90.59**	**5,52.86**	**134,70.06**	**2478,59.72**

(Rs. in lakhs)

Particulars	Equity component of compound financial instrument (Refer Note 18B)	Special reserve	Securities Premium Account	Capital reserve	Retained earnings		Total
					Undistributable (IndAS 101)	Distributable	
Balance as at April 1, 2019	370,72.59	244,99.42	1569,77.94	50,90.59	5,52.86	373,56.43	2615,49.83
Profit for the year						10,56.31	10,56.31
Other comprehensive income for the year						2.51	2.51
Dividend paid (including dividend tax)						(65,08.67)	(65,08.67)
Premium on equity shares issued			100,00.00				100,00.00
Share issue expenses			(15.00)				(15.00)
Transfer to Special Reserve		2,11.26				(2,11.26)	-
Balance as at March 31, 2020	**370,72.59**	**247,10.68**	**1669,62.94**	**50,90.59**	**5,52.86**	**316,95.32**	**2660,84.98**

***Transfer to 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. The said amount is transferred at the end of the financial year.

See accompanying notes forming part of standalone financial statements (1 to 38)

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

SAMEER MOTA
Partner
Membership No. 109928

Place : Mumbai
Date: April 30, 2021

For and on behalf of the Board of Directors

PALAMADAI SUNDARARAJAN JAYAKUMAR
Digitally signed by PALAMADAI SUNDARARAJAN JAYAKUMAR
Date: 2021.04.30 22:43:31 +05'30'

P. S. JAYAKUMAR
Director
(DIN - 01173236)

PATHAMADAI BALACHAND RAN BALAJI

P.B. BALAJI
Director
(DIN - 02762983)

SAMRAT GUPTA
Digitally signed by SAMRAT GUPTA
Date: 2021.04.30 22:37:35 +05'30'

SAMRAT GUPTA
Managing Director and CEO
(DIN - 07071479)

RIDHI ZAVERI GANGAR
Digitally signed by RIDHI ZAVERI GANGAR
Date: 2021.04.30 22:34:41 +05'30'

RIDHI GANGAR
Chief Financial Officer

VINAY BABURAO LAVANNIS
Digitally signed by VINAY BABURAO LAVANNIS
Date: 2021.04.30 22:40:14 +05'30'

VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: April 30, 2021

1 Company information

TMF Holdings Limited (the "Company") is registered as a Non-Banking Financial (Non-Deposit Accepting or Holding) Company ("NBFC") under section 45-IA of the Reserve Bank of India ('RBI'), Act 1934 with effect from August 9, 2006. Pursuant to application requesting for conversion of the Company to a Core Investment Company, submitted to RBI on June 23, 2017, RBI issued a fresh Certificate of Registration of NBFC - Non Deposit taking - Systemically Important - Core Investment Company (CIC) dated October 12, 2017 to the Company. The Company is a subsidiary of Tata Motors Limited. With effect from June 17, 2017, the name of the Company has changed to TMF Holdings Limited from Tata Motors Finance Limited.

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

The standalone financial statements were approved by the Board of Directors and authorised for issue on April 30, 2021.

2 Basis of preparation of standalone financial statements

2.1 Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India. 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 standalone 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 standalone financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, except when otherwise indicated.

2.2 Historical cost convention

The standalone 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 standalone financial statements

The standalone 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 Ind AS 7 Statement of Cash Flows.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these standalone 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 the standalone financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities and disclosures of contingent liabilities at the date of these standalone 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 standalone financial statements are included in following notes :

a) Note 3 (xiv)- Business model assessment for classification and measurement of financial assets
b) Note 3(xiv) - Impairment of financial assets based on the expected credit loss model
c) Note 3(ii) - Recognition of interest income/expenses using Effective Interest Rate (EIR) method.
d) Note 3(vi) - Useful lives of property, plant and equipment and intangible assets.
e) Note 3(ix) and 31 - Measurement of assets and obligations of defined benefit employee plans.
f) Note 3(iii) and 26 - Recognition of deferred tax assets.
g) Note 3(x) - Measurement and recognition of provisions and contingencies.
h) Note 3(xiv) and 34 - Fair value measurement of financial instruments.
i) Note 30 - Disclosure of contingent liabilities.
j) Note (viii) & (xiv)- Effective Interest Rate (EIR) methodology that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments.

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(ii) Revenue recognition

(A) Revenue from operations

Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset.

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.

Dividend income

Dividend income is recognised in the Statement of Profit and 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.

Rental Income

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

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 and are accrued as and when they are due.

(B) Other Income:

Support Services Fee income earned for the services rendered are recognized as and when they are due

(iii) Income Taxes

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

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

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

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

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

(iv) Cash and Cash equivalent

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

(v) 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.

(vi) 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.

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
Office premises	60 years
Furniture and Fixture	5 to 10 years
Office Equipment	2 to years
Vehicles On Operating Lease	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.

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

(vii) Leases

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

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 and 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.

(viii) Impairment of Non financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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.

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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.

(ix) Employee benefits

(A) Short term employee benefits

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

(B) Post Employment/retirement benefit Plans

(1) Defined contribution plans

Superannuation fund

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

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, 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.

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

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

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

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

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

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North C Wing,
Nesco IT Park 4,
Nesco Center,
Western Express Highway
Goregaon (East)
Mumbai - 400 063

(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.

(x) 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. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are not recognised in the standalone financial statements.

(xi) Dividend (including dividend distribution tax)

Any dividend declared or paid by Company is based on the profits available for distribution as reported in the standalone 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 standalone financial statements may not be fully distributable.

(xii) 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.

(xiii) Investment in Subsidiaries and Joint Ventures

Investments in Subsidiaries and Joint Ventures are measured at cost as per Ind AS 27 – Separate Financial Statements.

(xiv) 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 emdedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Classification and Subsequent measurement

For the purposes of initial recognition, financial assets are classified in the following categories

a. at amortised cost, or

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

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

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

(I) Debt Instruments

Initial classification 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 finance receivables and investments.

(b) At FVTOCI:

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the OCI. However, the 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 seperated. 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 occuring 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 or cases where the Company suspects fraud and legal proceedings are initiated.

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. PD estimation process is done based on historical internal data available with the Company.

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

Forward looking information

While estimating the expected credit losses, the 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, unemployment 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:

The Company creates & secures first and exclusive collateral charge at the time of loan origination on all vehicles for which vehicle financing loans are given. Hypothecation endorsement is obtained in favour of the Company in the Registration Certificate of the Vehicle funded under the vehicle finance category (98% secured - tangible assets) . Any surplus remaining after settlement of outstanding loan by way of sale of vehicle (collateral) is returned to the customer. Other than the above the Company secures the loss against loans financed to customers by obtaining 100% third party credit guarantees

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 standalone 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.

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ECL on Debt instruments measured at amortised cost

The ECLs for debt instruments measured at amortised cost reduce 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) <u>Financial liabilities and equity instruments</u>

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.

<u>(I) Financial liabilities</u>

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

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

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

(b) At amortised cost:

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

Derecognition of financial liabilities:

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

<u>Modification/Renegotiation that do not result in derecognition</u>

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.

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(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 seperately 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.

(xv) Fair value measurement

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

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

(xvi) 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.

(xvii) Recent Accounting Pronouncement

(A) There are no new accounting pronouncement by MCA during the year.
(B) There are no amendments to existing standards during the year.

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Notes forming part of standalone financial statements for the year ended March 31, 2021

Note 4
Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with Banks	12,54.90	116,22.11
Total	**12,54.90**	**116,22.11**

Note 5
Bank Balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits with banks	100,00.00	-
Earmarked balances with banks	-	1.87
Total	**100,00.00**	**1.87**

Note 6
Trade Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables considered good - Unsecured	90.14	14,75.63
Total	**90.14**	**14,75.63**

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

Note 7
Other Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables considered good - Unsecured	43.55	57.45
Total	**43.55**	**57.45**

No other receivables 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
Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits	44.97	18.95
Interest accrued on deposits and investments	35,88.88	31,34.19
Others	14.11	14.11
Total	**36,47.96**	**31,67.25**

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Note 9
Investments (Rs. in lakhs)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Amortised Cost	At Fair Value Through profit or loss	Others (at cost)	Total	Amortised Cost	At Fair Value Through profit or loss	Others (at cost)	Total
i. Mutual funds	-	843,71.24	-	843,71.24	-	53,02.00	-	53,02.00
ii. Debt securities	655,35.00	-	-	655,35.00	758,35.00	-	-	758,35.00
iii. Preference Shares								
-Subsidiaries	-	-	1127,76.77	1127,76.77	-	-	670,00.00	670,00.00
iv Equity instruments								
-Subsidiaries	-	-	5158,58.10	5158,58.10	-	-	5158,58.10	5158,58.10
-Joint Venture	-	-	2,65.87	2,65.87	-	-	2,65.87	2,65.87
Total (A) - Gross	**655,35.00**	**843,71.24**	**6289,00.74**	**7788,06.98**	**758,35.00**	**53,02.00**	**5831,23.97**	**6642,60.97**
i. Investments outside India	-	-	-	-	-	-	-	-
ii. Investments in India	655,35.00	843,71.24	6289,00.74	7788,06.98	758,35.00	53,02.00	5831,23.97	6642,60.97
Total (B)	**655,35.00**	**843,71.24**	**6289,00.74**	**7788,06.98**	**758,35.00**	**53,02.00**	**5831,23.97**	**6642,60.97**
Less: Allowance for impairment loss (C)	(8,35.00)	-	(2,65.87)	(11,00.87)	(8,35.00)	-	(2,65.87)	(11,00.87)
Total (D) = (A+C)	**647,00.00**	**843,71.24**	**6286,34.87**	**7777,06.11**	**750,00.00**	**53,02.00**	**5828,58.10**	**6631,60.10**

Details of Investments (Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
a) Measured at Fair value through profit and loss	**Quantity**	**Amount**	**Quantity**	**Amount**
i) Investment in Mutual Fund	992,334	843,71.24	268,118	53,02.00
Total	**992,334**	**843,71.24**	**268,118**	**53,02.00**
b) Measured at Amortised Cost				
i) Debt Securities (quoted)				
(a) Fully paid unsecured subordinated non-convertible debentures				
Tata Motors Finance Limited [Coupon Rate - 10%]	470	47,00.00	500	50,00.00
Tata Motors Finance Limited [Coupon Rate - 9.95%]	2,000	200,00.00	2,000	200,00.00
Subtotal	2,470	247,00.00	2,500	250,00.00
ii) Debt Securities (unquoted)				
(a) Fully paid unsecured subordinated non-convertible debentures				
Tata Motors Finance Limited [Coupon Rate - 9%]	2,000	200,00.00	2,000	200,00.00
Tata Motors Finance Limited [Coupon Rate - 10%]	1,000	100,00.00	1,000	100,00.00
Tata Motors Finance Limited [Coupon Rate - 10.25%]	1,000	100,00.00	1,000	100,00.00
Tata Motors Finance Solutions Limited [Coupon Rate - 10.7%]	-	-	1,000	100,00.00
Subtotal	4,000	400,00.00	5,000	500,00.00
(b) Fully paid unsecured optionally convertible zero coupon debentures				
Loginomic Tech Solutions Private Limited ("TruckEasy")	835,000	8,35.00	835,000	8,35.00
Less: Allowance for impairment loss		(8,35.00)		(8,35.00)
Subtotal	835,000	-	835,000	-
Total		647,00.00		750,00.00
c) Measured at Cost				
i) Preference Shares in Subsidiary (unquoted) (refer note 1 and 2)				
Fully paid cumulative compulsorily convertible preference shares				
Tata Motors Finance Limited [Coupon Rate - 8.2%]	15,000,000	300,00.00	15,000,000	300,00.00
Tata Motors Finance Limited [Coupon Rate - 8.2%]	10,000,000	202,69.70	-	-
Tata Motors Finance Limited [Coupon Rate - 8.2%]	12,500,000	255,07.07	-	-
Fully paid Non-cumulative compulsorily convertible preference shares				
Tata Motors Finance Limited [Coupon Rate - 10%]	18,500,000	370,00.00	18,500,000	370,00.00
Total	56,000,000	1127,76.77	33,500,000	670,00.00
ii) Equity instruments				
1) Subsidiaries				
Tata Motors Finance Limited [FV Rs.100/-]	59,005,673	3457,41.15	59,005,673	3457,41.15
Tata Motors Finance Solutions Limited [FV Rs.100/-]	170,049,735	1701,16.95	170,049,735	1701,16.95
Subtotal		5158,58.10		5158,58.10
2) Joint Venture				
Loginomic Tech Solutions Private Limited ("TruckEasy") [FV Rs.10/-]	31,200	2,65.87	31,200	2,65.87
Less: Allowance for impairment loss		(2,65.87)		(2,65.87)
Subtotal		-		-
Total		5158,58.10		5158,58.10

Note:
1) TMF Holdings Limited (i.e. Parent Company) has call option to purchase from the holders of the instrument and the holders of the instruments have put option on the TMF Holdings Limited (i.e. Parent Company) for 1,63,00,000 cumulative non-participative compulsory convertible preference shares (Face Value :Rs 100) issued by Tata Motors Finance Limited in December 2021.
2) Measured at Cost based on Ind AS 27 - Separate Financial Statements.

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Notes forming part of standalone financial statements for the year ended March 31, 2021

Note 10

Property, plant and equipment

(Rs. in lakhs)

Particulars	Gross Block				Accumulated Depreciation				Net Block
	Balance as at April 1, 2020	Additions	Deletions	Balance as at March 31, 2021	Balance as at April 1, 2020	Depreciation	Deletions	Balance as at March 31, 2021	Balance as at March 31, 2021
Office Premises	39,80.77	-	-	39,80.77	5,15.21	62.97	-	5,78.18	34,02.59
Furniture and fixtures	11,82.51	-	1.38	11,81.13	10,40.84	54.46	1.31	10,93.99	87.14
Vehicles - given on operating lease	1,82.86	-	59.40	1,23.46	1,64.91	8.63	56.41	1,17.13	6.33
Office equipments	3,49.82	-	-	3,49.82	3,14.69	10.15	-	3,24.84	24.98
	56,95.96	**-**	**60.78**	**56,35.18**	**20,35.65**	**1,36.21**	**57.72**	**21,14.14**	**35,21.04**

Property, plant and equipment

(Rs. in lakhs)

Particulars	Gross Block				Accumulated Depreciation				Net Block
	Balance as at April 1, 2019	Additions	Deletions	Balance as at March 31, 2020	Balance as at April 1, 2019	Depreciation for the year	Deletions	Balance as at March 31, 2020	Balance as at March 31, 2020
Office Premises/ Residential flat	39,80.77	-	-	39,80.77	4,52.23	62.97	-	5,15.21	34,65.56
Furniture and fixtures	11,97.60	-	15.09	11,82.51	9,93.90	59.22	12.28	10,40.84	1,41.67
Vehicles - given on operating lease	6,15.86	-	4,33.00	1,82.86	4,83.94	50.15	3,69.18	1,64.91	17.95
Office equipments	3,55.49	-	5.67	3,49.82	3,05.61	14.32	5.23	3,14.69	35.12
Total	**61,49.72**	**-**	**4,53.76**	**56,95.96**	**22,35.68**	**1,86.67**	**3,86.69**	**20,35.65**	**36,60.30**

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TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of standalone financial statements for the year ended March 31, 2021

Note 11
Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits with statutory authorities	4.20	9.48
Taxes recoverable and dues from government	2,06.93	4.47
Others	5.90	7.54
Total	**2,17.03**	**21.49**

Note 12
Payables

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	66.53	1,19.65
Other Payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,72.62	4,99.95
Total	**6,39.15**	**6,19.60**

Note:- Information in respect of micro enterprises and small enterprises to whom the Company owes dues (including interest of Rs Nil), which are due during the year or 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.

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Notes forming part of standalone financial statements for the year ended March 31, 2021

Note 13
Debt securities (at amortised cost)

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
i. Privately placed non-convertible debentures (unsecured)	1775,89.94	1958,54.30
ii. Commercial Paper (unsecured) (net of unamortised borrowing cost including discounting charges of Rs. 25,63.18 lakhs; March 31, 2020 Rs. 90.73 lakhs)	674,36.82	199,09.27
Total (A)	**2450,26.76**	**2157,63.57**
i. Debt securities in India	2450,26.76	2157,63.57
ii. Debt securities outside India	-	-
Total (B)	**2450,26.76**	**2157,63.57**

Details of Non Cumulative Debentures (Unsecured) (Rs. in lakhs)

	As at March 31, 2021		As at March 31, 2020	
From Balance sheet Date	Interest Rate Range	Amount	Interest Rate Range	Amount
Issued on private placement basis	-	-	-	-
Maturing within 1 Year	8.60% to 8.85%	1299,02.50	8.60% to 8.85%	362,03.33
Maturing between 1 year to 3 Years	11.00%	717,80.10	11.00%	2016,82.60
Maturing between 3 Years to 5 Years	-	-	-	-
Maturing beyond 5 Years	-	-	-	-
Total Face Value		**2016,82.60**		**2378,85.93**
Less: Unamortised borrowing cost		240,92.66		420,31.63
Total Amortised cost		**1775,89.94**		**1958,54.30**

Note 14
Borrowings (Other than debt securities) (at amortised cost)

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Inter Corporate Deposits from related parties (unsecured)	-	350,00.00
(b) Liability component of compound financial instruments	24,54.80	23,93.49
Total (A)	**24,54.80**	**373,93.49**
i. Borrowings in India	24,54.80	373,93.49
ii. Borrowings outside India	-	-
Total (B)	**24,54.80**	**373,93.49**

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

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Note 15
Other financials liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest Accrued on borrowings	38,54.86	85,62.88
Others	36.97	0.64
Total	**38,91.83**	**85,63.52**

Note 16
Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits	15.93	20.97
Total	**15.93**	**20.97**

Note 17
Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory Dues	1,94.41	2,92.13
Total	**1,94.41**	**2,92.13**

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Note 18
Equity Share Capital

(Rs. in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Rs.	No. of shares	Rs.
Authorised				
Equity Shares of Rs.10 each with voting rights	2,500,000,000	2500,00.00	2,500,000,000	2500,00.00
		2500,00.00		**2500,00.00**
Issued, Subscribed and Fully Paid up				
Equity shares of Rs. 10 each	1,648,283,442	1648,28.34	1,648,283,442	1648,28.34
Total		**1648,28.34**		**1648,28.34**

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

(Rs. in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Rs.	No. of shares	Rs.
Shares outstanding at the beginning of the year	1,648,283,442	1648,28.34	1,598,283,442	1598,28.34
Shares issued during the year	-	-	50,000,000	50,00.00
Shares outstanding at the end of the year	**1,648,283,442**	**1648,28.34**	**1,648,283,442**	**1648,28.34**

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of Issued Share Capital	No. of shares	% of Issued Share Capital
Equity shares with voting rights				
Tata Motors Limited	1,648,283,442	100.00	1,648,283,442	100.00

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of Issued Share Capital	No. of shares	% of Issued Share Capital
Equity Share with voting rights				
Tata Motors Limited	1,648,283,442	100.00	1,648,283,442	100.00

d) Terms / rights attached to equity shares:

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

e) Information regarding issue of shares in the last five years

(i) The Company has not issued any shares without payment being received in cash.
(ii) The Company has not issued any bonus shares.
(iii) The Company has not undertaken any buy-back of shares.

f) Dividends not recognised at the end of the reporting year

No dividend has been declared during the year (March 31, 2020 – Nil).

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Note 18A
Instruments entirely equity in nature

(Rs. in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Rs.	Number	Rs.
Balance as at beginning of the year	-	-	-	-
Increase during the year	13,500	1350,00.00	-	-
Balance as at end of the year	13,500	1350,00.00	-	-

The Company had issued 13,500 subordinated, listed, unsecured, rated perpetual securities of face value of Rs. 10 lakhs each during the year ended March 31, 2021. These securities are perpetual in nature with no maturity or redemption and are callable only at the option of the Company. The coupon on these securities is 8.7551% p.a., (Rs 500,00 lakhs), 7.7475% (Rs 100,00 lakhs), 7.7499% (Rs 100,00 lakhs), 7.7505% (Rs 150,00 lakhs), 7.7541% (Rs 150,00 lakhs), 7.9947% (Rs 150,00 lakhs),7.9944% (Rs 100,00 lakhs),7.9926% (Rs 100,00 lakhs), with a step up provision of 100 bps over the respective coupon rate if the securities are not called by the issuer at the end of 10 years from date of allotment. 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 adjusted net worth to aggregate risk weighted assets ratio ("ANW Ratio") is below the minimum regulatory requirement prescribed by RBI under the CIC Directions; or

ii. the impact of such payment results in the issuer's ANW Ratio falling below or remaining below the minimum regulatory requirement prescribed by RBI under the CIC Directions.

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

Tata Motors Limited (i.e. Parent Company) has written put option to purchase debentures from the debenture holders of the instrument on respective option exercise dates as specified below:

For series A (Rs 195,00 lakhs) on August 11, 2024, series B (Rs 305,00 lakhs) on August 18, 2024, for series C (Rs 100,00 lakhs) on November 04, 2025, series D (Rs 100,00 lakhs) on November 27, 2025, series E (Rs 150,00 lakhs) on December 02, 2025, series F (Rs 150,00 lakhs) on December 30, 2025, series G (Rs 150,00 lakhs) on September 30, 2026,series H (Rs 100,00 lakhs) on September 15, 2026 and series I (Rs 100,00 lakhs) on September 28, 2026.

Note 18B
Equity Component of Compound Financial Instrument

(Rs. in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Rs.	No. of shares	Rs.
Authorised Preference shares of Rs.100 each	75,000,000	750,00.00	75,000,000	750,00.00
		750,00.00		**750,00.00**
Issued, Subscribed and Fully Paid up Equity portion of cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	43,400,000	370,72.59	43,400,000	370,72.59
Total		**370,72.59**		**370,72.59**

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

(Rs. in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Rs.	No. of shares	Rs.
Shares outstanding at the beginning of the year	43,400,000	370,72.59	43,400,000	370,72.59
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**43,400,000**	**370,72.59**	**43,400,000**	**370,72.59**

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding	No. of shares	% of holding
Tata Motors Limited	43,400,000	100.00	43,400,000	100.00

c) Terms/rights attached to preference shares

The Company has cumulative, non-participating compulsorily convertible preference shares (CCPS) having a face value of Rs. 100 each. The holders of the CCPS are entitled for dividend @ 3% on a yearly basis, in preference to the equity shareholders of the Company, subject to applicable law and availability of profits of the Company, after provision for depreciation. The CCPS shall fully and mandatorily be converted into equity shares of the Company on the date falling at the expiry of 7 years from the CCPS allotment date. The conversion ratio of the CCPS shall be 2.15: 1. Fractional equity shares, if any, arising on conversion of the CCPS shall be disregarded.

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

Particulars	(Rs. in lakhs)	Conversion Date	Potential no of Equity Shares on conversion
cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	130,00.00	02.03.2023	27,950,000
cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	304,00.00	28.03.2023	65,360,000

d) Distribution:

i) The Board of Directors at its meeting held on May 29, 2020 recommended a final dividend of Rs. 3.00 per share (3.00%) on Cumulative, non-participating Compulsorily convertible preference share of Rs 100 each, which was approved in the annual general meeting dated September 21, 2020. The same was paid on September 23, 2020.

ii) The Board of Directors at its meeting held on April 30, 2021 recommended a dividend of Rs. 3.00 per share (3.00%) on Cumulative, non-participating Compulsorily convertible preference share of Rs 100 each which is subject to approval of the members of the Company at the forthcoming annual general meeting.

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Note 18C
Notes to reserves

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

b) Securities Premium Account
The amount received in excess of face value of the equity shares is recognised in Securities Premium Account. Also, all "eligible" issue expenses in respect of new equity infusion and CCPS infusion is recognised in Securities Premium Account.

c) 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.

