Tata Motors Finance Solutions Limited

Annual Report F.Y. 2020-21

ANNUAL REPORT F.Y. 2020-21
TATA MOTORS FINANCE SOLUTIONS LIMITED
(CIN:U65910MH1992PLC187184)

BOARD OF DIRECTORS

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

Mr. P.S. Jayakumar, Independent Director (Appointed w.e.f. October 12, 2020)

Mrs. Vedika Bhandarkar, Independent Director

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

Mr. Shyam Mani, Non-Executive Director

Mr. R.T. Wasan, Non-Executive Director (Ceased w.e.f. June 23. 2020)

MANAGER

Mr. Paras Nath Jha (Ceased w.e.f. August 01, 2020

Mr. Anindya Dhar (Appointed w.e.f August 01, 2021)

CHIEF FINANCIAL OFFICER

Mr. Rohit Sarda Ceased w.e.f. August 01, 2020

Mr. Amit Mittal (Appointed w.e.f August 01, 2020

COMPANY SECERETARY

Mr. Neeraj Dwivedi

STATUTORY AUDITORS

M/s. B S R & Co. LLP

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

REGISTRAR AND SHARE TRANSFER AGENT

C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli West, Mumbai 400 083
Tel:(022) 6656 8484 (022) 6656 8496
www.tsrdarashaw.com

TATA MOTORS FINANCE SOLUTIONS LIMITED

BANKERS

Bank of India
Citibank N.A
DBS Bank India Ltd
Deutsche Bank
HDFC Bank Limited
ICICI Bank Limited
ICICI Bank UK PLC
IDFC First Bank
IndusInd Bank
Punjab National Bank (e-OBC)
Punjab National Bank
Standard Chartered Bank
The South Indian Bank Limited
Standard Chartered Bank
Syndicate Bank
SIDBI
UCO Bank
Union Bank of India

DEBENTURE TRUSTEES

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

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

DEPOSITORIES

National Securities Depository Limited
Central Depository Services (India) Limited

LISTED AT

Commercial Paper and NCD's listed at
National Stock Exchange of India Limited

TATA MOTORS FINANCE SOLUTIONS 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.
Mr. P. S. Jayakumar, Independent Director *(Appointed with effect from October 12, 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.
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. B. Balaji, Non-Executive Director	Mr. P. B. Balaji is a graduate from Indian Institute of Technology, Chennai and has a post-graduate management degree from Indian Institute of Management, Kolkata. Having started his career with Unilever in 1995 and worked in different corporate finance roles across Asian markets, Switzerland, UK and India, Mr. Balaji is very well oriented in global finance stream with over two decades of experience in the corporate sector. Mr. Balaji is the Group Chief Financial Officer of Tata Motors Limited. Before joining TML, he had been heading the finance function as the Chief Financial Officer of Hindustan Unilever, a $6 billion enterprise. Prior to that, he was the Chief Accountant of the Unilever Group in London.
Mr. Shyam Mani, Non-Executive Director	Mr. 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 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. R. T. Wasan, Non-Executive Director *(Resigned with effect from June 23, 2020)*	Mr. Wasan started his professional career through a campus placement at International Instruments Limited, Bengaluru where he worked for about a year in retail marketing for automotive dashboard instruments. Later he joined J.N. Marshalls Limited, Pune in techno-commercial role for a couple of years. He Joined Tata Motors in 1993 in Company's Hire Purchase department. Mr. R. T. Wasan has been Vice-President of Sales & Marketing for Commercial Vehicles (CV) Unit at Tata Motors Limited since August 2015. Mr. Wasan serves as Director of TML Distribution Company Limited. Mr. Wasan is a Mechanical Engineer from BVB College of Engineering and Technology, Hubli with Post Graduate qualifications in Marketing Management from KIMS of Karnataka University.

TATA MOTORS FINANCE SOLUTIONS LIMITED

DIRECTORS' REPORT

MARCH 31, 2021

To,

THE MEMBERS

TATA MOTORS FINANCE SOLUTIONS LIMITED

The Directors feel privileged to present the 7th Annual Report on the business and operations of the Company and the statement of accounts for the year ended March 31, 2021.

1. BACKGROUND

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

At present, the Company (TMFSL) is engaged in financing Used Vehicles and lending to dealers and suppliers of Tata Motors Limited (Corporate lending business (CLG)).