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

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Notes forming part of standalone financial statements for the year ended March 31, 2021

Note 19
Interest Income

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
On Financial Assets measured at Amortised Cost		
Interest on Loans	-	6,64.86
Interest income from investments	66,82.55	79,06.86
Interest on deposits with Banks	5,37.92	-
Other interest Income	1,24.73	4,84.26
Total	**73,45.20**	**90,55.98**

Note 20
Net gain on fair value changes

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on financial instruments at fair value through profit or loss on mutual funds	5,54.19	9,38.54
Total	**5,54.19**	**9,38.54**
Fair Value changes:		
- Realised	4,80.74	9,36.54
- Unrealised	73.45	2.00
Total	**5,54.19**	**9,38.54**

Note 21
Other Income

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Support services income	49,71.69	91,51.72
Balances Written back	1.64	-
Net gain on derecognition of property, plant and equipment	9.61	30.67
Interest on Income tax refund	2,34.29	22,89.14
Miscellaneous Income	1.56	0.00
Total	**52,18.79**	**114,71.53**

Note 22
Finance Costs (on financial liabilities measured at Amortised Cost)

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on Borrowings	39,03.52	57,82.76
Interest on Debt Securities	200,69.32	209,53.58
Other Finance Charges	29.50	47.55
Total	**240,02.34**	**267,83.89**

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Notes forming part of standalone financial statements for the year ended March 31, 2021

Note 23

Impairment on financial instruments and other assets

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loans (at amortised cost)		
Allowances for loan losses	-	(231.84)
Investments (at amortised cost)		
Allowances for losses on investment	-	8,33.70
Other non-finanicals assets (at cost)		
Provision for diminution in the value of investment	-	2,65.87
Total	-	**8,67.73**

Note 24

Employee Benefits Expenses

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries	4,73.97	5,66.00
Contribution to provident and other funds	13.90	20.52
Staff welfare expenses	0.10	17.21
Total	**4,87.97**	**6,03.73**

Note 25

Other expenses

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent, taxes and energy costs	33.89	37.26
Repairs and maintenance	53.59	52.93
Director's fees, allowances and expenses	22.70	19.10
Auditor's fees and expenses	12.80	11.59
Legal and Professional charges	1,29.74	136.15
Insurance	11.52	1.74
Service Provider Fees	77.93	77.88
Cenvat Credit Reversal	41.19	54.32
Others	13.99	102.32
Total	**3,97.35**	**4,93.29**

(i) Auditors' remuneration (excluding taxes):

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
As auditors - Statutory audit	6.14	6.14
Tax audit	0.69	0.69
For other services	5.55	3.90
Reimbursement of out of pocket expenses	0.42	0.86
Total	**12.80**	**11.59**

(ii) Corporate social responsibility

The prescribed CSR expenditure required to be spent in the year 2020-21 as per the Companies Act, 2013 is Nil (Nil for 2019-20), in view of average net profits of the Company being Nil (under section 198 of the Act) for three immediately preceding financial years. No amount has been spent by the Company on construction / acquisition of an asset. The Board approved spent for the year 2020-21 was Rs.Nil (Rs. Nil in 2019-20) and amount actually spent was Rs. Nil (Rs. Nil in 2019-20). There were no CSR transactions with or contributions to any related parties listed in Note 32.

Note 26
Income taxes

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income tax expense		
Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	4.59	(1,98.38)
Total current tax expense	**4.59**	**(1,98.38)**
Deferred tax		
Decrease (increase) in deferred tax assets	17,37.83	-
(Decrease) increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	1,737.83	-
Income Tax expense	**1,742.42**	**(1,98.38)**

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:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before taxes	(92,63.63)	8,57.93
Income tax expenses calculated at statutory tax rate 29.12%	**(26,97.57)**	**2,49.83**
Tax effect of the amount which are not taxable in calculating taxable income :		
- Effect of income that is exempt from taxation	-	(22,51.57)
- Effect of expenses not deductible for tax computation	17,63.61	11,35.85
- Utilization of unrecognised and unused tax losses to reduce current tax expense	-	(2,06.57)
- Impact of change in statutory tax rates	17,37.83	-
- Deferred tax assets not recognised because realization is not probable	9,33.96	10,72.47
- Adjustments recognised in relation to the current tax of prior years	4.59	(1,98.38)
Income tax expense/(credit) recognised for the year at effective tax rate	**1,742.42**	**(1,98.38)**

c) Deferred tax assets/liabilities (net)

Significant components of deferred tax assets and liabilities for the year ended March 31, 2021 are as follows:

(Rs. in lakhs)

Particulars	As at April 01, 2020	Charged/ (credited) to profit and loss	Charged / (credited) to Other Comprehensive Income	As at March 31, 2021
- Minimum alternate tax (MAT) entitlement	17,37.83	(17,37.83)	-	-
Deferred tax assets/(liabilities) (net)	**17,37.83**	**(17,37.83)**	**-**	**-**

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

(Rs. in lakhs)

Particulars	As at April 01, 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to Other Comprehensive Income	As at March 31, 2020
- Minimum alternate tax (MAT) entitlement	17,37.83	-	-	17,37.83
Deferred tax assets/(liabilities) (net)	**17,37.83**	**-**	**-**	**17,37.83**

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, 2021, unrecognised deferred tax assets amount to Rs. 10,14.86 lakhs which can be carried forward indefinitely and Rs. 127,40.82 lakhs which can be carried forward upto a specified period. 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.

Year	Amount (Rs. in lakhs)
March 31, 2025	50,48.62
March 31, 2031	20,75.91
Thereafter	56,16.29

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Note 27
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 net profit after tax by the weighted average number of equity shares outstanding during the year.

The diluted earnings per equity share is computed by dividing the net profit after tax as adjusted for dividend related to dilutive potential equity shares by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the result are anti-dilutive. The following table sets forth, for the year indicated, the computation of earnings per share.

(Rs in lakhs, except per share data)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Basic		
Weighted average no. of equity shares outstanding	1,741,593,442	1,729,434,972
Net profit attributable to equity share holders	(110,06.05)	10,56.31
Basic earnings per share (Rs.)	(0.63)	0.06
Diluted		
Weighted average no. of equity shares outstanding	1,741,593,442	1,729,434,972
Net profit	(110,06.05)	10,56.31
Diluted earnings per share (Rs.)	(0.63)	0.06
Face value per share (Rs.)	10.00	10.00

Note 28
Segment
The Company, being a Core Investment Company has been operating only in one segment vis investing activities and the operations being only in India, the disclosure requirements of IND-AS-108 Segment Reporting are not applicable.

Note 29
Disclosure in respect of Operating leases

1 Company as lessee- Operating Leases

The Company has recognised lease rent payments made amounting to Rs 9.85 lakhs (as at March 2020: Rs 13.14 lakhs) in the Statement of Profit and Loss under "Other Expenses". The lease does not meet the Right-of-use recognition criteria as per Ind AS 116.

2 Company as lessor- Operating Leases

i) The Company has given vehicles and office premises under operating lease.
The Company has recognised lease rental income from leasing of these assets amounting to Rs. 770.02 lakhs (Previous year: Rs 5,95.15 lakhs) in the Statement of Profit and Loss.
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.
ii) The undiscounted maturity analysis of future lease receivables is as follows-

(Rs. in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Within 1 year	0.15	14.05
1-2 years	-	0.15
Total	**0.15**	**14.20**

Note 30 - Contingent liabilities and commitments
Contingent liabilities to the extent not provided for:
Claims against the company not acknowledged as debts:

(Rs. in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
In respect of income tax matters	2,99.94	20,62.58
Total	**2,99.94**	**2062.58**

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

a) Commitments: As at March 31, 2021, the Company does not have any commitments. (As at March 31,2020 : NIL)

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Note 31
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. 1.50 lakhs (previous year Rs. 1.50 lakhs) has been recognised in the Statement of Profit and Loss.

b) Defined benefit plans
i) Providend 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, 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. 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. 11.47 lakhs (previous year Rs. 11.47 lakhs). Out of which Rs 10.71 lakhs and Rs 0.76 lakhs has been recognised in the Statement of Profit and Loss and Other Comprehensive Statement (OCI) respectively.

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, 2021.

(Rs in lakhs)

Change in benefit obligations:	As at March 31, 2021	As at March 31, 2020
Defined benefit obligations at the beginning	5,77.02	4,91.75
Service cost	11.48	11.60
Employee contribution	34.99	35.47
Acquisitions (credit) / cost	-	-
Interest expense	50.83	43.77
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	0.68	(5.57)
Benefits paid	-	-
Defined benefit obligations at the end	**675.00**	**577.02**

Change in plan assets:		
Fair value of plan assets at the beginning	5,92.84	4,94.04
Acquisition Adjustment	-	-
Interest income	50.82	44.66
Return on plan assets excluding amounts included in interest income	(13.72)	7.20
Contributions (employer and employee)	46.46	46.94
Benefits paid	-	-
Fair value of plan assets at the end	**6,76.40**	**5,92.84**

Amount recognised in the balance sheet consists of	As at March 31, 2021	As at March 31, 2020
Present value of defined benefit obligation	6,75.00	5,77.02
Fair value of plan assets	6,76.40	5,92.84
Effect of asset ceiling	(1.40)	(15.82)
Net liability	-	-

Amount recognised in the Statement of Profit and Loss:	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost - Employer	11.48	11.60
Net interest on net defined benefit liability / (asset)	0.01	(0.89)
Cost recognised in the statement of profit and loss	11.49	10.71

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Amount recognised in Other Comprehensive Income (OCI):	Year ended March 31, 2021	Year ended March 31, 2020
Actuarial (gain)/loss due to DBO experience	0.05	(5.57)
Actuarial (gain)/loss due to DBO assumption changes	0.63	-
Actuarial (gain)/loss arising during year	0.68	(5.57)
Return on plan assets (greater)/less than discount rate	13.72	(7.20)
Actuarial (gains)/ losses recognized in OCI	**14.40**	**(12.77)**
Adjustment for limit on net asset	(14.42)	13.53
Cumulative Actuarial (Gain) or Loss Recognized via OCI at Current Year End	(0.02)	0.76

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

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.90%	6.90%
Expected rate of return on plan assets	8.50%	8.60%
Remaining term to maturity of portfolio (in years)	13.00	14.00

The breakup of the plan assets into various categories as at March 31, 2021 is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Government of India Securities (Central and State)	44.81%	46.18%
High quality corporate bonds (including Public Sector Bonds)	33.64%	34.74%
Equity shares of listed Companies	4.35%	3.44%
Cash (including special deposits)	14.38%	12.95%
Others	2.82%	2.69%
Total	100.00%	100.00%

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

As at March 31, 2021, the defined benefit obligation would be affected by approximately Rs. 2.31 lakhs (Rs. 2.34 lakhs as on March 31,2020) lakhs on account of a 0.50% decrease in the expected rate of return on plan assets. the defined benefit obligation would be affected by approximately Rs. 1.26 (Rs. NIL as on March 31,2020) lakhs on account of a 0.50% increase in the expected rate of return on plan assets.

ii) Gratuity

The gratuity defined benefit plan is a funded plan and the Company makes contributions to the Tata Motors Finance Limited Employees Gratuity Scheme Trust for funding the defined benefit gratuity plan for qualifying employees. The plan provides for a lumpsum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service.

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

(Rs. in lakhs)

a) Changes in defined benefit obligations	As at March 31	
	2021	2020
Defined benefit obligation, beginning of the year	1,51.36	136.47
Current service cost	-	7.89
Interest cost	10.44	10.51
Remeasurement (gains) / losses		
Actuarial (gain) /losses arising from change in financial assumptions	-	-
Actuarial (gain) /losses arising from change in demographic assumptions	-	-
Actuarial (gain) /losses arising from change in experience adjustments	(2.48)	(3.51)
Past service cost	-	-
Transfer in/(out) of liability	-	-
Benefits paid from plan assets	-	-
Benefits paid directly by the employer	-	-
Defined benefit obligation	1,59.32	1,51.36

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(Rs. in lakhs)

b) Changes in plan assets	As at March 31	
	2021	2020
Fair value of plan assets, beginning of the year	1,46.32	1,25.50
Interest cost	10.27	10.09
Remeasurement (gains) / losses		
Return on plan assets, (excluding amount included in net Interest expense)	0.96	(0.24)
Transfer in/(out) of assets	-	-
Employer's contribution	5.04	10.97
Benefits paid	-	-
Fair value of plan assets	**1,62.59**	**1,46.32**

(Rs. in lakhs)

c) Amount recognised in balance sheet consist off	As at March 31	
	2021	2020
Present value of defined benefit obligation	(1,59.32)	(1,51.36)
Fair value of plan assets	1,62.59	1,46.32
Net Assets / (Liability)	**3.27**	**(5.04)**

(Rs. in lakhs)

d) Amount recognised in the Statement of Profit and Loss:	As at March 31	
	2021	2020
Current Service Cost	-	7.89
Interest on Defined Benefit Obligations (Net)	0.17	0.42
Net Charge to the Statement of Profit and Loss	**0.17**	**8.31**

(Rs. in lakhs)

e) Amount recognised in Other Comprehensive Income(OCI) for the Year:	As at March 31	
	2021	2020
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	(0.96)	0.24
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	-	-
Actuarial gains/(losses) arising from changes in experience adjustments on plan liabilities	(2.48)	(3.51)
Impact on the other comprehensive income / (loss)	**(3.44)**	**(3.27)**

(Rs. in lakhs)

f) The fair value of Company's Gratuity plan asset by category	As at March 31, 2021	As at March 31, 2020
Asset Category		
Insurer managed funds		
- Insurer Managed Funds (unquoted)	100%	100%
Total	**100%**	**100%**

g) The assumptions used in accounting for the gratuity plans are set out below:	As at March 31, 2021	As at March 31, 2020
Discount rate	6.90%	6.90%
Expected return on plan assets	6.90%	6.90%
Salary Escalation rate	7.00%	6% first year and 7% thereafter
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.

(Rs. in lakhs)

h) The maturity profile of defined benefit obligation are set out below:	As at March 31, 2021	As at March 31, 2020
Within next 12 months (next annual reporting period)	1,59.32	-
Between 1 and 5 years	-	1,51.36
Between 5 and 9 years	-	-
10 years and above	-	-

(Rs. in lakhs)

i) Quantitative sensitivity analysis for significant assumptions:	As at March 31, 2021	As at March 31, 2020
100 bps increase in discount rate	-	-
100 bps decrease in discount rate	-	-
100 bps increase in salary escalation rate	-	-
100 bps decrease in salary escalation rate	-	-

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, 2021	As at March 31, 2020
The weighted average duration of the defined benefit obligation	-	1 year

(Rs. in lakhs)

k) The best estimate of the expected Contribution for the next year:	As at March 31, 2021
The Company expected contribution to the funded gratuity plans in FY 2021-22	-

l) Risk Exposure

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

Investment Risk: If future investment returns on assets are lower than assumed in valuation, the scheme's assets will be lower, and the funding level higher, than expected.

Change in bond yields: A decrease in yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

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Note 32

Related party disclosures

(A) Related parties and their relationship

(I) Parties where the control exists:
Holding Company: Tata Motors Limited

(II) Subsidiaries
Tata Motors Finance Limited
Tata Motors Finance Solutions Limited

(III) Joint ventures
Loginomic Tech Solutions Private limited

(IV) Other related parties with whom transactions have taken place
(i) Fellow subsidiaries, associates and Joint arrangements within the Group
TML Business Services Limited (formerly known as Concorde Motors (India) Limited)
Tata Technologies Limited
TML Distribution Company Limited
Tata Motors Insurance Broking And Advisory Services Limited

(ii) Tata Sons and its subsidiaries and Joint arrangements
Tata Sons Private Limited
Tata AIG General Insurance Company Limited

(iii) Post Employement Benefits Plans
Tata Motors Finance Limited Employees Gratuity Scheme Trust

(V) Key Management personnel :
Mr. Guenter Butschek - Non-Executive Director and Chairman (Up to June 20, 2020)
Mr. Shyam Mani - Managing Director (Upto March 31, 2021)
Mr. Hoshang Sinor - Independent Director (Up to December 05, 2019)
Mr. Samrat Gupta - Managing Director & Chief Executive Officer (from April 01, 2021)
Mr. Nasser Munjee, Independent Director and Chairman (from June 20, 2020)
Mr. P. S. Jayakumar, Independent Director (from July 10, 2020)
Mr. Phillie Karkaria - Independent Director (Up to May 18, 2020)
Ms. Vedika Bhandarkar - Independent Director
Mr. P. B. Balaji - Non-Executive Director
Mr. Anand Bang - Chief Financial Officer (Up to July 31, 2020)
Ms. Ridhi Gangar - Chief Financial Officer (from August 01, 2020)

The following table summarizes related-party transactions for the year ended March 31, 2021 and balances as at March 31, 2021

(Rs in lakhs)

Transactions	Holding Company	Subsidiaries		Joint Venture	Other Related Parties	Total
		Tata Motors Finance Limited	Tata Motors Finance Solutions Limited			
a) Transactions during the year						
Dividend income	-	18,50.00		-	-	18,50.00
Rent Income	-	7,87.95	102.66	-	7.04	8,97.65
Other Income	-	69.62	-	-	-	69.62
Interest income on loans and investments	-	63,07.32	499.96	-	-	68,07.28
Amount received towards reimbursement of expenses	-	211.68	-	-	2,61.59	4,73.27
Expenses for support services (incl. reimbursement of expenses)	24.76	90.70	-	-	2.25	1,17.70
Dividend paid	1,30.20	-	-	-	-	1,30.20
Interest Expenses	-	747.04	2,84.82	-	-	10,31.87
Loans and advances given	-		400,00.00	-	-	400,00.00
Loans and advances recovered	-		400,00.00	-	-	400,00.00
Contributions paid to employee benefit trust	-			-	5.04	5.04
Investment in unsecured Tier-II Debentures - Repaid	-	-	100,00.00	-	-	100,00.00
Loans and advances taken / availed	-	1435,00.00	390,00.00	-	-	1825,00.00
Loans and advances repaid	-	1675,00.00	500,00.00	-	-	2175,00.00
Total	1,54.96	3210,64.30	1798,87.45	-	2,75.92	5013,82.63
b) Balances as at						
Amount receivable others	-	31,51.30	-	-	54.47	32,05.77
Investment in optionally convertible debentures	-	-	-	8,35.00	-	8,35.00
Provision for doubtful investments / loans	-	-	-	8,35.00	-	8,35.00
Amount receivable in respect of investments	-	647,00.00	-	-	-	647,00.00
Amount payable others	19.49			-	-	19.49

Note: Provision for doubtful debts based on expected credit losses was recognised on the receivables owed by related parties amounting to Rs 8,35.00 lakhs.

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

(Rs in lakhs)

Transactions	Holding Company	Subsidiaries		Joint Venture	Other Related Parties	Total
		Tata Motors Finance Limited	Tata Motors Finance Solutions Limited			
Interest income on loans and investments	-	59,08.76	15,54.29	-	26,35.87	100,98.91
Other Income	-	-	33.19	-	-	33.19
Rent – income	8.73	5,59.61	93.25	-	10.69	6,72.28
Dividend income	-	77,32.04	-	-	-	77,32.04
Interest Expenses	1,46.99	13,53.20	3,49.43	-	61.15	19,10.77
Other Expenses	-	-	-	-	41.20	41.20
Amount received towards reimbursement of expenses	-	-	-	-	1,43.29	1,43.29
Expenses for support services (incl. reimbursement of expenses)	11.41	91.89			4.05	1,07.35
Dividend Paid	76,76.81	-	-	-	-	76,76.81
Loans and advances given	-	-	375,00.00	-	-	375,00.00
Loans and advances recovered	256,77.68	-	595,00.00	-	49,92.26	901,69.94
Investment in unsecured Tier-II Debentures	-	300,00.00	-	-	-	300,00.00
Contributions paid to employee benefit trust	-	-	-	-	10.97	10.97
Proceeds against investments	-	-	-	-	100,00.00	100,00.00
Investments made	150,00.00	150,00.00	-	1,70.00	-	301,70.00
Provision on doubtful loans and investments	-	-	-	8,35.00	-	8,35.00
Loans and advances taken / availed	400,00.00	1860,00.00	605,00.00	-	10,00.00	2875,00.00
Loans and advances repaid	400,00.00	1620,00.00	495,00.00	-	10,00.00	2525,00.00
b) Balances as at						
Amount receivable others	-	31,60.98	7.92	-	14.11	31,83.01
Amount receivable in respect of investments	-	650,00.00	100,00.00	-	-	750,00.00
Amount payable in respect of Inter company deposit		240,00.00	110,00.00		-	350,00.00
Amount payable others	9.64	-	-	-	37.08	46.72
Investment in optionally convertible debentures	-	-	-	8,35.00	-	8,35.00
Provision for doubtful investments / loans	-	-	-	8,35.00	-	8,35.00

Terms and Conditions of Transaction with Related Parties:
The transaction with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

(vi) Key management personnel remuneration

(Rs in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Short term employee benefits (Refer note below)	4,36.59	7,85.30

Note:
a) 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.
b) Includes sitting fees paid to non-executive directors is Rs 22.70 lakhs and Rs.19.10 lakhs for the year ended March 31, 2021 and March 31, 2020 respectively.

Note 33
Reconciliation of Movement in Borrowings to cash flow from financing activities

(Rs in lakhs)

Particulars	As at April 01, 2020	Cash Flows (net)	Exchange Difference	Amortisation of loan origination costs	As at March 31, 2021
Debt Securities	2157,63.57	91,93.86	-	200,69.33	2450,26.76
Borrowings (other than Debt securities)	373,93.49	(351,30.20)	-	1,91.52	24,54.80
Subordinated Liabilities	-	-	-	-	-
Total Liabilities from Financing Activities	2531,57.06	(259,36.34)	-	202,60.85	2474,81.56

Note: Debt securities includes commercial papers and zero coupon bonds for which the discounting charges paid is Rs. 19,60.97 lakhs and premium charges paid of Rs. 87,03.33 lakhs respectively on the repayment date is shown in the finance cost in cash flow statements

(Rs in lakhs)

Particulars	As at April 01, 2019	Cash Flows (net)	Exchange Difference	Amortisation of loan origination costs	As at March 31, 2020
Debt Securities	2782,88.22	(834,78.23)	-	209,53.58	2157,63.57
Borrowings (other than Debt securities)	32,68.96	338,28.20	-	2,96.33	373,93.49
Subordinated Liabilities	-	-	-	-	-
Total Liabilities from Financing Activities	2815,57.18	(496,50.03)	-	212,49.91	2531,57.06

Note: Debt securities includes commercial papers and zero coupon bonds for which the discounting charges paid is Rs. 74,50.66 lakhs and premium charges paid of Rs. 137,95.29 lakhs respectively on the repayment date is shown in the finance cost in cash flow statements

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Note 34
Fair value measurements

Financial Instruments by categories (Rs. in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial Assets:				
Investments				
- Mutual funds	843,71.24	-	53,02.00	-
- Debt securities	-	647,00.00	-	750,00.00
Cash and cash equivalents	-	12,54.90	-	116,22.11
Other bank balances	-	100,00.00	-	1.87
Trade Receivables and Other receivables	-	1,33.69	-	15,33.08
Other financial assets	-	36,47.96	-	31,67.25
Total financial assets	**843,71.24**	**797,36.55**	**53,02.00**	**913,24.31**
Financial liabilities:				
Borrowings	-	24,54.80	-	373,93.49
Debt securities	-	2450,26.76	-	2157,63.57
Trade payables	-	66.53	-	1,19.65
Other payables	-	5,72.62	-	4,99.95
Other financial liabilities	-	38,91.83	-	85,63.52
Total financial liabilities	**-**	**2520,12.54**	**-**	**2623,40.19**

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:

(Rs. in Lakhs)

Particulars	As at March 31, 2021					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL						
- Mutual funds	843,71.24	843,71.24	843,71.24	-	-	843,71.24
Total	**843,71.24**	**843,71.24**	**843,71.24**	**-**	**-**	**843,71.24**

(Rs. in Lakhs)

Particulars	As at March 31, 2021					
	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	24,54.80	24,84.10	-	24,84.10	-	24,84.10
(b) Debt Securities	1775,89.94	1875,08.51	-	1875,08.51	-	1875,08.51
Total	**1800,44.74**	**1899,92.61**	**-**	**1899,92.61**	**-**	**1899,92.61**

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(Rs. in Lakhs)

Particulars	As at March 31, 2020					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
(a) Investments						
- Mutual funds	53,02.00	53,02.00	53,02.00			53,02.00
Total	**53,02.00**	**53,02.00**	**53,02.00**	-	-	**53,02.00**

(Rs. in Lakhs)

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	23,93.49	23,93.12	-	23,93.12	-	23,93.12
(b) Debt Securities	1958,54.30	2054,14.17	-	2054,14.17	-	2054,14.17
Total	**1982,47.79**	**2078,07.29**	-	**2078,07.29**	-	**2078,07.29**

The categories used are as follows :

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

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e; derived from prices).

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

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2021, and year ended March 31, 2020.

Valuation technique used to determine fair value of financial instruments

(i) 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 for repossessed vehicles as at March 31, 2021 and March 31, 2020. Since significant unobservable inputs are applied in measuring the fair value of loans arising from finance activities are classified in Level 3.

(ii) 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.

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 financial assets and financial liabilities other than those disclosed in table above 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.

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Note 35

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.

(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 activites, 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 arisng 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 trade receivables, other receivables, investment in preference shares and other receivables are neither impaired nor past due, there were no indications as at March 31, 2021, that defaults in payment obligations will occur.

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

The carrying amount of loans represent the maximum credit exposure net of provision for impairment. The maximum exposure to credit risk was Rs. Nil as of March 31, 2021 (March 31, 2020 - Rs. Nil)

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. Loans are secured and are derived from customers located in India.

On account of adoption of Ind AS 109, the Company uses the 3 staging Expected Credit Loss (ECL) model to assess the impairment gain or loss. 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 factors.

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

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

(Rs. in Lakhs)

	For the year ended March 31,	
	2021	**2020**
Balance at the beginning	-	2,31.84
Impairment loss recognised/(reversed)	-	(2,31.84)
Balance at the end	-	-

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ii) Investments (at amortised cost)

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

(Rs. in Lakhs)

	For the year ended March 31,	
	2021	2020
Balance at the beginning	-	1.30
Impairment loss recognised/(reversed)	-	(1.30)
Balance at the end	-	-

(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 table below provides details regarding the contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2021:

(Rs. in Lakhs)

	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contractual cashflows
Non derivatives						
Borrowings	24,54.80	11,78.27	12,76.54	-	-	24,54.80
Debt securities	2450,26.76	1999,02.50	717,80.10	-	-	2716,82.60
Trade & Other payables	6,39.15	6,39.15	-	-	-	6,39.15
Other financial liabilities	38,91.83	38,91.83	-	-	-	38,91.83
Total	**2520,12.54**	**2056,11.75**	**730,56.64**	-	-	**2786,68.38**

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

(Rs. in Lakhs)

	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contractual cashflows
Non derivatives						
Borrowings	373,93.49	352,96.87	11,09.26	12,01.77	-	376,07.90
Debt securities	2157,63.57	562,03.33	1299,02.56	717,80.11	-	2578,86.00
Trade and Other payables	6,19.59	6,19.60	-	-	-	6,19.60
Other financial liabilities	85,63.52	6,133.10	24,30.42	-	-	85,63.53
Total	**2623,40.18**	**982,52.90**	**1334,42.24**	**729,81.88**	-	**3046,77.03**

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(C) Management of Market Risk
Market risk comprises of foreign currency risk and interest rate risk. Interest rate risk arises from variable rate borrowings that expose the Company's financial performance, financial position and cash flows to the movement in market rates of interest.

Foreign currency risk
The company is not exposed to foreign currency exchange risk as all the financial instruments are denominated in the functional currency of the company i.e. Indian Rupees (INR).

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 with floating/variable interest rates. The Company borrow through various instruments which has floating rate/ interest rate reset clause which is exposed to interest rate risk.
As at March 31, 2021 and March 31, 2020, borrowings of Rs. Nil and Rs. Nil respectively, was subject to variable interest rates. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact (decrease/increase) of profit/(loss) before tax of Rs. Nil and Rs. Nil on income for the year ended March 31, 2021 and March 31, 2020 respectively.

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 13 and 14 to the financial statements.

Below are the key regulatory capital ratios at the year end dates (Rs in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
CRAR (%)	52.91%	64.47%
CRAR - Tier I capital (%)	52.80%	64.35%
CRAR - Tier II capital (%)	0.11%	0.12%
Amount of Subordinated Debt raised as Tier II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	1350,00.00	-

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

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Note 36
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:

(Rs. in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Current	Non-Current	Total	Current	Non-Current	Total
ASSETS						
Financial assets						
Cash and cash equivalents	12,54.90	-	12,54.90	116,22.11	-	116,22.11
Bank balance other than cash and cash equivalents	100,00.00	-	100,00.00	1.87	-	1.87
Receivables						
Trade receivables	90.14	-	90.14	14,75.63	-	14,75.63
Other receivables	43.55	-	43.55	57.45	-	57.45
Loans	-	-	-	-	-	-
Investments	843,71.24	6933,34.86	7777,06.10	5,302.00	6578,58.09	6631,60.09
Other financial assets	36,02.99	44.97	36,47.96	31,48.30	18.95	31,67.25
Non-financial assets						-
Current tax assets (net)	-	36,65.52	36,65.52	-	88,81.34	88,81.34
Deferred tax assets (net)	-	-	-	-	17,37.83	17,37.83
Property, plant and equipment	-	35,21.04	35,21.04	-	36,60.30	36,60.30
Other non-financial assets	212.83	4.20	217.03	12.01	9.48	21.49
Total assets	995,75.65	7005,70.59	8001,46.24	216,19.37	6721,65.99	6937,85.36
LIABILITIES AND EQUITY						
Financial liabilities						
Payables						
Trade payables						
total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	66.53	-	66.53	1,19.65	-	1,19.65
Other payables			-			-
total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	5,72.62	-	5,72.62	4,99.95	-	4,99.95
Debt securities	1844,66.86	605,59.89	245,026.75	559,06.37	1598,57.20	2157,63.57
Borrowings (Other than debt securities)	-	24,54.80	2,454.80	35,000.00	23,93.49	373,93.49
Other financials liabilities	38,91.82	-	38,91.82	6,133.10	24,30.42	85,63.53
Non-financial liabilities	-	-	-			-
Current tax liabilities (net)	-	2,35.31	235.31	-	2,18.77	2,18.77
Provisions	15.93	-	15.93	20.97	0.00	20.97
Other non-financial liabilities	1,94.41	-	194.41	2,92.13	-	2,92.13
Total liabilities	1892,08.17	632,50.00	2524,58.18	979,72.17	1648,99.88	2628,72.06
Net Liabilities	(896,32.52)	6373,20.59	5476,88.06	(763,52.80)	5072,66.12	4309,13.30

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Note 37
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) and RBI Circular RBI/2020-21/24, DoR (NBFC) (PD) CC. No. 117/03.10.001/2020-21 dated August 13, 2020 applicable for all Core Investment Companies.

(A)
Core Investment Company (CIC) Compliance Ratios

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Investments & loans to group companies as a proportion of Net Assets (%)	98.77%	98.74%
2	Investments in equity shares and compulsorily convertible instruments of group companies as a proportion of Net Assets (%)	89.55%	87.48%
3	Capital Adequacy Ratio (%) [Adjusted Net Worth / Risk Weighted Assets]	52.91%	64.47%
4	Leverage Ratio (times) [Outside liabilities / Adjusted Net worth]	0.92	0.60

(B)
Asset Liability Maturity Pattern of certain items of assets and liabilities

(Rs. in lakhs)

S. No.	Particulars	Period	1 to 7 days	8 to 14 days	15 days 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	Advances	March 31, 2021	-	-	-	-	-	-	-	-	-	-	-
		March 31, 2020	-	-	-	-	-	-	-	-	-	-	-
2	Investments	March 31, 2021	843,71.24	-	-	-	-	-	-	-	-	6933,34.87	7777,06.11
		March 31, 2020	53,02.00	-	-	-	-	-	-	-	-	6578,58.10	6631,60.10
3	Brrowings	March 31, 2021	-	-		198,98.55	12,52.77	-	1645,68.32	617,61.92	-	-	2474,81.56
		March 31, 2020	-	-	429,06.94	129,99.43	-	82.45	-	1621,68.23	-	-	2181,57.05
4	Foreign Currency assets	March 31, 2021	-	-	-	-	-	-	-	-	-	-	-
		March 31, 2020	-	-	-	-	-	-	-	-	-	-	-
5	Foreign Currency liabilities	March 31, 2021	-	-	-	-	-	-	-	-	-	-	-
		March 31, 2020	-	-	-	-	-	-	-	-	-	-	-

Notes:
1 Borrowing does not include Inter-Coporate Deposit (ICD).
2 Borrowings includes liability component of compound financial instrument.

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TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of standalone financial statements for the year ended March 31, 2021

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) and RBI Circular RBI/2020-21/24, DoR (NBFC) (PD) CC. No. 117/03.10.001/2020-21 dated August 13, 2020 applicable for all Core Investment Companies.

(C) Components of ANW and other related information (Rs in lakhs)

S.No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	ANW as a % of Risk Weighted Assets	52.91%	64.47%
2	Unrealized appreciation in the book value of quoted investments	-	-
3	Diminution in the aggregate book value of quoted investments	-	-
4	Leverage Ratio	0.92	0.60

(D) Investment in other CICs

(i) Total amount representing any direct or indirect capital contribution made by one CIC in another CIC (including name of CICs) : Not Applicable
(ii) Number of CICs with their names wherein the direct or indirect capital contribution exceeds 10% of Owned Funds: Not Applicable
(iii) Number of CICs with their names wherein the direct or indirect capital contribution is less than 10% of Owned Funds: Not Applicable

(E) Off Balance Sheet Exposure (Rs in lakhs)

S.No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Off balance sheet exposure	Nil	Nil
2	Financial Guarantee as a % of total off-balance sheet exposure	Nil	Nil
3	Non-Financial Guarantee as a% of total off-balance sheet exposure	Nil	Nil
4	Off balance sheet exposure to overseas subsidiaries	Not Applicable	Not Applicable
5	Letter of Comfort issued to any subsidiary	Nil	Nil

(F) Investments (Rs in lakhs)

S.No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Value of Investments		
	(i) Gross Value of Investments		
	a) In India	7788,06.98	6642,60.97
	b) Outside India	-	-
	(ii) Provisions for Depreciation		
	a) In India	11,00.87	11,00.87
	b) Outside India	-	-
	(iii) Net Value of Investments		
	a) In India	7777,06.11	6631,60.10
	b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments.		
	(i) Opening balance	11,00.87	11,00.87
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	11,00.87	11,00.87

(G) Business Ratios

S.No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Return on Equity (RoE)	-2.65%	0.24%
2	Return on Assets (RoA)	-1.60%	0.16%
3	Net profit per employee (Rs in lakhs)	(110,06.05)	10,56.31

For the computation of ROA, average net assets have been considered. Net Assets have been derived in line with the guidance in paragraph 3 (xviii) of the RBI Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 dated August 25, 2016 (updated as on October 5, 2020)

(H) Provisions and Contingencies (Rs in lakhs)

S.No.	Break up of 'Provisions and Contingencies' shown under the Profit and Loss Account	As at March 31, 2021	As at March 31, 2020
1	Provisions for depreciation on Investment	-	10,99.57
2	Provision towards NPA	-	(2,31.84)
3	Provision made towards Income tax	4.59	(1,98.38)
4	Other Provision and Contingencies (with details)	-	-
5	Provision for Standard Assets	-	-

(I) Concentration of NPAs (Rs in lakhs)

S.No.	Particulars	Amount	Exposure as a % of total assets
	Total Exposure to top five NPA accounts	NIL	NIL

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TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of standalone financial statements for the year ended March 31, 2021

(J)
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	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-21	N.A	N.A	CRISIL AA-/ STABLE	N.A	CRISIL A1+	CRISIL AA-/ STABLE
		31-Mar-20	N.A	N.A	CRISIL AA-/ NEGATIVE	N.A	CRISIL A1+	N.A
2	ICRA	31-Mar-21	ICRA AA- / STABLE	N.A	ICRA AA- / STABLE	N.A	ICRA A1+	N.A
		31-Mar-20	ICRA AA- / NEGATIVE	N.A	ICRA AA- / NEGATIVE	N.A	ICRA A1+	N.A
3	CARE	31-Mar-21	CARE AA-/ STABLE	CARE A1+	CARE AA-/ STABLE	N.A	CARE A1+	N.A
		31-Mar-20	CARE AA-/ NEGATIVE	CARE A1+	CARE AA-/ NEGATIVE	N.A	CARE A1+	N.A

Note:
Outlook revised by CRISIL from NEGATIVE to STABLE w.e.f. March 17, 2021
Outlook revised by ICRA from NEGATIVE to STABLE w.e.f February 08, 2021
Outlook revised by CARE from NEGATIVE to STABLE w.e.f. March 24, 2021

K). Disclosure on liquidity risk under 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)

No. of Significant Counterparties	(Rs in lakhs)	% of Total Deposits	% of Total Liabilities
Five (5 nos.)	2426,47.84	NA	97.06%

(ii) Top 20 large deposits (% of Total Deposits)
Not Applicable

(iii) Top 10 Borrowings (as a % of Total Borrowings)

Particulars	(Rs in lakhs)	% of Total Borrowings
Ten (10 nos.)	2450,26.76	100.00%

(iv) Funding Concentration based on significant instrument / product

Name of the Instrument	(Rs in lakhs)	% of Total Liabilities
Commercial Paper (CP)	674,36.82	26.97%
Non Convertible Debentures (NCDs)	1775,89.94	71.03%
Inter-Corporate Deposits (ICD)	-	0.00%
Total	2450,26.76	98.01%

(v) Stock Ratios

(Rs in lakhs)

Particulars	Total Public Funds	Total Liabilities	Total Assets
Commercial papers as a % of	15.93%	26.97%	8.41%
Non Convertible Debentures (original maturity of less than one year) as a % of	-	-	-
Other short-term liabilities as a % of	28.76%	48.71%	15.19%

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

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(vi) Institutional set-up for liquidity risk management

TMF Holdings Limited (TMFHL) has an Asset Liability Supervisory Committee (ALCO), a Board level Sub-committee to oversee liquidity risk management. ALCO consists of Independent Director, Managing Director and Group Chief Financial Officer. The ALCO meetings are held once in 3 months. TMFHL 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.

For the previous year i.e. financial year 2019-20

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

No. of Significant	(Rs in lakhs)	% of Total	% of Total
Eight (8 nos.)	2507,63.57	NA	96.27%

(ii) Top 20 large deposits (% of Total Deposits)

Not Applicable

(iii) Top 10 Borrowings (as a % of Total Borrowings)

Particulars	(Rs in lakhs)	% of Total
Eight (8 nos.)	2507,63.57	100.00%

(iv) Funding Concentration based on significant instrument / product

Name of the Instrument	(Rs in lakhs)	% of Total
Commercial Paper (CP)	199,09.27	7.64%
Non Convertible Debentures (NCDs)	1958,54.30	75.19%
Inter-Corporate Deposits (ICD)	350,00.00	13.44%
Total	2507,63.57	96.27%

(v) Stock Ratios

(Rs in lakhs)

Particulars	Total Public	Total Liabilities	Total Assets
Commercial papers as a % of	6.77%	7.64%	2.87%
Non Convertible Debentures (original maturity	-	-	-
Other short-term liabilities as a % of	26.54%	29.97%	11.25%

Note:

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

(L) Other disclosures

1 No penalties were imposed by RBI and other regulators during the financial year 2020-21. (financial year 2019-20: Nil)

2 The Company does not have any exposure in real estate sector during the financial year 2020-21. (financial year 2019-20: Nil)

3 The Company being CIC, the prudential exposure limits in respect to single borrower limit / group borrower limit is not applicable.

4 The Company is only registered with Reserve Bank of India as a Systemically Important Non Deposit Taking Non Banking Financial Company as Core Investment Company (CIC).

5 The Company has not entered in to any derivative contracts during the financial year 2020-21 or holds any exposure in respect of derivative transactions as on March 31, 2021. (financial year 2019-20: Nil)

6 The Company has not drawn down any amounts from the reserves during the financial year 2020-21 except as disclosed in Statement of Changes in Equity. (financial year 2019-20: Nil)

7 The Company has not sold any Financial Assets to Securitisation / Reconstruction Company for Asset Reconstruction during financial year 2020-21. (financial year 2019-20: Nil)

8 The Company has not purchased any non-performing financial assets during the financial year 2020-21. (financial year 2019-20: Nil)

9 Overseas assets (for those with joint ventures and subsidiaries abroad)

The Company does not have any joint venture or subsidiary abroad, hence not applicable.

10 Customer Complaints:

The customer complaints during the year were NIL due to no customer interaction.

11 The amount of unsecured advances stood at Rs. Nil Lakhs (March 31, 2020: Rs. Nil).

Further, the Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or

The Company has not obtained any Registration/ licence/ authorisation, by whatever name called, from other financial sector regulators.

No modified opinion(s) or other reservation(s) has been mentioned in the audit report or limited review report in respect of the financial results of any previous financial year or quarter which has an impact on the profit or loss of the reportable period.

12 The Company does not have any loans and advances and hence, the 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 is not applicable.

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TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of standalone financial statements for the year ended March 31, 2021

Note 38

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. There has been no significant impact on the Company due to the impact of the COVID-19 pandemic. The Company's capital and liquidity position is strong and would continue to be the focus area for the Company.

As per our report of even date attached

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

Sameer M...

SAMEER MOTA
Partner
Membership No. 109928

Place : Mumbai
Date: April 30, 2021

For and on behalf of the Board of Directors

PALAMADAI SUNDARARAJAN JAYAKUMAR
Digitally signed by PALAMADAI SUNDARARAJAN JAYAKUMAR
Date: 2021.04.30 22:45:27 +05'30'

P. S. JAYAKUMAR
Director
(DIN - 01173236)

PATHAMADAI BALACHANDRAN BALAJI
Digitally signed by PATHAMADAI BALACHANDRAN BALAJI
Date: 2021.04.30 21:49:34 +05'30'

P.B. BALAJI
Director
(DIN - 02762983)

SAMRAT GUPTA
Digitally signed by SAMRAT GUPTA
Date: 2021.04.30 22:38:09 +05'30'

SAMRAT GUPTA
Managing Director and CEO
(DIN - 07071479)

RIDHI ZAVERI GANGAR
Digitally signed by RIDHI ZAVERI GANGAR
Date: 2021.04.30 22:35:49 +05'30'

RIDHI GANGAR
Chief Financial Officer

VINAY BABURAO LAVANNIS
Digitally signed by VINAY BABURAO LAVANNIS
Date: 2021.04.30 22:40:45 +05'30'

VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: April 30, 2021

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)

Notes forming part of standalone financial statements for the year ended March 31, 2021

Schedule to the

Balance Sheet of a non-deposit taking Core Investment Company

(Disclosure as per Annexure II of Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016)

(Rs. in lakhs)

Particulars			
Liabilities side:		Amount outstanding	Amount overdue
(1)	Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid: *		
	(a) Debentures : Secured		-
	: Unsecured (Note 1)	1814,44.79	-
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans	-	-
	(d) Inter-corporate loans and borrowings	-	-
	(e) Commercial Papers (Note 2)	674,36.82	-
	(f) Other Loans		
	- Working capital demand loan	-	-
	- Cash Credit		
	- From banks	-	-
	- From others	-	
	- Liability Component of compound financial instruments	24,54.80	-
Assets side:			Amount Outstanding
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
	(a) Secured		-
	(b) Unsecured		-
(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		-
	(b) Operating lease		6.47
	(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		-
	(b) Loans other than (a) above (refer note 1 & note 2 below)		-
(4)	Break-up of Investments:		
	Current Investments:		
	1 Quoted :		
	(i) Shares : (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of mutual funds		843,71.24
	(iv) Government Securities		-
	(v) Others		-
	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) Others		-
	2 Unquoted:		
	(i) Shares : (a) Equity (Investment in subsidiaries)		5158,58.10
	(b) Preference		1127,76.77
	(ii) Debentures and Bonds		647,00.00
	(iii) Units of mutual funds		-
	(iv) Government Securities		-
	(v) Others		-

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)

Notes forming part of standalone financial statements for the year ended March 31, 2021

Schedule to the

Balance Sheet of a non-deposit taking Core Investment Company

(Disclosure as per Annexure II of Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016)

(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	-	-	-
	(c) Other related parties	-	-	-
	2 Other than Related Parties			
	Total	-	-	-

(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	6933,34.87	6933,34.87
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
	2 Other than Related Parties	84,371.24	84,371.24
	Total	7777,06.11	7777,06.11

(7)	**Other information**	
	Particulars	
	(i) Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	-
	(ii) Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	-
	(iii) Assets acquired in satisfaction of debt	-

Note 1: Represents Zero coupon debentures which are gross of accredited value of premium on redemption of Rs. 240,92.66 lakhs.

Note 2: Commercial Paper are net of unamortised discounting charges amounting to Rs. 25,63.18 lakhs.

For and on behalf of the Board of Directors

PALAMADAI SUNDARARAJAN JAYAKUMAR Digitally signed by PALAMADAI SUNDARARAJAN JAYAKUMAR Date: 2021.04.30 22:45:57 +05'30'

P. S. JAYAKUMAR
Director
(DIN - 01173236)

PATHAMADAI BALACHANDRAN BALAJI Digitally signed by PATHAMADAI BALACHANDRAN BALAJI Date: 2021.04.30

P.B. BALAJI
Director
(DIN - 02762983)

SAMRAT GUPTA Digitally signed by SAMRAT GUPTA Date: 2021.04.30 22:38:30 +05'30'

SAMRAT GUPTA
Managing Director and CEO
(DIN - 07071479)

RIDHI ZAVERI GANGAR Digitally signed by RIDHI ZAVERI GANGAR Date: 2021.04.30 22:36:10 +05'30'

RIDHI GANGAR
Chief Financial Officer

VINAY BABURAO LAVANNIS Digitally signed by VINAY BABURAO LAVANNIS Date: 2021.04.30 22:41:09 +05'30'

VINAY LAVANNIS
Company Secretary

BSR & Co. LLP
14th Floor
Central B Wing and North C Wing
Nesco IT Park4,
Nesco Center,
Western Express Highway
Goregaon (East)
Mumbai - 400 063

Place: Mumbai
Date: April 30, 2021

B S R & Co. LLP
Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400 063

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

Independent Auditor's Report

To the Members of TMF Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of TMF Holdings Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group"), which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended.

Basis for Opinion

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

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Independent Auditor's Report *(Continued)*

TMF Holdings Limited

Key Audit Matters

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

Description of Key Audit Matter

<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 967,32.11 lakhs for year ended 31 March 2021
Provision: INR 1281,93.55 lakhs at 31 March 2021</td></tr>
<tr><td colspan="2">Refer to the accounting policies in "Note 3(xvii)(A)(III) to the Consolidated Financial Statements: Impairment of financial assets", "Note 3(iii) to the Consolidated Financial Statements: Significant Accounting Policies-use of estimates and judgements", "Note 9 to the Consolidated Financial Statements: Loans"</td></tr>
<tr><td>Subjective estimate

Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ("ECL") estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Group's estimation of ECLs are:

• Data inputs - 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.

• Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in ECL and as a result are considered the most significant judgmental aspect of the Group's modelling approach.</td><td>Our key audit procedures included:

Design / controls

We performed end to end process walkthroughs to identify the key systems, applications and controls used in ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in ECL process.

Key aspects of our controls testing involved the following:

• Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models.

• Testing the 'Governance Framework' controls over validation, implementation and model monitoring in line with Reserve Bank of India guidance.

• Testing the design and operating effectiveness of the key controls over the application of the staging criteria.

• Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights.</td></tr>
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Independent Auditor's Report *(Continued)*

TMF Holdings Limited

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment of loans to customers ***(Continued)***	
• Economic scenarios – Ind AS 109 requires the Group to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 19.92 % of ECL balances as at 31 March 2021. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Group. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter. Disclosures The disclosures regarding the Group's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Testing management's controls over authorisation and calculation of post model adjustments and management overlays. • Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. • Testing key controls operating over the information technology system in relation to loan impairment including system access and system change management, program development and computer operations. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Group's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). • For models which were changed or updated during the year, evaluating whether the changes were appropriate by assessing the updated model methodology. • For corporate loans, assessing appropriateness of management's credit grading model. • The reasonableness of the Group's considerations of the impact of the current economic environment due to COVID-19 on ECL determination. **Test of details** Key aspects of our testing included: • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Model calculations testing through re-performance, where possible. • Test of details of post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. • Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.