2. ECONOMIC AND INDUSTRY OVERVIEW

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)

	2020-21	2019-20
Total Income	834.32	730.96
Less: Finance Costs	430.94	427.51
Expenditure	221.69	105.11
Depreciation / Amortization	1.64	1.63
Profit Before Exceptional and Extraordinary Items and Tax	180.05	196.71
Exceptional items (Impairment of goodwill)	-	-
Profit before tax	180.05	196.71
Less: Tax expense / (income)	(13.86)	20.57
Profit after tax	193.91	176.14
Other comprehensive income forming part of retained earnings	(0.75)	1.28
Total comprehensive income for the year forming part of retained earnings	193.16	177.42
Balance brought forward from previous year (distributable)	(355.40)	(497.59)
Amount Available for Appropriations	(162.24)	(320.17)
APPROPRIATIONS		
General Reserve	-	-
Special Reserve	38.78	35.23
Proposed Dividend	-	-
Tax on Dividend	-	-

Surplus carried to Balance Sheet	(201.02)	(355.40)

*The Company has transferred 20% of the Net profit after taxes i.e., Rs. 38.78 crore to Statutory Reserve created pursuant to the provisions of the RBI Act, 1934.

4. DIVIDEND

The Board of Directors has not recommended dividend for the FY 2020-21 in view of losses and uncertainties arises due to COVID -19 challenges.

5. OPERATIONS

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 sé, 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. 1,083 crores in March-2020 to Rs 1,714 crores in March-2021. As compared to Mar-20, short term book grew by 79% and stood at Rs 769 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 945 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.

6. FINANCE

During FY 2020-21, the Company met its funding requirements through a combination of short term debt (comprising Commercial Papers, ICDs, Bank borrowings) and long term debt (comprising Non-Convertible Debentures ("NCDs"), External Commercial Borrowings Bank Loans). The total borrowings as of March 31, 2021 stood at Rs. 6,526.94 crore comprising mainly of Bank Borrowings (including ECBs) of Rs.4,534.23 crore, Commercial Papers amounting to Rs. 1,003.27 crore, and Non-Convertible Debentures (including Perpetual and Sub Debt)) of Rs. 989.44 crores. The weighted average cost of borrowings for the year ended March 31, 2021 was 7.55 % per annum on average borrowings of Rs. 5,708.86 crore. The Debt / Equity ratio as on March 31, 2021 was 4.27 times. The Company has been regular in servicing all its debt obligations.

7. CREDIT RATING

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

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

* 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

8. CAPITAL ADEQUACY

The Company's Capital adequacy as of March 31, 2021 is 20.70% (March 31, 2020: 20.64%), which is higher than the RBIs mandated level of 15.0%.

9. LIQUIDITY COVERAGE RATIO

Tata Motors Finance Solutions Limited (TMFSL) has an Asset Liability Supervisory Committee (ALCO), a Board level Sub-committee to oversee liquidity risk management. ALCO consists of Non-Executive Director, Independent Directors, Chief Executive Officer and Group Chief Financial Officer. The ALCO meetings are held every quarter. TMFSL 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 (LRM). ALCO's views on liquidity and asset liability management are presented to RMC for its independent review on a regular basis. The ALCO and RMC also updates the Board at regular intervals.

RBI vide circular dated November 4, 2019 has made it mandatory for NBFCs to implement Liquidity Coverage Ratio (LCR) with effect from December 1, 2020. Accordingly, the Board and ALCO has approved the Liquidity risk management policy including LCR policy. The overall Liquidity risk management of TMFSL is under the guidance of the ALCO and within the overall framework of the Board approved policies. The mandated regulatory threshold as per the transition plan is embedded into the policy to ensure maintenance of adequate liquidity buffers. LCR computations are reported to ALCO and the Board for oversight and periodical review. LCR seeks to ensure that TMFSL has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash promptly and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. As a strategy, TMFSL has been maintaining callable fixed deposits and balance in current account with banks which has resulted in a high level of HQLA. TMFSL follows the criteria laid down by the RBI for month-end calculation of High-Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises bank deposits and cash and bank balance. TMFSL is funded through Commercial papers, term loans from banks, long term bonds, and foreign currency borrowings. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation. The Company assesses the impact on short term liquidity gaps dynamically under various scenarios covering business projections under normal as well as varying market conditions. Periodical reports are placed before the Company's ALCO for perusal and review. The LCR is calculated by dividing a TMFSLs` stock of HQLA by its total stressed net cash outflows over next 30-day period. RBI has mandated a minimum LCR of 30% from December 1, 2020 and TMFSL's LCR stood at 343% for the quarter ended March 31, 2021.