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Independent Auditor's Report *(Continued)*

TMF Holdings Limited

Key Audit Matters *(continued)*

Key audit matter	How the matter was addressed in our audit
Information technology	
Information Technology ("IT") systems and controls The Group's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. 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. • For new system implemented during the audit period, we evaluated the program development related controls to determine whether adequate controls have been established to ensure that new system implemented was authorized, tested, approved. Also, evaluated the SOC1 Type2 report to determine the scope covered and controls associated with processes at Service Organisation.

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Other Information

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

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

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

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

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

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

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

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

Independent Auditor's Report *(Continued)*

TMF Holdings Limited

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Financial Statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Independent Auditor's Report *(Continued)*

TMF Holdings Limited

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

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

A. As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable, that:

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and our reports of the subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

Independent Auditor's Report *(Continued)*

TMF Holdings Limited

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

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

i. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group. Refer Note 34 to the Consolidated Financial Statements.

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group during the year ended 31 March 2021; and

iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these Consolidated Financial Statements since they do not pertain to the financial year ended 31 March 2021.

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

In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Holding Company at its extra ordinary general meeting held on 17 March 2021, the remuneration paid during the current year by the Holding Company and its subsidiary companies incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) which are required to be commented upon by us.

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

Sameer Mota
Partner
Membership Number: 109928
UDIN: 21109928AAAAKX8633

Mumbai
30 April 2021

TMF Holdings Limited

Annexure A to the Independent Auditor's report on the Consolidated Financial Statements of TMF Holdings Limited for the year ended 31 March 2021

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

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

Opinion

In conjunction with our audit of the Consolidated Financial Statements of TMF Holdings Limited (hereinafter referred to as the "Holding Company") as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to the Consolidated Financial Statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 (the "Act") which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to the Consolidated Financial Statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

TMF Holdings Limited

Annexure A to the Independent Auditor's report on the Consolidated Financial Statements of TMF Holdings Limited for the year ended 31 March 2021 *(Continued)*

Auditor's Responsibility ***(Continued)***

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

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

Meaning of Internal Financial controls with Reference to the Consolidated Financial Statements

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

TMF Holdings Limited

Annexure A to the Independent Auditor's report on the Consolidated Financial Statements of TMF Holdings Limited for the year ended 31 March 2021 *(Continued)*

Inherent Limitations of Internal Financial controls with reference to the Consolidated Financial Statements

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

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

Sameer Mota
Partner
Membership No. 109928
UDIN: 21109928AAAAKX8633

Mumbai
30 April 2021

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Consolidated Balance Sheet as at March 31, 2021

(Rs. in lakhs)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
I ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	5	5088,95.20	2162,54.45
(b) Bank balance other than cash and cash equivalents	6	1137,70.41	1387,40.55
(c) Derivative financial instruments	16	26,35.93	79,40.76
(d) Receivables			
i. Trade receivables	7	61,52.12	203,19.43
ii. Other receivables	8	31,99.71	59,58.01
(e) Loans	9	36859,17.41	32126,57.36
(f) Investments	10	1146,05.99	751,67.62
(g) Other financial assets	11	540,04.96	62,53.18
		44891,81.73	**36832,91.36**
2 Non-financial assets			
(a) Current tax assets (net)		188,93.60	317,25.28
(b) Deferred tax assets (net)	12	137,38.86	167,26.26
(c) Investments in joint venture (equity accounted investee)	13	-	-
(d) Property, plant and equipment	14	272,98.02	249,35.47
(e) Capital work-in-progress		-	69.70
(f) Goodwill	14A	205,18.53	205,18.53
(g) Other intangible assets	14B	5,36.63	4,29.64
(h) Other non-financial assets	15	162,61.65	166,83.09
		972,47.29	**1110,87.97**
3 Non-current assets held for sale		-	**3,35.68**
Total assets		**45864,29.02**	**37947,15.01**
II LIABILITIES AND EQUITY			
1 Financial liabilities			
(a) Derivative financial instruments	16	49,26.63	10,25.29
(b) Payables	17		
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		298,48.90	268,83.51
(ii) Other payables			
- total outstanding dues of micro enterprises and small		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		60,21.33	31,60.99
(c) Debt securities	18	12777,85.52	9788,06.98
(d) Borrowings (Other than debt securities)	19	25825,50.94	23291,94.81
(e) Subordinated liabilities	20	1008,84.50	1365,51.40
(f) Other financials liabilities	21	741,52.73	554,59.93
		40761,70.55	**35310,82.91**
2 Non-financial liabilities			
(a) Current tax liabilities (net)		3,71.03	2,72.08
(b) Provisions	22	83,53.62	78,43.64
(c) Other non-financial liabilities	23	94,57.80	64,38.77
		181,82.45	**145,54.49**
3 Equity			
(a) Equity share capital	24	1648,28.34	1648,28.34
(b) Other equity		959,47.68	592,49.27
Equity attributable to owners		2607,76.02	2240,77.61
Non-controlling interests		2313,00.00	250,00.00
		4920,76.02	**2490,77.61**
Total liabilities and equity		**45864,29.02**	**37947,15.01**

See accompanying notes forming part of the financial statements (1 to 47)

As per our report of even date attached

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

Sameer Mota
Partner
Membership No. 109928

Place : Mumbai
Date: April 30, 2021

For and on behalf of the Board of Directors

PALAMADAI SUNDARARAJAN JAYAKUMAR — Digitally signed by PALAMADAI SUNDARARAJAN JAYAKUMAR Date: 2021.04.30 23:10:08 +05'30'

P. S. JAYAKUMAR
Director
(DIN - 01173236)

P.B. BALAJI
Director
(DIN - 02762983)

SAMRAT GUPTA — Digitally signed by SAMRAT GUPTA Date: 2021.04.30 23:05:44 +05'30'

SAMRAT GUPTA
Managing Director and Chief Executive Officer
(DIN - 07071479)

RIDHI ZAVERI GANGAR — Digitally signed by RIDHI ZAVERI GANGAR Date: 2021.04.30 23:02:51 +05'30'

RIDHI GANGAR
Chief Financial Officer

VINAY BABURAO LAVANNIS — Digitally signed by VINAY BABURAO LAVANNIS Date: 2021.04.30 23:07:42 +05'30'

VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: April 30, 2021

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)

Consolidated Statement of Profit and Loss for the year ended March 31, 2021

(Rs. in lakhs)

	Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
	Revenue from operations			
	(a) Interest income	25	4255,61.94	4002,27.02
	(b) Dividend income		73,83	4,45.47
	(c) Rental income		64,30.12	32,54.22
	(d) Net gain on fair value changes	26	148,09.55	96,94.43
	(e) Net gain on derecognition of financial instruments under amortised cost category		94,88.57	122,01.00
	(f) Other fees and service charges		105,92.59	160,19.39
I	Total Revenue from operations		4669,56.60	4418,41.53
II	Other income	27	212,84.79	252,22.20
III	Total income (I + II)		4882,41.39	4670,63.73
IV	Expenses:			
	(a) Finance cost	28	2851,41.89	3083,02.83
	(b) Impairment of financial instruments and other assets	29	974,24.04	595,03.92
	(c) Employee benefits expenses	30	311,13.10	299,27.96
	(d) Depreciation, amortization and impairment	14	61,55.01	49,13.02
	(e) Other expenses	31	418,06.78	495,09.89
	Total expenses		4616,40.82	4521,57.62
V	Profit before exceptional items, share of net profit/loss of joint venture and tax (III - IV)		266,00.57	149,06.11
VI	Share of net loss of joint venture accounted for using equity method	13	-	-
VII	Profit for the year before tax (V - VI)		266,00.57	149,06.11
VIII	Tax expense / (income)	12		
	Current tax		5,70.07	12,52.86
	Deferred tax		(8,88.14)	(2,94.58)
	Total tax expense		(3,18.07)	9,58.28
IX	Profit for the year after tax (VII - IX)		269,18.64	139,47.83
X	Other comprehensive income			
	A i. Items that will not be reclassified to profit or loss			
	a. Remeasurements of the defined benefit plans		(4,11.34)	3,47.14
	b. Equity Instruments through Other Comprehensive Income		50,01.59	(17,27.01)
	Subtotal (A)		45,90.25	(13,79.87)
	B i. Items that will be reclassified to profit or loss			
	a. Net Gains/(losses) on cash flow hedges		(2,51.99)	(43,88.13)
	b. Debt Instruments through Other Comprehensive Income		168,14.91	136,23.53
	ii. Income tax relating to items that will be reclassified to profit or loss		-	(47,60.60)
	Subtotal (B)		165,62.92	44,74.80
	Other Comprehensive Income (A + B)		211,53.17	30,94.93
XI	Total comprehensive income for the year (IX + X)		480,71.81	170,42.76
XII	Earnings per equity share of Rs. 100 each			
	Basic (in Rs.)		1.55	0.81
	Diluted (in Rs.)		1.55	0.81

See accompanying notes forming part of the financial statements (1 to 47)

As per our report of even date attached

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

Sameer Mota
Partner
Membership No. 109928

Place : Mumbai
Date: April 30, 2021

For and on behalf of the Board of Directors

PALAMADAI SUNDARARAJAN JAYAKUMAR — Digitally signed by PALAMADAI SUNDARARAJAN JAYAKUMAR Date: 2021.04.30 23:10:29 +05'30'

P. S. JAYAKUMAR
Director
(DIN - 01173236)

PATHAMADAI BALACHAND RAN BALAJI — Digitally signed by PATHAMADAI BALACHANDRAN BALAJI Date: 2021.04.30 23:11:13 +05'30'

P.B. BALAJI
Director
(DIN - 02762983)

SAMRAT GUPTA — Digitally signed by SAMRAT GUPTA Date: 2021.04.30 23:06:04 +05'30'

SAMRAT GUPTA
Managing Director and Chief Executive Officer
(DIN - 07071479)

RIDHI ZAVERI GANGAR — Digitally signed by RIDHI ZAVERI GANGAR Date: 2021.04.30 23:03:15 +05'30'

RIDHI GANGAR
Chief Financial Officer

VINAY BABURAO LAVANNIS — Digitally signed by VINAY BABURAO LAVANNIS Date: 2021.04.30 23:08:01 +05'30'

VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: April 30, 2021

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Consolidated Statement of Cash Flow for the year ended March 31, 2021

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the year before tax	266,00.69	149,06.11
Adjustments for:		
Interest income on loans, deposits and investments	(4255,66.26)	(4124,28.02)
Finance costs (other than Interest expense on assets taken on lease)	2847,20.29	3078,42.25
Interest expense on assets taken on lease	4,21.61	4,60.59
Allowance for loan losses (net of writeoff)	967,32.10	598,73.78
Allowance for doubtful loans and advances (others)(net of writeoff)	6,91.93	(369.86)
Gain on sale of investments	(96,07.62)	(115,87.51)
Net gain on fair value changes (unrealised)	(52,01.93)	18,93.09
Dividend Income	(73.83)	(4,45.47)
(Profit)/loss on sale of property, plant and equipments (net)	(17,14.69)	7.56
Depreciation and amortization expense	61,55.01	49,13.02
Balance written back	(25,12.12)	(33,00.15)
Fair value (gain)/loss on derivative instruments	20,74.17	4,41.96
Non cash changes in lease liabilities	(1,05.42)	-
Operating cash flow before working capital changes and discounting charges	**(273,86.07)**	**(377,92.65)**
Movements in working capital		
Trade receivables	134,12.58	87,64.86
Other receivables	29,65.28	(45,93.35)
Loans	(4371,99.70)	3922,27.48
Other financial assets	(475,13.41)	42,40.62
Trade payables	54,54.73	3,09.72
Other payables	28,57.92	(28,70.31)
Other non financial assets	(44,02.23)	(6,07.81)
Other financial liabilities	134,88.51	7982.32
Provisions	98.65	(1636.25)
Other non financial liabilities	38,66.30	(8,75.77)
	(4743,57.44)	**3651,48.86**
Finance costs paid	(2391,32.80)	(3141,49.87)
Interest income received on loans, deposits and investments	3133,27.69	4067,53.70
Income taxes refund/(paid) (net)	(300,63.42)	(112,18.66)
Net cash (used in) / from operating activities	**(4302,25.97)**	**4465,34.03**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments and intangible assets	(33,41.14)	(138,67.98)
Proceeds from sale of property, plant and equipments	3,34.19	4,70.54
Purchase of mutual fund units	(103369,59.89)	(173439,59.00)
Redemption of mutual fund units	103175,07.17	173002,46.51
Redemption of Non Convertible Debentures (NCDs)	3,00.00	-
Investment in equity shares	(1,81.28)	150,00.00
Investment in trust securities	(4.58)	(20.87)
Proceeds from sale of assets held for sale (Net)	10,86.16	-
Proceeds from sale of preference shares	-	99.98
Investment in Non-convertible debentures	-	(151,70.00)
Proceeds from redemption of debentures	-	110,00.00
Deposits/restricted deposits with banks	(796,57.18)	(436,99.00)
Realisation of deposits/restricted deposits with banks	1046,27.31	127,41.74
Dividend income	73.83	4,45.47
Net cash from / (used in) investing activities	**37,84.59**	**(767,12.62)**

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TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)

Consolidated Statement of Cash Flow for the year ended March 31, 2021

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	-	150,00.00
Share issue expenses	-	(15.00)
Payment of dividend and DDT	-	(95,49.26)
Proceeds from Debt securities	26941,27.71	30154,78.53
Repayment of Debt securities	(23889,45.16)	(34937,96.27)
Proceeds from Subordinated liabilities (net of issue expenses)	-	299,50.00
Repayment of Subordinated liabilities	(361,00.00)	(288,95.00)
Proceeds from borrowings (other than debt securities)	16146,68.63	23511,66.77
Repayment of borrowings (other than debt securities)	(13581,79.81)	(21920,35.76)
Proceeds from issue of Perpetual debt	-	250,00.00
Perpetual debt issue expenses	-	(4,64.29)
Interest payment on purchase of Right to use assets	(4,21.82)	(4,60.27)
Principal payment on purchase of Right to use assets	(9,94.03)	(12,67.33)
Distributions made to holders of Instruments entirely equity in nature	(28,75.00)	-
Proceeds from issue of Instruments entirely equity in nature (net of issue expenses)	1277,76.59	-
Proceeds from issue of equity instruments to non controlling interest (net of issue expenses)	700,25.01	-
Net cash from / (used in) financing activities	**7190,82.12**	**(2898,87.87)**
Net increase in cash and cash equivalents (A + B + C)	**2926,40.75**	**799,33.54**
Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Cash and cash equivalents at the beginning of the year	2162,54.45	1363,20.91
Cash and cash equivalents at the end of the year	5088,95.20	2162,54.45
Net Increase in cash and cash equivalents [Refer: Notes below]	**2926,40.75**	**799,33.54**

See accompanying notes forming part of the financial statements (1 to 47)

Notes:

1 Finance costs has been considered as arising from operating activities in view of the nature of the group's business

2 The Statement of Cash Flows has been presented using indirect method as per the requirements of Ind AS 7 Statement of Cash Flows.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants

Firm Registration Number: 101248W/W-100022

Sameer Mota
Partner
Membership No. 109928

Place : Mumbai
Date: April 30, 2021

For and on behalf of the Board of Directors

PALAMADAI SUNDARARAJAN JAYAKUMAR Digitally signed by PALAMADAI SUNDARARAJAN JAYAKUMAR Date: 2021.04.30 23:10:55 +05'30'

P. S. JAYAKUMAR
Director
(DIN - 01173236)

PATHAMADAI BALACHANDRAN BALAJI

P.B. BALAJI
Director
(DIN - 02762983)

SAMRAT GUPTA Digitally signed by SAMRAT GUPTA Date: 2021.04.30 23:06:22 +05'30'

SAMRAT GUPTA
Managing Director and
Chief Executive Officer
(DIN - 07071479)

RIDHI ZAVERI GANGAR Digitally signed by RIDHI ZAVERI GANGAR Date: 2021.04.30 23:03:34 +05'30'

RIDHI GANGAR
Chief Financial Officer

VINAY BABURAO LAVANNIS Digitally signed by VINAY BABURAO LAVANNIS Date: 2021.04.30 23:08:22 +05'30'

VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: April 30, 2021

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Consolidated Statement of Changes in Equity for the year ended March 31, 2021

A. Equity share capital

Equity Shares	March 31, 2021		March 31, 2020	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	1,648,283,442	1648,28.34	1,598,283,442	1598,28.34
Shares issued during the year	-	-	50,000,000	50,00.00
Shares outstanding at the end of the year	1,648,283,442	1648,28.34	1,648,283,442	1648,28.34

B. Other equity

(Rs. in lakhs)

Particulars	Equity component of compound financial instrument (Refer Note 24B)	Reserves				Other components of equity				Total
		Special reserve	Securities Premium Account	Capital reserve	Retained earnings	Equity instruments through OCI	Debt instruments through OCI	Cost of hedging Reserve	Hedging Reserve	
Balance as at April 01, 2020	370,72.59	381,54.03	1512,91.43	241,72.78	(1955,14.56)	(24.70)	88,62.92	1,68.63	(49,33.86)	592,49.27
Profit for the year	-	-	-	-	269,18.64					269,18.64
Other comprehensive income /(loss) for the year	-	-	-	-	(4,11.34)	50,01.59	168,14.91	(78.05)	(1,73.94)	211,53.17
Total Comprehensive income/(loss) for the year	-	-	-	-	265,07.30	50,01.59	168,14.91	(78.05)	(1,73.94)	480,71.81
Dividend paid - Perpetual debentures					(28,75.00)					(28,75.00)
Share issue expenses and transaction cost incurred on equity shares/ equity instruments	-	-	-	-	(84,98.40)	-	-	-	-	(84,98.40)
Transfer to Special Reserve	-	-	88,71.77	-	(88,71.77)	-	-	-	-	-
Balance as at March 31, 2021	**370,72.59**	**381,54.03**	**1601,63.20**	**241,72.78**	**(1892,52.43)**	**49,76.89**	**256,77.83**	**90.58**	**(51,07.80)**	**959,47.68**

(Rs. in lakhs)

Particulars	Equity component of compound financial instrument (Refer Note 24B)	Reserves				Other components of equity				Total
		Special reserve	Securities Premium Account	Capital reserve	Retained earnings	Equity instruments through OCI	Debt instruments through OCI	Cost of hedging Reserve	Hedging Reserve	
Balance as at April 01, 2019	370,72.59	381,54.03	1363,89.21	241,72.78	(1963,30.00)	17,02.31	-	(3,77.10)	-	407,83.83
Profit for the year	-	-	-	-	139,47.83	-		-		139,47.83
Other comprehensive income /(loss) for the year	-	-	-	-	3,47.14	(17,27.01)	88,62.92	5,45.73	(49,33.86)	30,94.93
Total Comprehensive income/(loss) for the year	-	-	-	-	142,94.97	(17,27.01)	88,62.92	5,45.73	(49,33.86)	170,42.75
Dividend paid (including dividend tax)	-	-	-	-	(80,98.01)	-	-	-	-	(80,98.01)
Equity infusion during the year	-	-	100,00.00	-	-	-	-	-	-	100,00.00
Share issue expenses and transaction cost incurred on equity shares	-	-	(15.00)	-	(4,64.29)	-	-	-	-	(479.29)
Transfer to Special Reserve	-	-	49,17.22	-	(49,17.22)	-	-	-	-	-
Balance as at March 31, 2020	**370,72.59**	**381,54.03**	**1512,91.43**	**241,72.78**	**(1955,14.56)**	**(24.70)**	**88,62.92**	**1,68.63**	**(49,33.86)**	**592,49.27**

See accompanying notes forming part of the financial statements (1 to 47)

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

Sameer Mota
Partner
Membership No. 109928

Place : Mumbai
Date: April 30, 2021

For and on behalf of the Board of Directors

PALAMADAI SUNDARARAJAN JAYAKUMAR — Digitally signed by PALAMADAI SUNDARARAJAN JAYAKUMAR Date: 2021.04.30 23:11:16 +05'30'
P. S. JAYAKUMAR
Director
(DIN - 01173236)

PATHAMADAI BALACHANDRAN BALAJI — Digitally signed by PATHAMADAI BALACHANDRAN BALAJI Date: 2021.04.30 22:12:02 +05'30'
P.B. BALAJI
Director
(DIN - 02762983)

SAMRAT GUPTA — Digitally signed by SAMRAT GUPTA Date: 2021.04.30 23:06:39 +05'30'
SAMRAT GUPTA
Managing Director and Chief Executive Officer
(DIN - 07071479)

RIDHI ZAVERI GANGAR — Digitally signed by RIDHI ZAVERI GANGAR Date: 2021.04.30 23:03:53 +05'30'
RIDHI GANGAR
Chief Financial Officer

VINAY BABURAO LAVANNIS — Digitally signed by VINAY BABURAO LAVANNIS Date: 2021.04.30 23:08:49 +05'30'
VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: April 30, 2021

Note 1 Background and operations

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

The Company is primarily a holding company, holding investments in its subsidiaries and other Group companies.
The Company and its subsidiaries (collectively referred to as "the Group") is engaged primarily in lending activities providing finance for vehicles and to corporates dealers and vendors of ultimate parent company (referred to as "Tata Motors Limited"), through its PAN India branch network.
The consolidated financial statements were approved by the Board of Directors and authorised for issue on April 30, 2021.

Note 2 Basis of preparation of financial statements

2.1 Statement of compliance
The financial statements of the Group have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Any application guidance/ clarifications/ directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/ applicable.
The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in para 3(iii) - Use of estimates and judgements.
The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lacs, except when otherwise indicated.

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

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

Note 3 SIGNIFICANT ACCOUNTING POLICIES
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Basis of Consolidation
Subsidiaries
The consolidated financial statements include the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Control exists when the Group
(a) has power over the investee,
(b) it is exposed, or has rights, to variable returns from its involvement with the investee and
(c) has the ability to affect those returns through its power over the investee.
The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above. In assessing control, potential voting rights that currently are exercisable are taken into account. The results of subsidiaries acquired or disposed off during the year are included in the consolidated financial statements from the effective date of acquisition and up to the effective date of disposal, as appropriate.
The financial statements of the Group and its subsidiary companies have been consolidated on a line-by-line basis by adding together of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India. Accounting policies of the respective subsidiaries entities are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS.
Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

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

Interest in Joint arrangements- Joint Venture

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

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

Equity method of accounting (equity accounted investees)

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

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

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

(ii) Business Combinations

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

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

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

(iii) Use of estimates and Judgments

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

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

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

a) Note 3 (xvii) A- Business model assessment for classififcation and measurement of financial assets
b) Note 3 (xvii) A and 43 - Impairment of financial assets based on the expected credit loss model
c) Note 3(iv) - Recognition of interest income/expenses using Effective Interest Rate (EIR) method.
d) Note 3(ix) and 3(x) - Useful lives of property, plant and equipment and intangible assets.
e) Note 3(xiii) and 35 - Measurement of assets and obligations of defined benefit employee plans.
f) Note 3(vi) and 12 - Recognition of deferred tax assets.
g) Note 3(xiv) - Measurement and recognition of Provisions and Contingencies.
h) Note 3(xix) and 37 - Fair value measurment of Financial Instruments.
i) Note (xvii) A - Effective Interest Rate (EIR) methodology that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments.
j) Note (xi)- Determination of lease term where Group is a lessee
k) Note 3(x) & 12A- Impairment of intangible assets- goodwill

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(iv) Revenue recognition

Revenue from Operations

(a) Income on loans arising from financing activities

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset.

The EIR in case of a financial asset is computed

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

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

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

Income from direct assignment

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

(b) Dividend

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

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

(c) Rental Income

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

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

(d) Fees and Commission Income

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

Other Income

Support Services Fee income earned for the services rendered are recognized as and when they are due.

(v) Foreign currency

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

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

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

(vi) Income Taxes

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

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

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

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

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

(vii) Cash and Cash equivalent

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

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(viii) Earning per share

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

(ix) Property,Plant and equipment (PPE)

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

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

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

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

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

Schedule II to the Companies Act 2013 ('Schedule') prescribes the useful lives for various class of assets. For certain class of assets, based on technical evaluation and assessment, Management believes that, the useful lives adopted by it reflects the periods over which these assets are expected to be used. Accordingly for those assets, the useful lives estimated by the management are different from thoseprescribed 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 and 60 Years
Data Processing Machines	3 Years
Furniture and Fixture	5 and 10 Years
Office Equipment	2 to 10 Years
Motor Vehicles	4 and 5 Years
Vehicles on Operating Lease	4 and 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.