10. SECURITISATION / DIRECT ASSIGNMENT

During the year, the Company has not entered any securitisation / direct assignment transaction.

11. SHARE CAPITAL

The Company is a wholly owned subsidiary of TMF Holdings Limited. As at March 31, 2021, the paid-up Share Capital of the Company was Rs.1700.49 crore (last year: Rs. 1700.49 crore). There has been no change in share capital during the year.

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

During the FY 2020-21, the Company had not given any loan, made any investment or provide any guarantee in violation to the provisions of Section 186 of the Companies Act, 2013.

13. INFORMATION TECHNOLOGY

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

- **Project Turbo:** End to end Digitization of our sourcing process – the Company partnered with an emerging fin-tech company focused on lending as their core capability (Lentra) and launched the project Turbo to completely re-platform and re-define the sourcing process. The platform leverages new technologies like OCR (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.

14. HUMAN RESOURCES

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

15. 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.

16. REGUALATORY 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.

17. 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.

18. 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/

19. 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").

20. 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 Nil) and outgo in foreign exchange was Nil (previous year Nil).

21. DIRECTORS

During the year, Mr. Nasser Munjee has been appointed as an Independent Director w.e.f. June 09, 2020 and Chairman of the Company w.e.f. June 17, 2020. Mr. R. T. Wasan, Non-Executive Director of the Company has resigned from the Board of Directors w.e.f. June 23, 2020. Mr. P. S. Jayakumar has been appointed as an Independent Director of the Company w.e.f. October 12, 2020.

In accordance with the requirements of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. P. B. Balaji is liable to retire by rotation at ensuing Annual General Meeting and 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).

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

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

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

23. 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.

24. KEY MANAGERIAL PERSONNEL

During the year, Mr. Paras Nath Jha, Manager (KMP) has resigned and Mr. Anindya Dhar has been appointed as Manager (KMP) of the Company w.e.f. August 01, 2020. Further, Mr. Rohit Sarda, Chief Financial Officer (CFO) has resigned, and Mr. Amit Mittal has been appointed as CFO of the Company w.e.f. August 01, 2020.

As on the date of report, the key managerial personnel of the Company are Mr. Anindya Dhar, Manager, Mr. Amit Mittal, Chief Financial Officer and Mr. Neeraj Dwivedi, Company Secretary.

25. 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.

26. 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.

27. 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.

As a business strategy, the Company is into financing Used vehicles and extending credit facilities to TML Dealers & Vendors. The company provides comprehensive array of financial products on both these transactions. The Company faces challenges from increased competition, lack of benchmarks on used vehicle product risk parameters, external factors which can impact the viability of transport operations, and possible pressure on maintaining the asset quality. The Company has in place suitable mechanisms to effectively reduce and manage these risks. The Company has a well-developed and robust credit appraisal process which is reviewed from time to time, as required, to address any regulatory or other changes in the financial sector. Well defined norms and approval escalation processes are in place for approving credit.

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

28. 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.

29. CORPORATE GOVERNANCE

Company's Philosophy on 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, strengths and strategies to achieve its vision of becoming a leading financial used vehicle financing company in India, 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 TCOC 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-Chairman, Mrs. Vedika Bhandarkar, Mr. P. S. Jayakumar Mr. P. B. Balaji and Mr. Shyam Mani. Mr. Nasser Munjee, Mrs. Vedika Bhandarkar and Mr. P. S. Jayakumar are Independent Directors, Mr. Shyam Mani and Mr. P.B. Balaji are Non-Executive Directors of the Company.

During FY 2020-21, Thirteen (13) meetings of the Board of Directors were held on April 09, 2020, May 09, 2020, May 25, 2020, May 29, 2020, June 17, 2020, July 23, 2020, September 21, 2020, October 06, 2020, October 20, 2020, January 08, 2021, January 20, 2021, February 15, 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 07, 2020
		Held	Attended	
Mr. Nasser Munjee[i]	Independent Director & Chairman of Board	13	8	Yes
Mrs. Vedika Bhandarkar	Independent Director	13	13	Yes
Mr. P. S. Jayakumar[ii]	Independent, Additional Director	13	5	No
Mr. P. B. Balaji	Non-Executive Director	13	13	Yes
Mr. R. T. Wasan[iii]	Non-Executive Director	13	4	Yes
Mr. Shyam Mani	Non-Executive Director	13	13	Yes

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

ii. Appointed w.e.f. October 12, 2020.

iii. Resigned w.e.f June 23, 2020

The Company has paid Sitting Fees to 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:

(in Rs.)

Name of Director	**Sitting Fees paid for attending Board and Committee Meetings during FY 2020-21**	**Commission paid during FY 2020-21**
Mr. Nasser Munjee	4,90,000/-	-
Mrs. Vedika Bhandarkar	14,70,000/-	30,00,000/-

Mr. V.K. Jairath*	-	30,00,000/-
Mr. P. S. Jayakumar	6,30,000	-
Mr. P. B. Balaji	-	-
Mr. R. T. Wasan*	-	-
Mr. Shyam Mani	-	-

*Mr. V.K. Jairath, Independent Director has retired from the Company on March 24, 2020 Mr. R. T. Wasan, Non-Executive Director has resigned w.e.f. June 23, 2020.

The above commission paid to Mrs. Vedika Bhandarkar and Mr. Vinesh Jairath was accrued for F.Y. 2019-20 but paid in F.Y. 2020-21.

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

b. Committees of the Board

The Board has constituted Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These include the Audit Committee, Nomination and Remuneration Committee, CSR Committee, Asset Liability Supervisory Committee, Risk Management Committee, Stakeholders Relationship Committee (Dissolved w.e.f. January 20, 2021) and Information Technology (IT) Strategy Committee.

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

i. Audit Committee

The Audit Committee comprised of two Independent Directors viz. Mrs. Vedika Bhandarkar, Chairperson & Mr. P.S. Jayakumar and one Non-Executive Director, Mr. P. B. Balaji. All the members of Audit Committee have the ability to read and understand financial statements and have relevant finance and/or audit experience.

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

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

During the year under review, Seven (7) meetings were held on 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 is given below.

Name of Member	Category	No. of Meetings	
		Held	Attended
Mrs. Vedika Bhandarkar	Independent Director	7	7
Mr. P. S. Jayakumar[i]	Independent, Additional Director	7	4
Mr. P.B. Balaji	Non-Executive Director	7	7

i. Appointed w.e.f. October 12, 2020.

The Board has accepted all the recommendations made by the Audit Committee during the year. The invitees for Audit Committee meetings are Manager (KMP), 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 operations.

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 comprised of two Independent Directors viz. Mrs. Vedika Bhandarkar, Chairperson & Mr. Nasser Munjee and two Non- Executive Directors viz Mr. P. B. Balaji and Mr. Shyam Mani.

During F.Y. 2020–21, Three (3) meetings of the NRC were held on June 03, 2020, November 13, 2020 and March 02, 2021. The composition of the NRC and 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	Independent Director	3	3
Mr. Nasser Munjee[i]	Independent Director	3	2
Mr. P. B. Balaji	Non-Executive Director	3	3
Mr. Shyam Mani[i]	Non-Executive Director	3	2

i. Appointed w.e.f June 17, 2020.

iii. Risk Management Committee (“RMC”)

The ‘Risk Management Committee’ of Directors manages the integrated risks of the Company. This Committee comprised 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) meetings of the RMC were held on June 26, 2020, September 18, 2020, December 24, 2020 and March 16, 2021. The composition of the RMC 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. S. Jayakumar[i]	Independent, Additional Director	4	2
Mrs. Vedika Bhandarkar	Independent Director	4	4
Mr. P. B. Balaji	Non- Executive Director	4	4
Mr. Shyam Mani	Non-Executive Director	4	4

i. Appointed w.e.f. October 12, 2020.

iv) Asset Liability Supervisory Committee (“ALCO”)