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

(x) Other intangible assets

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

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

Intangible Assets and their Useful Lives are as under

Type of Assets	Estimated useful Life
Software	5 years

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

(xi) Leases

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

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

(i) Right of use of assets

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

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) and variable lease payment that depend on 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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

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

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

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

(B) Group as a Lessor

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

Assets given on operating lease

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

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

Assets given on finance lease

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

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

(xii) Impairment of Non financial assets

Goodwill

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

Property, plant and equipment and other intangible assets

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

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

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

(xiii) Employee benefits

(A) Short term employee benefits

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

(B) Post Employment/retirement benefit Plans

(1) Defined contribution plans

Superannuation fund

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

(2) Defined benefit plans

(a) Provident fund

In accordance with Indian law, eligible employees of TMF Holdings Limited and one of the subsidiary Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, except the employer's contribution towards pension fund paid to the Regional Provident Fund office, as specified under the law, are made to the provident fund set up as an irrevocable trust by Tata Motors Limited (ultimate Parent Company). The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The principal and interest liability arising only to the extent of the aforesaid differential shortfalls is a defined benefit.

(b) Gratuity

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

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

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

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

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

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

(C) Other long term employee benefit plans

(1) Defined benefit plans

Compensated absences

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

(xiv) Provisions and Contingent Liabilities

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

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

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

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

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements.

(xv) Dividend (Including dividend distribution tax)

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

(xvi) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The power to assess the financial performance and position of the Group and make strategic decisions is vested in the Board of Directors Committee who has been identified as the chief operating decisions maker.

(xvii) Financial instruments

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

(A) <u>Financial assets</u>

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

For the purposes of initial recognition, financial assets are classified in the following categories

a. at amortised cost, or

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

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

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

(I) Debt Instruments
initial classification of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

(a) At amortised cost:
A debt instrument is measured at amortised cost, if both the following conditions are satisfied/ fulfilled
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

(b) At FVTOCI:
A debt instrument is classified at FVTOCI, if both of the following criteria are met:
- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

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

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

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

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated statement of profit and loss.

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

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

Where the Group classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to consolidated statement of profit and loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the consolidated statement of profit and loss.

(III) Impairment of financial assets
The Group applies the Expected Credit Loss (ECL) model in accordance with Ind AS 109 for recognising impairment loss on financial assets except for
- equity instruments which are not subject to impairment under Ind AS 109, and
- other debt financial assets held at fair value through profit or loss (FVTPL)

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

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

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

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

- Stage 1: Low credit risk, i.e. 0 to 30 days past due
- Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due
- Stage 3: Credit Impaired assets, i.e. more than 90 days past due or cases where the group suspects fraud and legal proceedings are initiated.

For restructured cases which are not getting covered under any specific regulatory package issued by RBI, as a part of qualitative assessment of whether a customer is in default (i.e. credit impaired), the Company carefully considers and assesses various instances to determine whether the restructuring of a loan or advance should result in treating the customer as defaulted and therefore assessed as stage 3 for ECL calculations.

Definition of default

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

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

PD is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. PD estimation process is done based on historical internal data available with the Group.

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

Forward looking information

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

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

Collateral valuation:

The Group creates & secures first and exclusive collateral charge at the time of loan origination on all vehicles for which vehicle financing loans are given. Hypothecation endorsement is obtained in favour of the Group in the Registration Certificate of the Vehicle funded under the vehicle finance category. Any surplus remaining after settlement of outstanding loan by way of sale of vehicle (collateral) is returned to the customer. Also, the Group secures portion of the loss against loans financed to customers by obtaining third party credit guarantees. For the corporate lending loan exposure, wherever required the Group obtains security cover in the form of immoveable properties by creating charge over the collateral.

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

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

ECL on Debt instruments measured at amortised cost

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

ECL on Debt instruments measured at fair value through OCI

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

Write-off

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

(IV) Derecognition of financial assets

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

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

(B) Financial liabilities and equity instruments

Classification as debt or equity

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

(I) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

(a) At FVTPL:

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group, that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

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

(b) At amortised cost:

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

Financial guarantee contracts:

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

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

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

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Derecognition of financial liabilities:

The Group de-recognises financial liabilities when and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in consolidated statement of profit and loss.

Modification/Renegotiation that do not result in derecognition

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

(II) Equity Instrument

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

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

(III) Compound financial Instrument

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

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

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

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

(xviii) Derivatives and Hedging activities

The Group enters into a variety of derivative financial instrumentsto manage its exposure to interest rate risk and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 16.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair vaue 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.

Emdedded derivatives

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

Derivatives embedded in 'all other host contract are seperated 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 seperated.

(a) Hedge accounting

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

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

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Nesco IT Park4,
Nesco Center,
Western Express Highway
Goregaon (East),
Mumbai - 400 063

Cash flow hedges

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

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

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

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

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

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

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

(xix) **Fair value measurement**

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date;
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs) that the Group can access at measurement date

(xx) **Offsetting financial instruments**

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

(xxi) **Recent Accounting Pronouncement**

(A) There are no new accounting pronouncement by MCA during the year
(B) There are no amendments to existing standards during the year

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2021

Note 4A: Group Information

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

Sr. no	Name of the Company	Country of Incorporation	% of holding either directly or through subsidiaries	
			As at March 31, 2021	As at March 31, 2020
	Subsidiaries			
1	Tata Motors Finance Limited (formerly known as Sheba Properties Limited)	India	100	100
2	Tata Motors Finance Solutions Limited	India	100	100
	Joint Venture			
1	Loginomic Tech Solutions Private Limited	India	26	26

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

(Rs. in lakhs)

Sr. No	Name of the Company	As % of consolidated net assets	Net Assets (total assets minus total liabilities)	As % of consolidated profit or loss	Share of profit or loss	As % of other comprehensive income	Share of OCI	As % of total comprehensive income	Share of total comprehensive income
	Parent								
1	TMF Holdings Limited	111%	5476,88.06	-41%	(110,06.05)	0%	4.20	-23%	(110,01.85)
	Subsidiaries								
1	Tata Motors Finance Limited (formerly known as Sheba Properties Limited)	91%	4481,32.38	93%	249,67.63	100%	212,10.80	96%	461,78.43
2	Tata Motors Finance Solutions Limited	31%	1528,92.66	72%	193,91.27	0%	(61.83)	40%	193,29.44
	Joint ventures (as per proportionate consolidation /investment as per the equity method								
1	Loginomic Tech Solutions Private Limited	0%	-	0%	-	-	-	0%	-
	Adjustments arising out of consolidation	(133%)	(6566,37.08)	(24%)	(64,34.22)	-	-	(13%)	(6434.22)
		100%	4920,76.02	100%	269,18.64	100%	211,53.17	100%	480,71.81

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TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2021

Note 5
Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	10,97.24	1,67.82
Balance with banks	2018,21.40	710,43.95
Cheques, drafts on hand	14,76.56	42.68
Bank deposit with maturity of less than 3 months	3045,00.00	1450,00.00
Total	5088,95.20	2162,54.45

Note 6
Bank Balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits with banks	602,76.11	600,00.00
Earmarked balances with banks (Refer note i)	47.96	1,09.72
Margin money / cash collateral with banks (Refer note (ii))	534,46.34	786,30.83
Total	1137,70.41	1387,40.55

Note :-
(i) Earmarked balances with banks on account of unclaimed interest on debt securities.
(ii) Margin money / cash collateral with banks acting as credit enhancement in respect of securitisation transactions.

Note 7
Trade Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables considered good - Unsecured	69,46.82	203,53.93
Less: Provision for impairment	(7,94.70)	(34.50)
Total	61,52.12	203,19.43

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

Note 8
Other Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured considered good	31,99.71	59,58.01
Total	31,99.71	59,58.01

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

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Note 9
Loans (at amortised cost)

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(A)		
i. At Amortised Cost		
From Financing Activities		
- Term loans	28285,75.36	27956,47.49
- Finance Lease receivables	19,08.49	3,54.96
- Channel Financing	641,13.94	420,86.37
- Credit substitues (refer note (i))	1205,74.15	704,60.27
From other than financing activities		
- Inter corporate deposits	50.00	50.00
Total (i) - Gross	**30152,21.94**	**29085,99.09**
Less: Impairment loss allowance	(1210,37.76)	(662,31.45)
Total (i) - Net	**28941,84.18**	**28423,67.64**
ii. At fair value through Other comprehensive income (FVOCI)		
From Financing Activities		
- Term loans	7988,89.02	3719,78.70
Less: Impairment loss allowance	(71,55.79)	(16,88.98)
Total (ii) - Net	**7917,33.23**	**3702,89.72**
Total (A) = (i)+(ii)	**36859,17.41**	**32126,57.36**
(B)		
Secured by tangible assets (refer note (ii))	34854,92.63	32364,56.13
Covered by government guarantees (refer note (iii))	2311,18.76	-
Unsecured	974,99.57	441,21.66
Total (B) - Gross	**38141,10.96**	**32805,77.79**
Less: Impairment loss allowance	(1281,93.55)	(679,20.43)
Total (B) - Net	**36859,17.41**	**32126,57.36**
Loans in India		
- Public Sector	-	-
- Others	38141,10.96	32805,77.79
Total (C) - Gross	**38141,10.96**	**32805,77.79**
Less: Impairment loss allowance	(1281,93.55)	(679,20.43)
Total (C) - Net	**36859,17.41**	**32126,57.36**

Notes
(i) Investments in bonds, debentures and other financial instruments which, in substance, form a part of the Group's financing activities ("Credit Substitutes") have been classified under Loans.
(ii) Group covers/secures the credit risk associated with the loans lended to customers by creating an exclusive charge/ hypotheciation/ security on the assets/vehicles as mentioned/sepecified in the loan agreement wih the customers. This includes vehicle term loan lending done to Micro and Small Enterprises, for which the Group has availed the benefit of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme to secure credit default risk.
(iii) Backed by credit guarantee of the government under the Emergency Credit Line Guarantee Scheme (ECLGS) having hundred percent guarantee cover.

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Notes forming part of Consolidated Financial Statements for the year ended March 31, 2021

Note 10

Investments

(Rs.in lakhs)

	As at March 31, 2021					As at March 31, 2020				
	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)	(5=2+3+4)	(6=1+5)	(7)	(8)	(9)	(11=8+9+10)	(12=7+11)
i. Mutual funds	-	-	844,25.05	844,25.05	844,25.05	-	-	553,21.48	553,21.48	553,21.48
ii Debt securities	8,35.00		59,48.11	59,48.11	67,83.11	8,35.00		58,72.79	58,72.79	67,07.79
iii Equity instruments*	-	112,53.31	119,22.57	231,75.88	231,75.88	-	60,70.44	66,06.05	126,76.49	126,76.49
iv Preference Shares	1,90.00	-	-	-	1,90.00	1,90.00	-	-	-	1,90.00
v Trust Securities	-	-	8,66.95	8,66.95	8,66.95	-	-	11,06.86	11,06.86	11,06.86
Total (A) - Gross	10,25.00	112,53.31	1031,62.68	1144,15.99	1154,40.99	10,25.00	60,70.44	689,07.18	749,77.62	760,02.62
i. Investments outside India					-					-
ii. Investments in India					1154,40.99					760,02.62
Total (B)	-	-	-	-	1154,40.99	-	-	-	-	760,02.62
Less: Allowance for impairment loss (C)	(8,35.00)	-	-	-	(8,35.00)	(8,35.00)	-	-	-	(8,35.00)
Total (D) = (A + C)	1,90.00	112,53.31	1031,62.68	1144,15.99	1146,05.99	1,90.00	60,70.44	689,07.18	749,77.62	751,67.62

* Includes amount of Rs. 20,50.00 lakhs (March 31, 2020 Rs. 20,50.00 lakhs) pertaining to certain unquoted equity instruments for which cost has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

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Notes forming part of Consolidated Financial Statements for the year ended March 31, 2021

Annexure to Note 10

Face Value per unit (in Rs)	Description	Quantity (in nos.) as at March 31, 2021	As at March 31, 2021	Quantity (in nos.) as at March 31, 2020	As at March 31, 2020
	Investments measured at fair value other comprehensive income				
	Investment in equity shares				
	(i) Quoted				
10	Tata Steel Limited	570,188	46,29.07	570,188	15,37.23
10	Tata Steel Limited fully paid up as at March 31, 2021 (Partly paid upto Rs. 2.50 at March 31, 2020)	39,323	319.24	39,323	11.66
10	Tata Chemicals Limited	10,060	75.63	10,060	22.49
1	Tata Power Limited	9,120	9.42	9,120	3.00
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	73.27	11,468	34
10	NTPC Limited	156,000	1,66.22	156,000	1,31.35
1	NMDC Limited	20,000	27.07	20,000	16.00
10	Coal India Limited	11,904	15.52	11,904	16.67
	(ii) Unquoted - Group Companies				
10	Taj Air Limited	4,200,000	-	4,200,000	-
1,000	Tata International Limited	19,350	38,87.87	19,350	22,48.23
100	Tata Industries Limited	993,753	20,50.00	993,753	20,50.00
	Subtotal (a)		**112,53.31**		**60,70.44**
	Investments measured at fair value through profit and loss				
	Investment in equity shares				
	(i) Quoted				
10	Automobile Corporation of Goa Limited	48,315	1,96.59	48,315	1,41.90
	(ii) Unquoted				
10	Tata Technologies Limited	811,992	117,25.98	811,992	64,64.15
10	Tata Hitachi Construction Machinery Company Private Limited	285,714	-	285,714	-
			119,22.57		**66,06.05**
	Investment in compulsory convertible debentures (unquoted)				
	9% Jasper Industries (P) Ltd.	30	20,49.38	30	20,31.05
	9.25% Bhandari Automobiles (P) Ltd.	2,000,000	20,51.23	2,000,000	20,07.73
	9.5% ABT Industries	175	18,47.50	175	18,34.01
			59,48.11		**58,72.79**
	Investment in trust securities (partly paid)				
10	SBI Macquarie Infrastructure Trust (Partly paid upto Rs 8.63 (at March 31, 2020: Rs 8.60)	15,000,000	8,66.95	15,000,000	11,06.86
			8,66.95		**11,06.86**
	Investment in mutual funds (Quoted)	-	844,25.05	-	55,321.48
			844,25.05		**553,21.48**
	Subtotal (b)		**1031,62.68**		**689,07.18**
	Investments measured at Amortised cost				
	Investment in Preference shares				
	(i) Fully Paid Non - Cumulative Redeemable Preference shares (Unquoted)				
100	6% Tata Precision Industries (India) Limited	40,000	40.00	40,000	40.00
	(ii) Fully Paid Cumulative Redeemable Preference shares (Unquoted)				
100	8.50% Tata Precision Industries (India) Limited	150,000	1,50.00	150,000	1,50.00
			1,90.00		**1,90.00**
	Investments in Debentures and Bonds				
	(i) Fully Paid Secured, Non - Cumulative, Non - Convertible, Redeemable Debentures				
12.50	8.49% NTPC Limited (issued as bonus)	275,752	-	275,752	-
			-		-
	(iii) Fully paid unsecured optionally convertible zero coupon debentures				
100	Loginomic Tech Solutions Private Limited ("TruckEasy")	835,000	8,35.00	835,000	8,35.00
	Less: Allowance for impairment loss (refer note 3)		(8,35.00)		(8,35.00)
			-		-
	Subtotal (c)		**1,90.00**		**1,90.00**
	Total (a + b + c)		**1146,05.99**		**751,67.62**

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Note 11
Other financial assets

(Rs.in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits (Net of provision of Rs. 43.11 lakhs; March 31, 2020 Rs 48.61 lakhs)	233,54.18	8,52.30
Interest accrued on investments and deposits	33,78.68	32,42.15
Application money receivable towards securities	129,60.04	-
Others (Net of provision of Rs. 12,98.57 lakhs; March 31, 2020 Rs 13,62.28 lakhs)	143,12.06	2158.73
Total	**540,04.96**	**62,53.18**

Note 12
Income taxes
a) Income tax expense recognised in statement of profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income tax expense		
Current tax		
Current tax on profits for the year	6,83.91	14,51.24
MAT credit (recognised)/written off for the year	-	-
Adjustments for current tax of prior years	(1,13.84)	(198.38)
Total current tax expense	**5,70.07**	**12,52.86**
Deferred tax		
Decrease (increase) in deferred tax assets	(41,23.78)	(37,33.50)
(Decrease) increase in deferred tax liabilities	32,35.64	34,38.91
Total deferred tax expense/(benefit)	**(8,88.14)**	**(2,94.59)**
Income Tax expense	**(3,18.07)**	**9,58.28**

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:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit/(Loss) before taxes	266,00.57	149,06.11
Income tax expense at statutory tax rates applicable to individual respective entities	**61,68.71**	**52,08.76**
Tax effect of the amount which are not taxable in calculating taxable income :		
- Effect of income that is exempt from taxation	-	(1,55.65)
- Effect of expenses not deductible for tax computation	22,43.38	20,71.09
- Utilisation/credit of unrecognised tax losses, unabsorbed depreciation and other tax benefits	(338,63.33)	(235,09.67)
-Dividend from subsidiaries, joint operations, equity accounted investees and available-for-sale investments	5,38.72	-
- Impact of change in statutory tax rates	90,28.69	-
- Deferred tax assets not recognised because realization is not probable (incl. reversal of MAT credit)	126,54.54	115,41.35
- Adjustments recognised in relation to the current tax of prior years	(1,13.41)	(198.38)
- Deferred tax liability on undistributable earnings of subsidiaries	23,82.05	6,42.79
- Others	6,42.58	53,57.99
Income tax expense/(credit) recognised for the year at effective tax rate	**(3,18.07)**	**9,58.28**

c) **Deferred tax assets/liabilities (net)**

Significant components of deferred tax assets and liabilities for the year ended March 31, 2021 are as follows:

(Rs. in lakhs)

Particulars	As at April 01, 2020	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2021
Deferred tax liabilities :				
- Property, plant & equipment & Intangible assets- Accumulated depreciation/Amortisation	-	9,46.82	-	9,46.82
- Fair Valuation of Equity Instruments measured at FVTOCI and FVTPL	41,42.39	14,73.71	38,75.54	94,91.64
- Income to be taxed on actual receipt basis	31,03.98	63.79	-	31,67.77
- Sourcing commission claimed on incurrence basis	53,21.70	(16,30.73)	-	36,90.97
- Undistributable earnings in subsidiaries	7,76.88	23,82.05	-	31,58.93
Total deferred tax liabilities	**133,44.95**	**32,35.64**	**38,75.54**	**204,56.13**
Particulars	As at April 01, 2020	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2021
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	163,84.44	164,72.38	-	328,56.82
Compensated absences and retirement benefits allowable on payment basis	5,35.40	(23.59)	-	5,11.81
- Others	97.60	7,28.76	-	8,26.36
Total deferred tax assets	**236,17.44**	**105,77.55**	-	**341,94.99**
Net deferred tax asset/(liabilities) excl MAT Credit	**102,72.49**	**73,41.91**	**(38,75.54)**	**137,38.86**
- Minimum alternate tax (MAT) entitlement	64,53.77	(64,53.77)	-	-
Deferred tax assets/(liabilities) (net)	**167,26.26**	**8,88.14**	**(38,75.54)**	**137,38.86**

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

(Rs. in lakhs)

Particulars	As at April 01, 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2020
Deferred tax liabilities :				
- Property, plant & equipment & Intangible assets- Accumulated depreciation/Amortisation	57.92	(6,76.13)	47,60.60	41,42.39
- Income to be taxed on actual receipt basis	-	31,03.98	-	31,03.98
- Sourcing commission claimed on incurrence basis	49,53.42	3,68.28	-	53,21.70
- Undistributable earnings in subsidiaries	1,34.10	6,42.78	-	7,76.88
Total deferred tax liabilities	**5145.44**	**34,38.91**	**47,60.60**	**133,44.95**
Deferred tax asset :				
- Unabsorbed and unused tax losses and depreciation carry forwards	66,00.00	-	-	66,00.00
- Expenses deductible in future years:		-	-	
- Provisions for impairment allowances on financial assets	89,96.77	73,87.67	-	163,84.44
- Compensated absences and retirement benefits allowable on payment basis	463.92	71.48	-	5,35.40
- Minimum alternate tax (MAT) entitlement	-	-	-	-
- Others	-	97.60	-	97.60
Total deferred tax assets	**160,60.69**	**75,56.75**	-	**236,17.44**
Net deferred tax asset/(liabilities) excl MAT Credit	**109,15.25**	**41,17.84**	**(47,60.60)**	**102,72.49**
- Minimum alternate tax (MAT) entitlement	102,77.02	(38,23.25)	-	64,53.77
Deferred tax assets/(liabilities) (net)	**211,92.27**	**2,94.59**	**(47,60.60)**	**167,26.26**

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, 2021, unrecognized deferred tax assets amount to Rs. 115,22.88 lakhs and Rs. 127,40.82 lakhs which can be carried forward indefinitely and up to a specified period, respectively. These relate primarily to business losses, depreciation carry forwards and other deductible temporary differences. The deferred tax asset has not been recognized on the basis that its recovery is not probable in the foreseeable future.

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

March 31,	Rs. In lakhs
2025	50,48.62
2026	20,75.91
Thereafter	56,16.29
Total	**127,40.82**

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Note 13
Joint Ventures:
Details and financial information of joint ventures

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

Place of incorporation and principal place of business	Name of joint venture	Proportion of ownership interest and voting rights held by the Group		Principal Activity
		As at March 31, 2021	As at March 31, 2020	
India	Loginomic Tech Solutions Private Limited	26.00%	26.00%	Software Service Provider

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

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

(Rs. In lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
i) Non-current assets	-	17.42
ii) Current assets	-	2,60.30
iii) Non-current liabilities	-	(8,35.00)
iv) Current liabilities	-	(5,67.31)
Net Assets	-	**(11,24.59)**

The above amounts of assets and liabilities include the following:

(Rs. In lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a) Cash and cash equivalents	-	2.75
b) Non current financial liabities (excluding trade payable and provisions)	-	8,35.00
c) Current financial liabities (excluding trade payable and provisions)	-	5,67.31

(Rs. In lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue	-	19,67.52
Post- tax profit (loss) for the year	-	(6,60.79)
Total comprehensive income for the year	-	**(6,60.79)**
Dividends received during the year	-	-

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

(Rs. In lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Depreciation and amortisation	-	4.67
b) Interest income	-	0.86
c) Interest expense	-	1,76.90
d) Income tax expense / (income)	-	-

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

(Rs. In lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Net assets of the joint venture	-	(11,24.60)
Proportion of the Company's ownership interest in the joint venture in %	26%	26%
Proportion of the Company's interest in joint venture in INR	-	(2,92.40)
Cost of Investments (including Goodwill)	-	3,06.06
Opening carrying amount of the Group's interest in the joint venture	-	1,93.87
Less: Impairment Loss allowance recognised/(reversed) (refer note below)	-	(1,93.87)
Carrying amount of the Group's interest in the joint venture	-	-

Note:
1. Provision for impairment loss allowance for investments held in joint venture has been recognised as the Group does not expect to recover its cost of investment.
2. No further losses of equity accounting has been taken in the current year considering the investments carrying value under equity accounted investee is fully impaired.

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Note 14

Property, plant and equipment

(Rs.in lakhs)

Particulars	Gross Block				Accumulated Depreciation				Net Block
	Balance as at April 1, 2020	Additions	Deletions	Balance as at March 31, 2021	Balance as at April 1, 2020	Depreciation for the year	Deletions	Balance as at March 31, 2021	Balance as at March 31, 2021
Buildings*	105,30.85	19,03.07	23,53.04	100,80.88	20,36.18	13,64.48	11,81.34	22,19.32	78,61.56
Furniture and fixtures	50,02.04	12.57	1,83.06	48,31.55	43,28.30	1,65.88	1,52.33	43,41.85	4,89.70
Vehicles	6,85.19	2,05.49	2,10.99	6,79.69	3,43.54	1,61.41	1,80.60	3,24.35	3,55.34
Vehicles - given on lease	174,78.68	69,09.39	4,33.35	239,54.72	29,63.81	37,52.33	2,60.30	64,55.85	174,98.87
Office equipments	23,29.61	67.35	1,01.46	22,95.50	17,49.88	2,27.04	83.82	18,93.10	4,02.40
Data processing machines	9,59.08	3,92.20	-	13,51.28	6,28.29	2,26.24	-	8,54.53	4,96.75
Leasehold improvements	-	2,62.19	52.39	2,09.80	-	25.60	9.20	16.40	1,93.40
Total	**369,85.45**	**97,52.26**	**33,34.29**	**434,03.42**	**120,50.00**	**59,22.98**	**18,67.59**	**161,05.40**	**272,98.01**

* Includes Right of use assets having Gross Block value as on April 01, 2020 of Rs. 63,94.17 lakhs, additions during the year of Rs. 19,03.07 lakhs, deletions during the year of Rs. 23,53.04 lakhs, depreciation charge during the year of Rs. 12,96.29 lakhs and deletions in accumulated depreciation of Rs. 11,81.34 lakhs. Net block as on March 31, 2021 amounts to Rs. 43,62.55 lakhs. Refer note 38 forming part of the financial statements.

Secured Non-convertible debentures (NCDs) have an exclusive pari-passu charges on one of the Group Company's residential flat.

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

Particulars	Gross Block				Accumulated Depreciation				Net Block
	Balance as at April 1, 2019	Additions	Deletions	Balance as at March 31, 2020	Balance as at April 1, 2019	Depreciation for the year	Deletions	Balance as at March 31, 2020	Balance as at March 31, 2020
Building*	99,22.09	17,28.41	11,19.65	105,30.85	8,30.82	1637.91	4,32.56	20,36.17	84,94.68
Furniture and fixtures	56,02.43	73.99	6,74.38	50,02.04	47,19.58	2,09.15	6,00.43	43,28.30	6,73.74
Vehicles	9,10.09	1,42.14	3,67.04	6,85.19	4,70.04	1,62.11	2,88.61	3,43.54	3,41.65
Vehicles - given on lease	91,13.18	94,79.20	11,13.70	174,78.68	14,79.10	21,89.83	7,05.12	29,63.81	145,14.87
Office equipments	36,09.03	2,70.87	15,50.29	23,29.61	29,55.41	3,11.27	15,16.80	17,49.88	5,79.73
Data processing machines	18,33.91	1,52.42	10,27.25	9,59.08	14,51.73	2,03.80	10,27.24	6,28.29	3,30.79
Total	**309,90.73**	**118,47.03**	**58,52.31**	**369,85.45**	**119,06.68**	**47,14.07**	**45,70.76**	**120,49.99**	**249,35.47**

* Includes Right of use assets having Gross Block value as on April 01, 2019 of Rs. 51,15.42 lakhs, additions during the year of Rs. 17,28.41 lakhs, deletions during the year of Rs. 4,49.67 lakhs, depreciation charge during the year of Rs. 15,64.95 lakhs and deletions in accumulated depreciation of Rs. 98.25 lakhs. Net block as on March 31, 2020 amounts to Rs. 49,27.47 lakhs. Refer note 38 forming part of the financial statements.

Secured Non-convertible debentures (NCDs) have an exclusive pari-passu charges on one of the Group Company's residential flat.

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.

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Note 14A
Goodwill

(Rs.in lakhs)

Particulars	Balance as at April 1, 2020	Impairment charge/(reversal)	Balance as at March 31, 2021
Goodwill	205,18.53	-	205,18.53

Particulars	Balance as at April 1, 2019	Impairment charge/(reversal)	Balance as at March 31, 2020
Goodwill	205,18.53	-	205,18.53

As at March 31, 2021, goodwill of Rs. 205,18.53 lakhs has been allocated to the busines acquisition made of Sheba Properties Limited (now known as Tata Motors Finance Limited) which is the Cash Generating Unit (referred to as "CGU"). The recoverable amount of the cash generating unit has been determined based on value in use. Value in use has been determined based on future cash flows, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.

As at March 31, 2021, the estimated cash flows for a period of 5 years were developed using internal forecasts, and discount rate of 13.21% which is cost of equity derived based on Capital Asset Pricing Model (CAPM). The cash flows beyond 5 years have been extrapolated assuming 6% growth rates. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit

Note 14B
Intangible Assets

(Rs.in lakhs)

	Gross Block				Accumulated Amortisation				Net Block
Particulars	Balance as at April 1, 2020	Additions	Deletions	Balance as at March 31, 2021	Balance as at April 1, 2020	Amortisation during the year	Deletions	Balance as at March 31, 2021	Balance as at March 31, 2021
Computer Software	25,21.65	3,39.05	-	28,60.69	20,92.01	2,32.04	-	23,24.05	5,36.65

	Gross Block				Accumulated Amortisation				Net Block
Particulars	Balance as at April 1, 2019	Additions	Deletions	Balance as at March 31, 2020	Balance as at April 1, 2019	Amortisation during the year	Deletions	Balance as at March 31, 2020	Balance as at March 31, 2020
Computer Software	25,13.63	8.01	-	25,21.65	18,93.06	1,98.95	-	20,92.01	4,29.64

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Note 15
Other non-financial assets

(Rs.in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Advances	9,84.30	48,91.25
Deposits with statutory authorities (including under protest)	11,84.28	11,81.40
Prepaid expenses	22,96.04	21,85.85
Taxes recoverable, statutory deposits and dues from government (Net of provision of Rs 3,03.69 lakhs; March 31, 2020 Rs 3,03.69 lakhs)	81,14.15	57,74.61
Others (Net of provision of Rs 1,40.43 lakhs; March 31, 2020 Rs 1,61.53 lakhs)	36,82.88	26,49.98
Total	**162,61.65**	**166,83.09**

Note 16
Derivative financial instruments as at March 31, 2021

(Rs.in lakhs)

Particulars	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
Currency derivatives				
Forward exchange contracts	35,106.25	11,31.84	79,963.75	2,470.33
Currency Swaps				
Subtotal		**1,131.84**		**24,70.33**
Interest rate derivatives				
Interest Rate Swaps	17,142.50	12.41	17,963.75	7,58.76
Subtotal		**12.41**		**758.76**
Other derivatives				
Cross currency interest rate swaps	99,490.50	14,91.69	61,120.25	16,97.55
Subtotal		**14,91.69**		1,697.55
Total Derivative Financial Instruments		**26,35.93**		**49,26.63**
Derivative designated as hedge				
Cash flow hedging:				
Forward exchange contracts	35,106.25	11,31.84	79,963.75	2,470.33
Cross currency interest rate swaps	99,490.50	14,91.68	61,120.25	16,97.55
Interest rate swaps	-	-	17,963.75	7,58.75
Subtotal		**26,23.52**		49,26.63
Undesignated Derivatives				
Interest Rate Swaps	17,142.50	12.41		-
Subtotal		12.41		-
Total Derivative Financial Instruments		**26,35.93**		**49,26.63**

Refer Note 43 on Financial Risk Manangement for maturity analysis of Derivative financial liabilities at March 31, 2021

Derivative financial instruments as at March 31, 2020

Particulars	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
Currency derivatives				
Forward exchange contracts	35,106.25	26,72.23	-	-
Interest rate derivatives				
Interest Rate Swaps	17,142.50	27.16	17,963.75	1,025.29
Other derivatives				
Cross currency interest rate swaps	160,610.75	52,41.37	-	-
Total Derivative Financial Instruments		**79,40.76**		**10,25.29**
Derivative designated as hedge				
Cash flow hedging:				
Forward exchange contracts	35,106.25	26,72.23	-	-
Cross currency interest rate swaps	160,610.75	52,41.37	-	-
Interest rate swaps	-	-	17,963.75	10,25.29
Subtotal		**79,13.60**	-	1,025.29
Undesignated Derivatives				
Interest Rate Swaps	17,142.50	27.16		
Subtotal		27.16		-
Total Derivative Financial Instruments		**79,40.76**		**10,25.29**

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Notes forming part of Consolidated Financial Statements for the year ended March 31, 2021

Note 17

Payables

(Rs.in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Payables		
total outstanding dues of micro enterprises and small enterprises	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	298,48.90	268,83.51
Other Payables		
total outstanding dues of micro enterprises and small enterprises	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	60,21.33	31,60.99
Total	**358,70.23**	**300,44.50**

Note: Information in respect of micro enterprises and small enterprises to whom the Company owes dues (including interest), which are due during the year or 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 18

Debt securities (at amortised cost)

(Rs.in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
i. Privately placed non-convertible debentures		
- Secured #	2453,44.90	1886,93.17
- Unsecured	2765,34.28	2153,10.46
ii Commercial Paper (unsecured)	7559,06.33	5748,03.35
Total (A)	**12777,85.51**	**9788,06.98**
i. Debt securities in India	12777,85.51	9788,06.98
ii. Debt securities outside India	-	-
Total (B)	**12777,85.51**	**9788,06.98**

 # Nature of security for secured borrowings outstanding

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

1(A) Nature

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

i) One of the Group's residential flat and

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

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

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

1(B) Extent

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

Details of Non Cumulative Debentures (Secured)

From Balance sheet Date	As at March 31, 2021		As at March 31, 2020	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Issued on private placement basis				
Repayable on Maturity:				
Maturing within 1 Year	7.00% to 9.85%	689,92.52	7.78% to 9.59%	1477,27.17
Maturing between 1 year to 3 Years	6.75% to 8.75%	1780,00.00	9.00% to 9.85%	464,92.53
Total Face Value		**2469,92.52**		**1942,19.70**
Less: Unamortised borrowing cost		16,47.62		55,26.53
Total Amortised cost		**2453,44.90**		**1886,93.17**

Details of Non Cumulative Debentures (Unsecured)

From Balance sheet Date	As at March 31, 2021		As at March 31, 2020	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Issued on private placement basis				
Repayable on Maturity:				
Maturing within 1 Year	9.45% to 11.00%	1396,52.50	8.60% to 8.85%	362,03.33
Maturing between 1 year to 3 Years	7.85% to 11.00%	1610,30.10	9.45% to 11.00%	2211,82.60
Total Face Value		**3006,82.60**		**2573,85.93**
Less: Unamortised borrowing cost		241,48.32		420,75.47
Total Amortised cost		**2765,34.28**		**2153,10.46**

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Notes forming part of Consolidated Financial Statements for the year ended March 31, 2021

Note 19

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

(Rs.in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Term loans		
i. from banks in INR (secured) (refer note (i) below)	16565,64.74	12989,77.06
ii. from banks in INR (unsecured)	499,98.95	1424,91.56
(b) Liability component of compound financial instruments	24,54.80	23,93.49
(c) Compulsory convertible preference shares (refer note (v) below)	329,42.21	752,32.36
(d) Loans repayable on demand		
i. from banks in INR (secured) (refer note (ii) below)	4161,02.58	3454,00.00
ii. from banks in INR (unsecured)	674,90.00	200,00.00
(e) Cash Credit from banks (secured) (refer note (ii) below)	597,45.19	218,76.10
(f) Collateralised Debt Obligation (secured) (refer note (iii) below)	2972,52.47	4228,24.24
Total (A)	25825,50.94	23291,94.81
i. Borrowings in India	23894,19.21	21416,53.12
ii. Borrowings outside India	1931,31.74	1875,41.69
Total (B)	25825,50.94	23291,94.81

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 Group arising out of loan, lease transactions and trade advances.

b) All other book debts.

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

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

Note (ii)

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

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

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

b) All other book debts;

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

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

Note (iii)

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

Note (iv)

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

Details of Term Loans from banks (Secured)

(Rs.in lakhs)

From Balance sheet Date	As at March 31, 2021		As at March 31, 2020	
	Interest Rate Range	Amount	Interest Rate Range	Amount
1. Repayable on Maturity:				
Maturing within 1 Year	6.21% to 9.05%	1739,45.50	7.50% to 9.90%	555,53.57
Maturing between 1 year to 3 Years	7.35% to 8.45%	2255,00.00	7.42% to 9.65%	1634,16.25
Maturing between 3 Years to 5 Years		-	8.35% to 9.10%	1875,00.00
Total repayable on maturiy (A)		3994,45.50		4064,69.82
2. Repayable in Installments:				
i. on quarterly basis				
Maturing within 1 Year	6.90% to 8.95%	2040,06.72	6.85% to 9.60%	836,92.67
Maturing between 1 year to 3 Years	6.90% to 8.95%	3575,94.69	7.35% to 9.60%	1524,01.67
Maturing between 3 Years to 5 Years	6.90% to 8.20%	1304,82.21	7.95% to 9.95%	458,21.67
Subtotal (B)		6920,83.63		2819,16.00
ii. on half yearly basis				
Maturing within 1 Year	7.40% to 8.70%	949,22.62	8.05% to 9.80%	839,85.12
Maturing between 1 year to 3 Years	7.45% to 8.70%	2008,15.48	8.05% to 9.10%	1512,38.10
Maturing between 3 Years to 5 Years	7.60% to 8.35%	241,87.50	8.70% to 9.10%	675,62.50
Subtotal (C)		3199,25.60		3027,85.71
iii. on yearly basis				
Maturing within 1 Year	7.95% to 8.40%	275,00.00	8.30% to 9.50%	360,83.33
Maturing between 1 year to 3 Years	7.95% to 8.40%	266,66.67	8.60% to 9.50%	721,66.67
Maturing between 3 Years to 5 Years		-	8.65% to 9.50%	131,25.00
Subtotal (D)		541,66.67		1213,75.00
Total repayable on installments (E = B+C+D)		10661,75.90		7060,76.71
Total term loans as per contractual terms (F = A+E)		14656,21.40		11125,46.54
Less: Unamortised borrowing costs		21,86.16		11,11.16
Total Amortised cost		14634,35.24		11114,35.38

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Details of External Commercial Borrowings (USD) **(Rs.in lakhs)**

From Balance sheet Date	As at March 31, 2021		As at March 31, 2020	
	Interest Rate Range	Amount	Interest Rate Range	Amount
1. Repayable on Maturity:				
Maturing between 1 year to 3 Years	7.90% to 8.88%	1210,01.50	8.11% to 8.88%	1133,35.59
Maturing between 3 Years to 5 Years	8.96% to 9.03%	731,46.75	8.96% to 9.03%	755,26.50
Total repayable on maturiy		**1941,48.25**		**1888,62.09**
Less: Unamortised borrowing costs		10,18.75		13,20.40
Net		**1931,29.50**		**1875,41.69**

Details of Collateralised Debt Obligation **(Rs.in lakhs)**

From Balance sheet Date	As at March 31, 2021		As at March 31, 2020	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing within 1 Year	7.70% to 9.20%	1713,14.99		-
Maturing between 1 year to 3 Years	7.70% to 9.20%	1244,95.18	6.47% to 9.10%	1139,11.18
Maturing between 3 Years to 5 Years	8.40% to 8.60%	15,92.20	7.90% to 9.20%	3090,83.23
Total		**2974,02.37**		**4229,94.41**
Less: Unamortised borrowing costs		1,49.90		1,70.17
Net		**2972,52.47**		**4228,24.24**

Details of Term Loans from banks (Unsecured) **(Rs.in lakhs)**

From Balance sheet Date	As at March 31, 2021		As at March 31, 2020	
	Interest Rate Range	Amount	Interest Rate Range	Amount
1. Repayable on Maturity:				
Maturing within 1 Year	7.35%	100,00.00	8.20% to 8.20%	100,00.00
Maturing between 1 year to 3 Years			8.35% to 8.35%	100,00.00
Total repayable on maturiy (A)		**100,00.00**		**200,00.00**
2. Repayable in Installments:				
i. on half yearly basis				
Maturing within 1 Year	7.85% to 8.80%	400,00.00	8.35% to 9.00%	425,00.00
Maturing between 1 year to 3 Years		-	8.40% to 8.90%	250,00.00
Subtotal (B)		**400,00.00**		**675,00.00**
ii. on yearly basis				
Maturing within 1 Year		-	8.95% to 9.30%	400,00.00
Maturing between 1 year to 3 Years		-	8.95% to 8.95%	150,00.00
Subtotal (C)		**-**		**550,00.00**
Total repayable on installments (D = B+C)		**400,00.00**		**1225,00.00**
Total term loans as per contractual terms (G = A+F)		**500,00.00**		**1425,00.00**
Less: Unamortised borrowing costs		1.05		8.44
Total Amortised cost		**499,98.95**	**-**	**1424,91.56**

Details of Loans repayable on demand from banks (Secured) **(Rs.in lakhs)**

From Balance sheet Date	As at March 31, 2021		As at March 31, 2020	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing within 1 Year	6.20% to 8.25%	4161,02.58	8.40% to 9.25%	3454,00.00
Total		**4161,02.58**		**3454,00.00**
Less: Unamortised borrowing costs		-		-
Net		**4161,02.58**		**3454,00.00**

Details of Loans repayable on demand from banks (Unsecured) **(Rs.in lakhs)**

From Balance sheet Date	As at March 31, 2021		As at March 31, 2020	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing within 1 Year	5.00% to 7.30%	674,90.00	8.70%	20,000.00
Total		**674,90.00**		**20,000.00**
Less: Unamortised borrowing costs		-		-
Net		**674,90.00**		**20,000.00**

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Details of Cash credit facilities (Secured)

(Rs.in lakhs)

From Balance sheet Date	As at March 31, 2021		As at March 31, 2020	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing within 1 Year	8.50% to 9.35%	597,45.19	8.80% to 10.90%	218,76.10
Total		597,45.19		218,76.10
Less: Unamortised borrowing costs		-		-
Net		597,45.19		218,76.10

Note (v)

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

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

Particulars	Nominal Value	Conversion Date	Conversion Ratio	Potential no. of equity shares on conversion
10% Cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	163,00.00	12-Jun-25	3.175 : 1	5,133,858

Note 20

Subordinated Liabilities (at amortised cost)

(Rs.in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Perpetual Debt Instruments to the extent that do not qualify as equity (unsecured)	224,21.08	373,77.72
(b) Privately placed subordinated unsecured redeemable, non-convertible debentures	784,63.42	991,73.68
Total (A)	1008,84.50	1365,51.40
i. Debt securities in India	1008,84.50	1365,51.40
ii. Debt securities outside India	-	-
Total (B)	1008,84.50	1365,51.40

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

From Balance sheet Date	As at March 31, 2021		As at March 31, 2020	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Issued on private placement basis				
Repayable on Maturity:				
Maturing within 1 Year	11.00%	154,45.00	10.70%	211,00.00
Maturing between 1 year to 3 Years	9.85% to 11.00%	245,50.00	10.46% to 11.00%	244,85.00
Maturing between 3 Years to 5 Years	9.70% to 10.60%	235,00.00	9.70% to 10.60%	390,10.00
Maturing beyond 5 Years	8.35% to 10.00%	153,00.00	8.35% to 10.00%	150,00.00
Total Face Value		787,95.00		995,95.00
Less: Unamortised borrowing cost		3,31.58		4,21.32
Total Amortised cost		784,63.42		991,73.68

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

Particulars	(Rs. in Lakhs)	Face Value (Rs.)
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
	225,30.00	
Less : Unamortised Borrowing Cost	1,08.92	
	224,21.08	

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

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Note 21
Other financials liabilities

(Rs.in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued on borrowings	280,93.11	226,17.37
Lease liability for right of use assets	47,31.60	52,06.78
Others	413,28.02	276,35.78
Total	741,52.73	554,59.93

Note 22
Provisions

(Rs.in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits	16,22.02	10,64.33
Provision for Indirect taxes	66,26.52	66,26.52
Provision for consumer disputes	1,05.08	1,52.79
Total	83,53.62	78,43.64

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

(a) Provision for Indirect taxes

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	66,26.52	112,14.56
Add : Provision during the year	-	-
Less : Utilisation/reversal during the year	-	45,88.04
Closing Balance	66,26.52	66,26.52

(b) Provision for consumer disputes

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	1,52.79	372.83
Add : Provision during the year	44.45	1,52.79
Less : Utilisation/reversal during the year	92.16	3,72.83
Closing Balance	1,05.08	1,52.79

Note 23
Other non-financial liabilities

(Rs.in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory Dues	46,18.08	31,44.70
Others	48,39.72	32,94.07
Total	94,57.80	64,38.77

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Note 24A
Equity Share Capital

(Rs.in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Rs.	No. of shares	Rs.
Authorised				
Equity Shares of Rs.10 each with voting rights	2,500,000,000	2500,00.00	2,500,000,000	2500,00.00
		2500,00.00		2500,00.00
Issued, Subscribed and Fully Paid up				
Equity shares of Rs. 10 each	1,648,283,442	1648,28.34	1,648,283,442	1648,28.34
Total		1648,28.34		1648,28.34

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

(Rs.in lakhs)

Equity Shares	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Rs.	No. of shares	Rs.
Shares outstanding at the beginning of the year	1,648,283,442	1648,28.34	1,598,283,442	1598,28.34
Shares Issued during the year	-	-	50,000,000	50,00.00
Shares outstanding at the end of the year	**1,648,283,442**	**164,828.34**	**1,648,283,442**	**164,828.34**

b) Details of shares held by holding company and its subsidiaries: (Rs.in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of Issued Share Capital	No. of shares	% of Issued Share Capital
Equity shares with voting rights				
Tata Motors Limited	1,648,283,442	100.00	1,648,283,442	100.00

c) Details of shares held by each shareholder holding more than 5 percent of the issued share capital: (Rs.in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of Issued Share Capital	No. of shares	% of Issued Share Capital
Equity Share with voting rights				
Tata Motors Limited	1,648,283,442	100.00	1,648,283,442	100.00

d) Terms / rights attached to equity shares:

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

e) Information regarding issue of shares in the last five years

i. The Company has not issued any shares without payment being received in cash.
ii. The Company has not issued any bonus shares.
iii. The Company has not undertaken any buy-back of shares.

f) Dividends not recognised at the end of the reporting year

No dividend has been declared during the year (March 31, 2020 – Nil).

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Note 24B
Equity Component of Compound Financial Instrument

(Rs. in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Rs.	No. of shares	Rs.
Authorised				
Preference shares of Rs.100 each	75,000,000	750,00.00	75,000,000	750,00.00
		750,00.00		**750,00.00**
Issued, Subscribed and Fully Paid up				
Equity portion of cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	43,400,000	370,72.59	43,400,000	370,72.59
Total		370,72.59		370,72.59

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

(Rs. in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Rs.	No. of shares	Rs.
Shares outstanding at the beginning of the year	43,400,000	370,72.59	43,400,000	370,72.59
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	**43,400,000**	**370,72.59**	**43,400,000**	**370,72.59**

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

(Rs. in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding	No. of shares	% of holding
Tata Motors Limited	43,400,000	100.00	43,400,000	100.00

c) Terms/rights attached to preference shares

The Company has cumulative, non-participating compulsorily convertible preference shares (CCPS) having a face value of Rs. 100 each. The holders of the CCPS are entitled for dividend @ 3% on a yearly basis, in preference to the equity shareholders of the Company, subject to applicable law and availability of profits of the Company, after provision for depreciation. The CCPS shall fully and mandatorily be converted into equity shares of the Company on the date falling at the expiry of 7 years from the CCPS allotment date. The conversion ratio of the CCPS shall be 2.15: 1. Fractional equity shares, if any, arising on conversion of the CCPS shall be disregarded.

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

Particulars	Potential no. of equity shares on conversion	(Rs. in lakhs)	Conversion Date
Cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	27,950,000	130,00.00	2-Mar-23
Cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	65,360,000	304,00.00	28-Mar-23

d) Distribution:
i) The Board of Directors at its meeting held on May 29, 2020 recommended a final dividend of Rs. 0.30 per share (3.00%) on Cumulative, non-participating Compulsorily convertible preference share of Rs 100 each, which was approved in the annual general meeting dated September 21, 2020. The same was paid on September 23, 2020.

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Note 24C
(I) Other components of equity

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

(Rs. in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	(24.70)	17,02.31
Other comprehensive income for the year	50,01.59	(17,27.01)
Balance at the end of the year	49,76.89	(24.70)

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

(Rs. in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	(49,33.86)	-
Gain/(loss) recognised on cash flow hedges	(18,23.14)	71,27.48
Gain/(loss) reclassified to profit or loss	16,49.20	(120,61.34)
Balance at the end of the year	(51,07.80)	(49,33.86)

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

(Rs. in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	1,68.63	(3,77.10)
Gain/(loss) recognised on cash flow hedges - Gain/(Loss)	(24,25.69)	9,53.52
Gain/(loss) reclassified to profit or loss	23,47.64	(4,07.79)
Balance at the end of the year	90.58	1,68.63

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

(Rs. in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	88,62.92	-
Gain/(loss) on fair value of Debt instruments (net of ECL and tax effects)	168,14.91	88,62.92
Balance at the end of the year	256,77.83	88,62.92

(5) Summary of Other components of equity :-

(Rs. in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Equity instruments through other comprehensive income	49,76.89	(24.70)
Hedging Reserve	(51,07.80)	(49,33.86)
Cost of hedging reserve	90.58	1,68.63
Debt instruments through other comprehensive income	256,77.83	88,62.92
Total	256,37.49	40,72.99

Note 24C
(I) Other components of equity

(II) Notes to reserves

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

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

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

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

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

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

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

h) Hedging Reserve through OCI
It represents the effective portion of the fair value of forward contracts, designated as cash flow hedge.

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

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Note 25
Interest Income

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
On Financial Assets measured at Amortised Cost		
Interest on Loans	3733,31.09	3738,46.16
Interest income from investments		
Interest on deposits with Banks	106,28.74	104,88.32
Other interest Income	5.42	1.45
On Financial Assets measured at Fair Value through Other Comprehensive Income		
Interest income from loans	413,23.87	154,48.00
On Financial Assets measured at Fair Value through Profit & Loss		
Interest income from investments	2,72.82	4,43.09
Total	**4255,61.94**	**4002,27.02**

Note 26
Net gain on fair value changes

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain/ (loss) on financial instruments at fair value through profit or loss	148,09.55	96,94.43
Total	**148,09.55**	**96,94.43**
Fair Value changes:		
- Realised	96,07.62	115,87.51
- Unrealised	52,01.93	(18,93.08)
Total	**148,09.55**	**96,94.43**

Note 27
Other Income

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Support services income	155,62.00	192,43.19
Balances Written back	25,13.76	33,93.91
Net gain on derecognition of property, plant and equipment	17,14.69	-
Miscellaneous income	14,94.34	25,85.10
Total	**212,84.79**	**252,22.20**

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

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on Borrowings	1942,84.74	1995,38.01
Interest on Debt Securities	781,10.95	903,73.73
Interest on Subordinated Liabilities	118,25.75	174,41.05
Interest expense on lease liability	4,21.61	4,60.59
Other Finance Charges	4,98.84	4,89.45
Total	**2851,41.89**	**3083,02.83**

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Note 29
Impairment on financial instruments

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loans (at amortised cost)		
-Allowance for loan losses	547,67.48	(241,07.46)
-Loans written off (net of recoveries of Rs. 76,81.14 lakhs for the year ended March 31, 2021; Rs. 98,24.42 lakhs for year ended March 31, 2020)	364,97.82	820,98.77
Loans (at FVOCI)		
-Allowance for loan losses	54,66.81	16,88.98
Other assets		
-Provision for doubtful loans and advances (others)	6,82.59	(1,79.53)
-Other assets written off	9.34	3.16
Total	**974,24.04**	**595,03.92**

Note 30
Employee Benefits Expenses

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries	282,47.24	267,18.06
Contribution to provident and other funds	17,68.98	17,65.04
Staff welfare expenses	10,96.88	14,44.86
Total	**311,13.10**	**299,27.96**

Note 31
Other expenses

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent, taxes and energy costs	8,00.83	9,90.43
Repairs and maintenance	3,36.27	3,05.72
Corporate social responsibility expense	1,56.41	3,38.61
Communication Costs	5,79.27	8,10.70
Printing and stationery	1,78.96	2,70.03
Advertisement and publicity	2,48.93	4,67.03
Director's fees, allowances and expenses	2,18.10	88.90
Auditor's fees and expenses (refer note (i))	1,58.90	1,37.86
Legal and Professional charges	66,12.53	78,48.78
Credit risk & other insurance	29,31.49	32,47.30
Incentive/commission	37,34.63	52,41.01
Cenvat credit reversals	42,09.49	52,13.88
Service Provider Fees	144,03.92	172,24.30
Net loss on derecognition of property, plant and equipment	-	7.56
Others	72,37.05	73,17.78
Total	**418,06.78**	**495,09.89**

(i) Auditors' remuneration (excluding Goods and Service Tax):

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
As auditors - statutory audit	1,02.59	1,02.59
Tax audit	10.01	10.01
For other services*	41.15	76.48
Reimbursement of out of pocket expenses	5.15	10.06
Total	**1,58.90**	**1,99.14**

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

Note 32

Earnings per share

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

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

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

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Basic		
Weighted average no. of equity shares outstanding	1,741,593,442	1,729,434,972
Net profit attributable to equity share holders	269,18.64	139,47.83
Basic earnings per share (Rs.)	1.55	0.81
Diluted		
Weighted average no. of equity shares outstanding	1,741,593,442	1,729,434,972
Net profit	269,18.64	139,47.83
Diluted earnings per share (Rs.)	1.55	0.81
Face value per share (Rs.)	10	10

Note 33

Segment reporting

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

Note 34

Contingent liabilities and commitments :-

1 Contingent liabilities to the extent not provided for:

A Claims against the group not acknowledged as debts:

(Rs. in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
In respect of income tax matters	2,99.94	20,62.58
In respect of consumer disputes	40,18.16	40,98.48
In respect of bonus under the Payment of Bonus (Amendment) Act, 2015	26.15	26.15
Total	**43,44.25**	**61,87.21**

The Group's pending litigations comprise of claims against the Group Companies primarily by the customers and proceedings pending with Income Tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

B Bank guarantee for which the Group is contingently liable:

(Rs. in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
In respect of guarantees given by banks for Income tax matters	99.00	99.00

2 Commitments:

A Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 2,76.63 lakhs (as at March 31, 2020: Rs.5,39.95 lakhs)

B Other commitments

a) Loan commitment towards vehicle financing Rs. 8,97.21 lakhs (as at March 31, 2020: Rs.6,22.74 lakhs)

b) Commitment for Investment Rs. nil (as at March 31, 2020: Rs.1,85.86 lakhs)

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Note 35
Employee benefit obligations

a) Super annuation plan

The Group makes contribution towards superannuation fund, a defined contribution retirement plan for qualifying employees. The Superannuation Fund is administered by the Trustees of the Tata Motors Limited Superannuation Fund. The Group is liable to pay to the superannuation fund to the extent of the amount contributed and recognises such contribution as an expense in the year of contribution.
On account of the above contribution plans, a sum of Rs. 1,16.40 lakhs (previous year Rs. 1,31.36 lakhs) has been recognised in the Consolidated Statement of Profit and Loss.

b) Provident fund plan
Defined contribution plans
In accordance with Indian law, eligible employees of one of the subsidiary Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' basic salary. The contribution is paid to the Regional Provident Fund office. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the year in which employee renders the related services.
On account of the above contribution plans, a sum of Rs. 1,59.27 lakhs (previous year Rs. 1,86.48 lakhs) has been recognised in the Consolidated Statement of Profit and Loss.

Defined benefit plans
In accordance with Indian law, eligible employees of TMF Holdings Limited and one of the subsidiary Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, except the employer's contribution towards pension fund paid to the Regional Provident Fund office, as specified under the law, are made to the provident fund set up as an irrevocable trust by Tata Motors Limited. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation.

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

The amounts contributed by the TMF Holdings Limited and one of the subsidiary Company to Tata Motors Limited provident fund towards provident fund amounts to Rs. 5,98.06 lakhs (Previous year Rs. 5,81.43 lakhs) and to Regional Provident Fund office amounts to Rs. 3,76.55 lakhs (Previous year Rs. 3,32.61 lakhs) has been recognised in the Statement of Profit and Loss. Contribution towards provident fund of Rs. 2,43.88 lakhs (Previous year 17.22 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, 2021.

(Rs. in lakhs)

Change in benefit obligations:	As at March 31, 2021	As at March 31, 2020
Defined benefit obligations at the beginning	148,64.21	132,96.70
Service cost	5,87.09	6,05.51
Employee contribution	11,54.92	12,24.12
Acquisitions (credit) / cost	(193.46)	(24.61)
Interest expense	12,78.44	11,41.58
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	1,39.42	4.55
Benefits paid	(7,05.43)	(13,83.64)
Defined benefit obligations at the end	**171,25.19**	**148,64.21**

(Rs. in lakhs)

Change in plan assets:	As at March 31, 2021	As at March 31, 2020
Fair value of plan assets at the beginning	151,12.92	133,58.42
Acquisition Adjustment	(1,93.46)	(24.61)
Interest income	12,67.47	11,65.66
Return on plan assets excluding amounts included in interest income	(3,51.77)	1,74.32
Contributions (employer and employee)	17,35.03	18,22.77
Benefits paid	(7,05.43)	(13,83.64)
Fair value of plan assets at the end	**168,64.76**	**151,12.92**

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(Rs. in lakhs)

Amount recognised in the balance sheet consists of	As at March 31, 2021	As at March 31, 2020
Present value of defined benefit obligation	171,25.19	148,64.21
Fair value of plan assets	168,64.76	151,12.92
Effect of asset ceiling	(2,61.83)	(2,48.71)
Net liability	**(261.83)**	-

(Rs. in lakhs)

Amount recognised in the Statement of Profit and Loss:	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost - Employer	5,87.09	6,05.51
Net interest on net defined benefit liability / (asset)	10.97	(24.08)
Cost recognised in P&L	**5,98.06**	**5,81.43**

(Rs. in lakhs)

Amount recognised in Other Comprehensive Income (OCI):	Year ended March 31, 2021	Year ended March 31, 2020
Actuarial (gain)/loss due to DBO experience	0.23	4.55
Actuarial (gain)/loss due to DBO assumption changes	1,39.19	-
Actuarial (gain)/loss arising during year	1,39.42	4.55
Return on plan assets (greater)/less than discount rate	3,51.77	(1,74.32)
Actuarial (gains)/ losses recognized in OCI	**4,91.19**	**(1,69.77)**
Adjustment for limit on net asset	(2,47.31)	1,86.99
Cumulative Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**2,43.88**	**17.22**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.90%	6.90%
Expected rate of return on plan assets	8.50%	8.60%
Remaining term to maturity of portfolio	13.0	14.0

The breakup of the plan assets into various categories as at March 31, 2021 is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Central and State government bonds	44.81%	46.18%
Public sector undertakings and Private sector bonds	33.64%	34.74%
Equity shares of listed Companies	4.35%	3.44%
Cash (including special deposit)	14.38%	12.95%
Others	2.82%	2.69%
Total	**100.00%**	**100.00%**

As at March 31, 2021, the defined benefit obligation would be affected by approximately Rs. 2.89.18 Lakhs (Previous year: Rs. 5,64.20 Lakhs) on account of a 0.50% decrease in the expected rate of return on plan assets.

Gratuity plan

The gratuity defined benefit plan is a funded plan and the Company makes contributions to the Tata Motors Limited Gratuity Trusts for funding the defined benefit gratuity plan for qualifying employees. The plan provides for a lumpsum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service.

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

(Rs. in lakhs)

a) Changes in defined benefit obligations	As at March 31	
	2021	2020
Defined benefit obligation, beginning of the year	44,08.52	47,97.33
Current service cost	4,18.75	4,99.56
Interest cost	2,89.83	3,36.06
Remeasurement (gains) / losses		
Actuarial (gain) /losses arising from change in financial assumptions	-	(1,01.79)
Actuarial (gain) /losses arising from change in demographic assumptions	-	(47.73)
Actuarial (gain) /losses arising from change in experience adjustments	1,87.48	(2,09.08)
Benefits paid from plan assets	(4,16.05)	(8,65.83)
Defined benefit obligation, end of the year	**48,88.53**	**44,08.52**

(Rs. in lakhs)

b) Changes in plan assets	As at March 31	
	2021	2020
Fair value of plan assets, beginning of the year	43,48.96	48,13.83
Interest cost	2,89.19	3,39.48
Remeasurement (gains) / losses		
Return on plan assets, (excluding amount included in net Interest expense)	2.82	5.76
Transfer in/(out) of assets	-	-
Employer's contribution	1,00.43	55.72
Benefits paid	(4,16.05)	(8,65.83)
Fair value of plan assets, end of the year	**43,25.35**	**43,48.96**

(Rs. in lakhs)

c) Amount recognised in balance sheet consist off	As at March 31	
	2021	2020
Present value of defined benefit obligation	48,88.53	44,08.52
Fair value of plan assets	(43,25.35)	(43,48.96)
Net Liability / (Assets)	**563.18**	**59.56**

(Rs. in lakhs)

d) Amount recognised in the Statement of Profit and Loss:	As at March 31	
	2021	2020
Current Service Cost	4,18.75	4,99.56
Interest on Defined Benefit Obligations (Net)	0.64	(3.42)
Net Charge to the Statement of Profit and Loss	**4,19.39**	**4,96.14**

(Rs. in lakhs)

e) Amount recognised in Other Comprehensive Income(OCI) for the Year:	As at March 31	
	2021	2020
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	2.82	5.76
Actuarial gains/(losses) arising from changes in demographic assumptions	-	47.73
Actuarial gains/(losses) arising from changes in financial assumptions	-	1,01.79
Actuarial gains/(losses) arising from changes in experience adjustments on plan liabilities	(1,87.48)	2,09.08
Net impact on the other comprehensive income before tax	**(1,84.66)**	**3,64.36**

(Rs. in lakhs)

f) The fair value of Company's Gratuity plan asset by category	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Asset Category			
Insurer managed funds			
- Government securities (quoted)	-	-	-
- Debt instruments (quoted)	-	-	-
- Debt instruments (unquoted)	-	-	-
- Equity shares (quoted)	-	-	-
- Insurer Managed Funds (unquoted)	100%	100%	100%
Total			

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

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g) The assumptions used in accounting for the gratuity plans are set out below:	As at March 31, 2021	As at March 31, 2020
Discount rate	6.90%	6.90%
Expected return on plan assets	6.90%	6.90%
Salary Escalation rate	7.00%	6% first year and 7% thereafter
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.

(Rs. in lakhs)

h) The maturity profile of defined benefit obligation are set out below:	As at March 31, 2021	As at March 31, 2020
Within next 12 months (next annual reporting period)	5,34.51	5,65.75
Between 1 and 5 years	22,43.60	18,82.05
Between 5 and 9 years	34,72.44	31,82.73
10 years and above	-	-

(Rs. in lakhs)

i) Quantitative sensitivity analysis for significant assumptions:	As at March 31, 2021	As at March 31, 2020
100 bps increase in discount rate	(3,25.95)	(2,96.11)
100 bps decrease in discount rate	3,68.96	3,35.42
100 bps increase in salary escalation rate	3,65.45	3,32.59
100 bps decrease in salary escalation rate	(3,28.93)	(2,99.13)

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

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

j) Weighted Average Duration of Defined Benefit obligation:	As at March 31, 2021	As at March 31, 2020
The weighted average duration of the defined benefit obligation	7.62 Years	7.62 Years

(Rs. in lakhs)

k) The best estimate of the expected Contribution for the next year:	As at March 31, 2021
The Group expected contribution to the funded gratuity plans in FY 2020-21.	5,34.51

l) Risk Exposure

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

Investment Risk: If future investment returns on assets are lower than assumed in valuation, the scheme's assets will be lower, and the funding level higher, than expected.

Change in bond yeilds: A decrease in yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

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Note 36
Related party disclosures

(A) Related parties and their relationship
(I) Parties where the control exists:
- Holding Company: Tata Motors Limited

(II) Subsidiaries
Tata Motors Finance Limited
Tata Motors Finance Solutions Limited

(III) Joint ventures
Loginomic Tech Solutions Private limited

(IV) Other related parties with whom transactions have taken place
(i) Fellow subsidiaries, associates and Joint arrangements within the Group
TML Business Services Limited
Tata Technologies Limited
TML Distribution Company Limited
Tata Motors Insurance Broking And Advisory Services Limited
Tata Motors Finance Limited Employees Gratuity Scheme Trust
Tata Precision Industries (India) Limited
Automobile Corporation of Goa Limited
Tata Marcopolo Motors 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

(V) Key Management personnel :
Mr. Guenter Butschek - Chairman & Director
Mr. Shyam Mani - Managing Director (upto March 31, 2021)

Mr. Hoshang Sinor - Independent Director (upto December 05, 2019)
Mr. Samrat Gupta - Managing Director & Chief Executive Officer (from April 01, 2021)
Mr. Nasser Munjee, Independent Director and Chairman (from June 20, 2020)
Mr. P. S. Jayakumar, Independent Director (from July 10, 2020)
Mr. Phillie Karkaria - Independent Director (Up to May 18, 2020)
Ms. Vedika Bhandarkar - Independent Director
Mr. P. B. Balaji - Independent Director
Mr. Anand Bang - Chief Financial Officer (Up to July 31, 2020)
Ms. Ridhi Gangar - Chief Financial Officer (from August 01, 2020)

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Note 36
Related party disclosures

(B) Transactions/Balances with Related parties
The following table summarizes related-party transactions for the year ended and balances as at March 31, 2021

(Rs. in Lakhs)

Transactions	Holding Company	Joint venture	Other Related parties
a) Transactions during the year			
Purchase of fixed assets	2,83.64	-	7,72.86
Recoveries from employee benefit trust	-	-	4,83.02
Contributions paid to employee benefit trust	-	-	99.34
Expenses for support services (incl. reimbursement of expenses)	2,35.28	-	30,92.12
Rent Expenses	29.95	-	-
Dividend paid	1,30.20	-	-
Interest Expenses	-	-	54.93
Other Expenses	-	-	10,53.02
Income related to financing activities	-	-	1,98.09
Dividend income	-	-	2.42
Rent Income	2.13	-	1,03.57
Other Income	17.04	-	-
Interest income on loans and investments	10,87.43	-	5.42
Service charges income	166,72.21	-	61,32.06

(Rs. in Lakhs)

b) Balances as at	Holding Company	Joint venture	Other Related parties
Receivable - loans and Advances	-	-	50.00
Other Receivables	37,30.89	95.00	1,28.83
Debt investments	-	8,35.00	-
Payables - Borrowings & debt securities	-	-	5,00.00
Other Payables	26.24	-	17,10.59
Provision on doubtful loans and investments	-	9,30.00	-

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

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

(Rs. in Lakhs)

Transactions	Holding Company	Joint venture	Other Related parties
a) Transactions during the year			
Purchase of fixed assets	31,71.47	-	3,33.42
Loans and advances given	-	95.00	54,41.03
Recoveries from employee benefit trust	-	-	8,38.86
Contributions paid to employee benefit trust	-	-	55.72
Loans and advances recovered	256,77.68	-	127,62.63
Proceeds against investments	-	-	104,49.98
Investments made	-	1,70.00	-
Provision on doubtful loans and investments	-	(9,30.00)	-
Expenses for support services (incl. reimbursement of expenses)	1,98.08	-	40,59.11
Rent Expenses	29.93	-	-
Dividend paid	76,76.81	-	-
Interest Expenses	1,46.99	-	1,16.15
Other Expenses	-	-	4,39.13
Dividend income	-	-	3,60.42
Rent Income	1,31.65	-	2,14.80
Other Income	1,10.63	-	-
Interest income on loans and investments	46.37	2.37	27,28.08
Service charges income	-	-	48,57.71
Amount received towards reimbursement of expenses	2.39	-	2,33.94
Loans and advances taken / availed	400,00.00	-	10,00.00
Loans and advances repaid	400,00.00	-	10,00.00
Issue of share capital (including share premium)	15,000.00	-	-

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Note 36
Related party disclosures

(Rs. in Lakhs)

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

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

2. 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. 26.04 lakhs (Rs. 24.98 lakhs for the year ended March 31, 2020) which has been adjusted against the outstanding lease liability in accordance with Ind AS 116.

Details of significant transactions are given below:

(Rs. in Lakhs)

Nature of Transaction	Name of Relate Party	Nature of relationship	For the year ended March 31, 2021	For the year ended March 31, 2020
Purchase of fixed assets	Tata Marcopolo Motors Limited	Fellow subsidiary	7,60.00	-
Expenses for other services (incl. reimbursement of expenses)	Tata Consultancy Services Limited	Tata Sons and its subsidiaries and joint arrangements	20,31.35	30,57.85

Transactions and balances with Key Management personnel and their relatives

(Rs. in Lakhs)

a) Transactions	For year ended March 31, 2021
Interest paid on unsecured perpetual debentures	4.54
Repayment of Perpetual debentures	10.00
b) Balances	As at March 31, 2021
Net payable - Unsecured perpetual debentures	30.00

iii) Key management personnel remuneration

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Short term employee benefits (refer note below)	9,66.19	7,85.30

Note:
1) Expenses towards provision for gratuity and leave encashment which are determined actuarial basis at an overall Company level are not included in the above information.
2) Includes sitting fees paid to non-executive directors is Rs. 79.10 lakhs and Rs. 77.90 lakhs for the year ended March 31, 2021 and 2020, respectively.

Terms and Conditions of Transaction with Related Parties:
The transaction with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

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Note 37
Fair value measurements

Financial Instruments by categories

The following table presents the carrying amounts of each category of financial assets and liabilities as at March 31, 2021:

(Rs. in Lakhs)

Financial assets		Amortised cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a)	Investments	1,90.00	112,53.31	1031,62.68	-	-	1146,05.99
(b)	Loans	28941,84.18	7917,33.23	-	-	-	36859,17.42
(c)	Trade & other receivables	93,51.83	-	-	-	-	93,51.83
(d)	Cash and cash equivalents	5088,95.20	-	-	-	-	5088,95.20
(e)	Other bank balances	1137,70.41	-	-	-	-	1137,70.41
(f)	Other financial assets	540,04.96	-	-	-	-	540,04.96
(g)	Derivative financial instruments	-	-	-	26,23.52	12.41	26,35.93
	Total	35803,96.58	8029,86.54	1031,62.68	26,23.52	12.41	44891,81.75

Financial liabilities		Amortised Cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a)	Borrowings	25825,50.94	-	-	-	-	25825,50.94
(b)	Debt securities	12777,85.52	-	-	-	-	12777,85.52
(c)	Trade & other payables	358,70.23	-	-	-	-	358,70.23
(d)	Subordinated liabilities	1008,84.50	-	-	-	-	1008,84.50
(e)	Derivative financial instruments	-	-	-	49,26.63	-	49,26.63
(f)	Other financial liabilities	741,52.73	-	-	-	-	741,52.73
	Total	40712,43.93	-	-	49,26.63	-	40761,70.57

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

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

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

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Fair value hierarchy

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

(Rs. in Lakhs)

Particulars	As at March 31, 2021					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
(a) Investments	1144,15.99	1144,15.99	908,04.03	59,48.11	176,63.85	1144,15.99
(b) Derivative instruments	26,35.93	26,35.93	-	26,35.93	-	26,35.93
(c) Loans	7917,33.23	7917,33.23	-	-	7917,33.22	7917,33.22
Total	9087,85.17	9087,85.17	908,04.03	85,84.04	8093,97.07	9087,85.14

Particulars	As at March 31, 2021					
	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	28941,84.18	29311,96.99	-	-	29311,96.99	29311,96.99
Total	28941,84.18	29311,96.99	-	-	29311,96.99	29311,96.99

Particulars	As at March 31, 2021					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value						
(a) Derivative instruments	49,26.63	49,26.63	-	49,26.64	-	49,26.64
	49,26.63	49,26.63	-	49,26.64	-	49,26.64

Particulars	As at March 31, 2021					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost for which fair value is disclosed						
(a) Borrowings	2997,07.27	4077,52.08	-	4077,52.08	-	4077,52.08
(b) Debt securities	5218,79.18	5556,00.21	-	5556,00.21	-	5556,00.21
(c) Subordinated liabilities	1008,84.50	1120,89.07	-	1120,89.07	-	1120,89.07
(d) Lease liabilities	47,31.60	48,21.79	-	48,21.79	-	48,21.79
Total	9272,02.56	10802,63.16	-	10802,63.16	-	10802,63.15

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

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

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

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

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Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of quoted equity shares and mutual fund investments.
Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e; derived from prices). This level of hierarchy include Group's over-the-counter (OTC) derivative contracts.
Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy include investments in certain unquoted equity shares.
There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2021 and March 31, 2020

Valuation technique used to determine fair value of financial instruments

(a) Derivatives instruments are fair valued using market observable rates and published prices together with forecast cash flow information where applicable are classified in level 2. The fair value (i.e. Market to Market) of the derivative instruments is provided by independent third party external valuer (i.e. reputed banks/financial institution).

(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, 2021 and 2020. 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 Group has chosen to designate these investments in equity instruments at FVTOCI as the directors believes this provides a more meaningful presentation for medium or long term strategic investments, than reflecting changes in fair value immediately in profit or loss.

Certain unquoted equity instruments clasified as Level 3 are fair valued by independent third party valuer using the Comparable Company Method/Approach (CCM). Since significant unobservable inputs are applied in measuring the fair value they are classified in Level 3. Increase or decrease in multiple will result in increase or decrease in valuation.

(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 Group could have realised or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

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

Reconciliation of level 3 fair value measurement is as below :

(Rs. in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	3810,52.09	119,86.70
Additions during the year	6038,39.51	3837,77.02
MTM gain/(loss) recognized in OCI	168,63.28	117,56.48
MTM gain/(loss) recognized in P&L	52,61.83	(10,46.26)
Realised during the year	(1976,19.63)	(254,21.85)
Balance at the end of the year	8093,97.07	3810,52.09

Note 38

Group as a Lessee

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

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

Leases of rented offices are generally limited to a lease term of 2 to 12 years. Leases of rented yards generally have a lease term ranging from 5 years to 9 years. Lease payments are generally fixed however the Group has one lease where rentals are linked to outstanding Loan and the number of employees

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

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

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

(Rs. in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Right-of-use assets	Borrowings	Right-of-use assets	Borrowings
	Buildings	Lease Liabilities	Buildings	Lease Liabilities
As at April 01, 2020	49,27.46	52,06.78	51,15.42	51,15.42
Additions	19,03.07	19,03.07	17,28.41	17,28.41
Deletions	(11,71.70)	(12,78.58)	(3,51.42)	(3,70.05)
Depreciation expense	(12,96.29)	-	(15,64.95)	-
Interest expense	-	4,21.61	-	4,60.59
Payments	-	(15,21.28)	-	(17,27.59)
As at March 31, 2021	43,62.54	47,31.60	49,27.46	52,06.78

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

Refer Note 43 on Financial Risk Manangement for maturity analysis of lease liabilities at March 31, 2021

(Rs. in Lakhs)

Set out below, are the amounts recognised in profit and loss	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation expense of right-of-use assets	12,96.29	15,64.95
Interest expense on lease liabilities	4,21.61	4,60.59
Rent expense- Short term leases	1,32.65	1,47.21
Leases of low value assets	5.61	18.15
Variable lease payments (Not being linked to any index or rate)	-	4,74.25

The Company has applied the practical expedient to all rent concessions that meet the conditions as per para 46A of Ind AS 116. The total rent concessions recognised in statement of P&L during the year ended March 31, 2021 is Rs. 1,05.42 lakhs.

Note 39

Group as a Lessor

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

The Group has recognised lease rental income from leasing of these assets amounting to Rs. 64,26.94 lakhs (Previous year: 32,47.33 lakhs) in the Consolidated Statement of Profit and Loss. There are no variable lease rentals recognized during the year.

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

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

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Within 1 year	65,17.39	60,38.24
1-2 years	47,20.14	54,37.72
2-3 years	31,26.20	37,42.89
3-4 years	11,35.90	21,39.03
4-5 years	46.98	8,06.28
Total	155,46.61	181,64.16

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Note 40

Finance Lease receivables

The Group has entered into lease arrangements as a lessor that are considered to be finance leases. The Group leases vehicles and as it transfer's substantially all of the risks and rewards of ownership of the assets they are classified as finance leases. The lease term for these leases ranges from 2 to 7 years.
The maturity analysis of lease receivables, including the undiscounted lease payments to be received are as follows:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than 1 year	7,00.62	1,67.81
1-2 years	6,47.31	1,67.81
2-3 years	3,36.05	62.29
3-4 years	2,96.05	-
4-5 years	1,97.47	-
more than 5 years	2,77.17	
Total undiscounted lease payments receivabl	**24,54.68**	**3,97.91**
Unearned finance income	(5,46.19)	(42.95)
Net investment in the lease	**19,08.49**	**3,54.96**

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Finance income on the net investment in the lease	83.02	10.47

Note 41

Assets held for sale

During the year ended March 31, 2020 the Company had decided to sell a residential flat forming part of the building block which had been classified as "Assets Held for Sale" as it met the criteria laid down under Ind AS 105-" Non-current Assets Held for Sale and Discontinued Operations". The sale was completed during year ended March 31, 2021.

BSR & Co. LLP
14th Floor, Central B Wing and North C Wing, Nesco IT Park4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063

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Note 42
Maturity Analysis of Assets and Liabilities

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

	Particulars	As at March 31, 2021			As at March 31, 2020		
		Current	Non current	Total	Current	Non current	Total
I	ASSETS						
1	Financial assets						
(a)	Cash and cash equivalents	5088,95.20	-	5088,95.20	2162,54.45	-	2162,54.45
(b)	Bank Balance other than cash and cash equivalents	603,24.07	534,46.34	1137,70.41	601,09.72	786,30.83	1387,40.55
(c)	Derivative financial instruments(assets)	38.37	25,97.56	26,35.93	27.45	79,13.31	79,40.76
(d)	Receivables						
i.	Trade receivables	61,52.12	-	61,52.12	203,19.43	-	203,19.43
ii.	Other receivables	31,99.71	-	31,99.71	59,58.01	-	59,58.01
(e)	Loans	19395,89.02	17463,28.39	36859,17.41	14922,00.58	17204,56.78	32126,57.36
(f)	Investments	844,25.04	301,80.95	1146,05.99	553,21.49	198,46.15	751,67.64
(g)	Other financial assets	426,37.04	113,67.92	540,04.96	36,48.92	26,04.26	62,53.18
2	Non-financial assets						
(a)	Current tax assets (net)	-	188,93.60	188,93.60	-	317,25.28	317,25.28
(b)	Deferred tax assets (net)	-	137,38.86	137,38.86	-	167,26.26	167,26.26
(c)	Investments in joint venture (equity accounted investee)	-	-	-	-	-	-
(d)	Property, plant and equipment	-	272,98.02	272,98.02	-	249,35.46	249,35.46
(e)	Capital work-in-progress	-	-	-	-	69.70	69.70
(f)	Goodwill	-	205,18.53	205,18.53	-	205,18.53	205,18.53
(g)	Other intangible assets	-	5,36.63	5,36.63	-	4,29.63	4,29.63
(h)	Other non-financial assets	140,66.55	21,95.10	162,61.65	106,09.13	60,73.96	166,83.09
3	Non-current assets held for sale	-	-	-	3,35.68	-	3,35.68
	Total assets	**26593,27.12**	**19271,01.90**	**45864,29.02**	**18647,84.86**	**19299,30.15**	**37947,15.01**
II	LIABILITIES						
1	Financial liabilities						
(a)	Derivative financial instruments(liability)	13,58.87	35,67.77	49,26.63	-	10,25.29	10,25.29
(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	298,48.90	-	298,48.90	268,83.51	-	268,83.51
ii.	Other payables						
	- total outstanding dues of micro enterprises and small enterprises						
	- total outstanding dues of creditors other than micro enterprises and small enterprises	60,21.33	-	60,21.33	31,60.99	-	31,60.99
(c)	Debt securities	9507,99.53	3269,85.99	12777,85.52	7560,52.83	2227,54.15	9788,06.98
(d)	Borrowings (Other than debt securities)	12648,58.55	13176,92.38	25825,50.94	9560,34.42	13731,60.39	23291,94.81
(e)	Subordinated liabilities	154,40.94	854,43.56	1008,84.50	360,90.26	1004,61.14	1365,51.40
(f)	Other financials liabilities	579,28.16	162,24.57	741,52.73	405,97.40	148,62.53	554,59.93
2	Non-financial liabilities						
(a)	Current tax liabilities (net)	3,71.03	-	3,71.03	2,72.08	-	2,72.08
(b)	Provisions	1,82.96	81,70.66	83,53.62	1,74.69	76,68.95	78,43.64
(c)	Other non-financial liabilities	94,57.80	-	94,57.80	64,38.77	-	64,38.77
	Total liabilities	**23362,68.07**	**17580,84.93**	40943,53.00	**18257,04.95**	17199,32.45	35456,37.40
	Net	**3230,59.05**	1690,16.97	4920,76.02	390,79.91	**2099,97.70**	2490,77.61

BSR & Co. LLP
14th Floor
Central B Wing and
North C Wing
Nesco IT Park4,
Nesco Center,
Western Express Highway
Goregaon (East)
Mumbai - 400 063

Note 43
Financial risk management

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

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

(A) Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its
-operating activities, primarily loans arising from financing activities;
- Investing activites, 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 arisng from financing activities, Investment in debt instruments, derivative instruments, trade receivables and other financial assets excluding equity investments.

Financial assets that are neither past due or impaired
Credit risk on cash and cash equivalents and deposits with banks/financial institutions is generally low as the said deposits have been made with banks/financial institution who have been assigned high credit rating by international/domestic rating agencies.
Credit risk on derivative instruments is generally low as The Group's enters into derivative contracts with reputed banks.
Investments of surplus funds are made only with internally approved financial institutions/counter party and primarily include investments in mutual funds and bank deposits.
None of The Group's'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, 2021, that defaults in payment obligations will occur.

i) Loans arising from financing activities - Credit quality of financial assets and impairment loss
Loans from financing activities to customers. Credit risk for loans is managed by the Group's through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which The Group's grants credit terms in the normal course of business. Credik risk is monitored by the credit risk department of The Group's independent Risk department/function who have the responsibility for reviewing and managing credit risk.

The Group creates & secures first and exclusive collateral charge at the time of loan origination on all vehicles for which vehicle financing loans are given. Hypothecation endorsement is obtained in favour of the Group in the Registration Certificate of the Vehicle funded under the vehicle finance category. Any surplus remaining after settlement of outstanding loan by way of sale of vehicle (collateral) is returned to the customer. Also, the Group secures portion of the loss against loans financed to customers by obtaining third party credit guarantees. For the corporate lending loan exposure, wherever required the Group obtains security cover in the form of immoveable properties by creating charge over the collateral.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group is in retail & corporate lending business on pan India basis. Vehicle Finance consists of lending for purchase of new and used Commercial Vehicles and Passenger Vehicles against security. Hypothecation endorsement is made in favour of the Group in the Registration Certificate in respect of all registerable collateral. Portfolio is reasonably well diversified across South, North, East and Western parts of the country. Similarly, sub segments within Used Vehicle Finance like refinance against existing vehicles and repurchase vehicles (first time buyers), leading to well diversified into sub product mix.

The maximum credit exposure to any individual customer from the financing business as of March 31, 2021 was Rs. 272,53.47 lakhs (March 31, 2020: Rs. 125,29.04 lakhs).

On account of adoption of Ind AS 109, The Group's uses the 3 staging Expected Credit Loss (ECL) model to assess the provision for impairment loss allowance. The model takes into account a continuing credit evaluation of Group's customers' financial condition; ageing of loans; the value and adequacy of collateral received from the customers; The Group's's historical loss experience; and adjusted for forward looking information. The Group's defines default as an event when there is no reasonable expectation of recovery.
The Group's makes allowances for losses on its portfolio of loans on the basis of expected future collection from receivables. The future collection are estimated on the basis of past collection trend which are adjusted for changes in current circumstances as well as expected changes in collection on account of future with respect to certain macro economic factor. The Group's impairment assessment and measurement approach is set out in Note 3(xvii) A - Accounting policies.

B S R & Co. LLP
14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063

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The following table provides information about the credit quality of financial assets and impairment loss
The ageing of loans as of balance sheet date is given below. The ageing analysis have been considered from the due date.

(Rs. in Lakhs)

Loans	As at March 31, 2021			As at March 31, 2020			Net movement of gross carrying amount	Net movement of impairment allowance amount
	Gross carrying amount	Impairment allowance	Net amount	Gross carrying amount	Impairment allowance	Net amount		
Current (not past due)	25880,97.47	129,75.86	25751,21.61	23001,77.54	118,53.87	22883,23.67	2879,19.93	11,21.99
01-30 days past due	4004,82.52	61,41.09	3943,41.43	3926,26.82	44,52.79	3881,74.03	78,55.70	16,88.30
31-90 days past due	6270,44.05	526,32.54	5744,11.51	4001,84.63	245,98.77	3755,85.86	2268,59.42	280,33.77
above 90 days past due	1984,86.93	564,44.07	1420,42.86	1875,88.80	270,15.00	1605,73.80	108,98.13	29429.07
Total	38141,10.97	1281,93.56	36859,17.41	32805,77.79	679,20.43	32126,57.36	5335,33.18	602,73.13

*Includes future principal installments which are not past due aggregrating to Rs. 104,30.17 lakhs as of March 31, 2021 (March 31, 2020 Rs. 8358,24.53 lakhs)

The stage 3 (above 90 days past due) includes amount written off of Rs. 367,78.32 lakhs during the year from the gross carrying amount and impairment allowance.

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

(Rs. in Lakhs)

	For the year ended March 31,	
	2021	2020
Balance at the beginning	679,20.43	927,29.15
Impairment loss recognised/(reversed)	970,51.45	592,87.35
Amounts written off	(367,78.32)	(840,96.07)
Balance at the end	1281,93.56	679,20.43

Modification of financial assets not resulting in derecognition:

Particulars	₹ in Lakhs
Carrying amount before modification	3894,29.86
Modificiation (loss)/gain net of Impairment loss allowance measured at lifetime expected credit loss	(136,95.74)

(B) Management of Liquidity risk

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

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

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

The table below provides details regarding the contractual maturities of financial liabilities, including estimated/contractual interest payments as at March 31, 2021:

(Rs. in Lakhs)

	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contractual cashflows
Non derivatives						
Borrowings	25825,50.94	14156,90.61	6295,53.69	7846,36.79	-	28298,81.09
Trade and other payables	358,70.23	358,70.23	-	-	-	358,70.23
Debt securities	12777,85.52	10075,24.64	1991,36.41	1646,85.75	-	13713,46.80
Subordinated liabilities	1008,84.50	311,20.28	320,37.96	778,25.07	806,01.00	2215,84.31
Lease liabilities	47,31.60	11,88.76	10,21.18	25,34.78	13,35.13	60,79.85
Other financial liabilities	694,21.13	571,04.64	2,90.34	120,26.15	-	694,21.13
Derivatives						
Derivative contracts	49,26.63	13,58.87	2.18	35,65.59	-	49,26.64
Total	40761,70.55	25498,58.03	8620,41.76	10452,74.13	819,36.13	45391,10.05

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

(Rs. in Lakhs)

	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Total contractual cashflows
Collateralized debt obligations	2972,52.47	1926,47.33	1030,25.33	355,04.97	3311,77.63

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Note 43
Financial risk management

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

(Rs. in Lakhs)

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

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

(Rs. in Lakhs)

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

(C) Management of Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as equity price risk. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Financial instruments affected by market risk include borrowings, investments and derivative financial instruments.
The Group exposure to market risk is a function of asset liability management activities. The Group continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee (ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the Group's risk management framework. ALCO activities are in turn monitored and reviewed by a board sub-committee.

Foreign currency risk
Foreign exchange risk is the risk of impact/changes related to fair value or future cash flows of an financial instrument exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The fluctuation in foreign currency exchange rates may have potential impact on the Consolidated Statement of Profit and Loss and equity, where assets/liabilities are denominated in a currency other than the functional currency of the Group.
The Group's foreign currency exposure arises mainly from variable rate foreign currency borrowings denominated in USD. The Group, as per its risk management policies, enters into derivative financial instruments like currency swaps and forward contracts to mitigate risk of changes in exchange rate in foreign currency. When a derivative is entered in to for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure.The Group policy is to fully hedge its foreign currency borrowings at the time of drawdown till the repayment.
No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit and loss & financial position arising from the effects of reasonably possible changes to foreign exchange rates on variable rate foreign currency borrowings as the exposure is fully hedge by entering into derivative financial instruments.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Group's exposure to the risk of changes in market rates relates primarily to the Group's borrowings obligations with floating/variable interest rates.
The Group borrows through various instruments which has interest rate reset clause which is exposed to interest rate risk. As at the end of reporting period, the Group had following variable interest rate borrowings and derivatives to hedge the interest rate risk:

(Rs. in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Non derivative Financial Liabilities		
Variable rate borrowings *	1,961,076.37	1,571,530.29
Net Exposure	1,961,076.37	1,375,813.29

* The above excludes the foreign currency denominated floating interest rate borrowings, the Group manages its interest rate risk by entering into interest rate swap and cross currency interest rate swap derivative instruments in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

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Note 43
Financial risk management

Interest rate sensitivity analysis
Profit or loss is sensitive to interest expense from variable rate borrowings as a result of changes in interest rate. Increase/decrease of 100 basis points in interest rates at the reporting date would result in an impact (decrease/increase in case of profit/(loss) before tax of Rs. 196,10.76 lakhs and Rs. 157,15.30 lakhs on income for the year ended March 31, 2021 and 2020 respectively.
The above sensitivity analysis assumes that all other variables remain constant and the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

Equity price risk
Equity price risk is related to the change in market reference price of the investments in equity securities.
The fair value of some of The Group's investments measured at fair value through other comprehensive income and fair value through profit and loss exposes The Group's to equity price risks. These investments are subject to changes in the market price of securities. The fair value of Group's investment in equity securities as at March 31, 2021 and 2020 was Rs. 231,75.88 lakhs and Rs. 126,76.48 lakhs respectively.

(Rs in lakhs)

	Impact on profit for the year		**Impact on other components of equity**	
	March 31 2021	**March 31 2020**	**March 31 2021**	**March 31 2020**
Equity price Sensitivity				
Increase in equity price by 10 %*	11,92.26	6,60.60	11,25.33	6,07.04
Decrease in equity price by 10 %*	(11,92.26)	(6,60.60)	(11,25.33)	(6,07.04)

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

Capital management
The capital structure of the Group consists of net debt and total equity of the Group. The Group manages its capital to maximise the return to stakeholders through an optimum mix of debt and equity within the overall capital structure. The Group's risk management committee reviews the capital structure of the Group considering the cost of capital and the risks associated with each class of capital.
In addition the Group has financial covenants relating to the borrowing facilities that it has taken from the lenders which is monitored and complied by the Group.

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Note 44

Transfer of financial assets

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

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

The carrying amount of loans along with the associated liabilities is as follows:

(Rs. in Lakhs)

Nature of Assets	As at March 31, 2021		As at March 31, 2020	
	Carrying amount of asset sold	Carrying amount of associated liabilities	Carrying amount of asset sold	Carrying amount of associated liabilities
Loans	3008,43.49	2972,15.50	4257,37.31	4228,24.24

Net of provision of Rs. 53,48.83 lakhs and Rs.49,38.30 lakhs as at March 31, 2021 and March 31, 2020 respectively.

Note 45

Reconciliation of Movement in Borrowings to cash flows from financing activities

(Rs. in Lakhs)

Particulars	As at April 01, 2020	Cash flows (net)	Exchange difference	Amortisation / EIR adjustments	As at March 31, 2021
Debt securities	9788,06.98	2394,87.26	-	594,91.29	12777,85.53
Borrowings (Other than debt securities)	23291,95.30	2563,21.66	(67,21.50)	37,55.50	25825,50.96
Subordinated liabilities	1365,51.40	(361,00.00)	-	4,33.10	1008,84.50
Total	**34445,53.68**	**4597,08.92**	**(67,21.50)**	**636,79.89**	**39612,20.99**

Note: Debt securities includes commercial papers for which the discounting charges paid of Rs. 656,95.34 lakhs on the repayment date is shown in the finance cost paid in cash flow statement.

(Rs. in Lakhs)

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

Note: Debt securities includes commercial papers for which the discounting charges paid of Rs. 671,08.87 lakhs on the repayment date is shown in the finance cost paid in cash flow statement.

Note 46

Impact of COVID-19

Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. This may lead to a rise in the number of borrowers defaults and consequently an increase in corresponding provisions. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Company's performance will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by us.

The Company has assessed the potential impact of COVID-19 on the carrying value of its assets based on relevant internal and external factors / information available, upto the date of approval of these annual financial results. The final impact of this pandemic is very uncertain and the actual impact may be different then that estimated based on the conditions prevailing as at the date of approval of these annual financial results. The management will continue to closely monitor the material changes in the macroeconomic factors impacting the operations of the Company.

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TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2021

Note 47
The Parliament has approved the Code on Social Security, 2020 (the 'Code') which may impact the contribution by the Company towards Provident Fund and Gratuity.The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact, if any, in the financial results following the Code becoming effective and the related rules being framed and notified.

As per our report of even date attached

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

Sameer Mota
Partner
Membership No. 109928

Place : Mumbai
Date: April 30, 2021

For and on behalf of the Board of Directors

PALAMADAI SUNDARARAJAN JAYAKUMAR
Digitally signed by PALAMADAI SUNDARARAJAN JAYAKUMAR
Date: 2021.04.30 23:12:28 +05'30'

P. S. JAYAKUMAR
Director
(DIN - 01173236)

PATHAMADAI BALACHANDRAN BALAJI
Digitally signed by PATHAMADAI BALACHANDRAN BALAJI

P.B. BALAJI
Director
(DIN - 02762983)

SAMRAT GUPTA
Digitally signed by SAMRAT GUPTA
Date: 2021.04.30 23:07:11 +05'30'

SAMRAT GUPTA
Managing Director and Chief Executive Officer
(DIN - 07071479)

RIDHI ZAVERI GANGAR
Digitally signed by RIDHI ZAVERI GANGAR
Date: 2021.04.30 23:04:56 +05'30'

RIDHI GANGAR
Chief Financial Officer
Place: Mumbai
Date: April 30, 2021

VINAY BABURAO LAVANNIS
Digitally signed by VINAY BABURAO LAVANNIS
Date: 2021.04.30 23:09:26 +05'30'

VINAY LAVANNIS
Company Secretary

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “A”: Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs for the F.Y. 2020-21)

Tata Motors Finance Solutions Limited:

Sl. No.	Particulars	Details
1	Name of the subsidiary	Tata Motors Finance Solutions Limited
2	The date since when subsidiary was acquired	January 19, 2015
3	Reporting period for the subsidiary concerned, if different from the holding company’s reporting period	NA
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not applicable
5	Share capital	1700,49.74
6	Reserves & surplus	-171,57.08
7	Total assets	8181,24.08
8	Total Liabilities	6652,31.42
9	Investments	165,01.92
10	Turnover*	822,64.34
11	Profit / (loss) before taxation	180,05.33
12	Provision for taxation	-13,85.94
13	Profit / (loss) after taxation	193,91.27
14	Proposed Dividend	0.00
15	Extent of shareholding (in percentage)	100%

* Represents Revenue from Operations.

Note that all the figures are rounded off to lakhs of rupees.

Tata Motors Finance Limited:

Sl. No.	Particulars	Details
1	Name of the subsidiary	Tata Motors Finance Limited
2	The date since when subsidiary was acquired	29/03/2016
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not applicable
5	Share capital	608,27.69
6	Reserves & surplus	3873,04.69
7	Total assets	36815,40.72
8	Total Liabilities	32334,08.34
9	Investments	242,32.84
10	Turnover*	3846,44.47
11	Profit / (loss) before taxation	219,11.03
12	Provision for taxation	-30,56.60
13	Profit / (loss) after taxation	249,67.63
14	Proposed Dividend	0
15	Extent of shareholding (in percentage)	97

**Represents Revenue from Operations.*
Note that all the figures are rounded off to lakhs of rupees.

1. Names of subsidiaries which are yet to commence operations - NIL
2. Names of subsidiaries which have been liquidated or sold during the year.- NIL

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	Loginomic Tech Solutions Private Limited
Latest audited Balance Sheet Date	Year ended 31 March 2021
Shares of Associate/Joint Ventures held by the company on the year end	Equity Shares
No.	31,200
Amount of Investment in Associates/Joint Venture	Rs. 2,65.87 Lacs
Extend of Holding%	26%
Description of how there is significant influence	No Significant influence. There is a joint control between the parties to the agreement
Reason why the associate/joint venture is not consolidated	Equity method of accounting done as required by IND AS 28 – Investments in Associates and Joint Ventures
Net worth attributable to shareholding as per latest audited Balance Sheet	-
Profit/Loss for the year	-
Considered in Consolidation	
Not Considered in Consolidation	-

1. Names of associates or joint ventures which are yet to commence operations. - NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year. - NIL

On behalf of the Board of Directors of

TMF HOLDINGS LIMITED

Sd/-

NASSER MUNJEE
Chairman

DIN: 00010180

Date: April 30, 2021