The ‘Asset Liability Supervisory Committee’ of Directors oversees the implementation of the Asset Liability Management system and periodically reviews 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 comprised of Five (5) Members viz. 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 composition of the ALCO 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. S. Jayakumar[i]	Independent, Additional Director	4	2
Mrs. Vedika Bhandarkar	Independent Director	4	4
Mr. P. B. Balaji	Non- Executive Director	4	4
Mr. Shyam Mani	Non-Executive Director	4	4
Mr. Anand Bang[ii]	TMF Group CFO	4	1
Ms. Ridhi Gangar[iii]	TMF Group CFO	4	3

i. Appointed w.e.f. October 12, 2020.

ii. Ceased to be a Member w.e.f. August 01, 2020.

iii. Appointed w.e.f. August 01, 2020.

v) Corporate Social Responsibility ("CSR") Committee

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

The Corporate Social Responsibility (CSR) Committee of the Board consist of two Independent Directors viz. Mrs. Vedika Bhandarkar- Chairperson & Mr. Nasser Munjee and one Non- Executive Director viz. Mr. Shyam Mani.

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[i]	Independent Director	0	0
Mr. Shyam Mani	Non-Executive Director	0	0

i. Appointed w.e.f June 17, 2020.

*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, Non-Executive 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 had decided to dissolve the SRC of the Company w.e.f. January 20, 2021. and its member consist of Mr. P. S. Jayakumar and Mr. Shyam Mani till December 31, 2020. However, after cessation of Mr. P.S. Jayakumar from Stakeholders Relationship Committee on December 31, 2020, this committee was reviewed at the Board Meeting held on January 20, 2021.

The Board was apprised with requirements of constitution of SRC. It was mentioned that the Company was not required to Constitute SRC since security holders were less than 1,000 and accordingly Board discussed and decided to dissolve existing SRC of the Company and not to have/constitute SRC.

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

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

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls
- Ensuring compliance to Outsourcing guidelines

As on March 31, 2021, IT Strategy Committee (ITSC) consist of (6) members viz. Mrs. Vedika Bhandarkar (Chairperson), P. S. Jayakumar, Mr. P. B. Balaji, Mr. Anindya Dhar (Manager), Mr. Amit Mittal (CFO) and Mr. Ramesh Chandra (CIO).

During FY 2020-21, Two (2) meetings of the ITSC were held on September 18, 2020 and January 08, 2021. The composition of the ITSC 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	2	2
Mr. P. S. Jayakumar[i]	Independent, Additional Director	2	1
Mr. P. B. Balaji	Non-Executive Director	2	2
Mr. Anindya Dhar[ii]	Manager & KMP	2	1
Mr. Amit Mittal[ii]	Chief Financial Officer	2	2
Mr. Ramesh Chandra	Chief Information Officer	2	2

i. Appointed w.e.f October 12, 2020.
ii. Appointed w.e.f. August 01, 2020.

Mr. Anindya Dhar, Mr. Amit Mittal and Mr. Ramesh Chandra are the permanent invitees for Information Technology (IT) Strategy Committee.

c. Other Governance information

- The half-yearly Financial Results of the Company are submitted to the Stock Exchange (NSE) in accordance with the SEBI LODR Regulations and are published in a leading English daily newspaper and also communicated to the Debenture holders every six months through a half-yearly communiqué.

- Official news releases, including the half-yearly results, are also posted on the Company's website i.e., www.tmf.co.in. The 'Investors' section on the Company's website keeps the investors updated on material developments in the Company by providing key and timely information such as Financial Results, Annual Reports, etc.

- The Debentures issued on a private placement basis are listed on the Wholesale Debt Market segment of the NSE.

- The Company has appointed TSR Darashaw Consultants Private Limited ("TSR") as the Registrar and Transfer Agents ("RTA") for the privately placed debentures issued by the Company.

- The Company had also issued Commercial Papers (CP) which are listed with NSE pursuant to SEBI Circular:SEBI/HO/DHS/DDHS/CIR/P/2019/115 dated October 22, 2019.

- 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: neeraj.dwivedi@tmf.co.in

- The Company is in compliance with applicable Secretarial Standards on issued by the Institute of Company Secretaries of India.

30. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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

31. 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.

32. 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.

33. 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.

34. 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.

35. 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.

36. 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.

37. CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted Corporate Social Responsibility (CSR) Committee to formulate and recommend to the Board, a CSR policy, recommend the amount of expenditure to be incurred on the activities and monitor CSR activities of the Company.

38. 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 2 (Two) employees 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 **neeraj.dwivedi@tmf.co.in.**

39. 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; and
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.
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.

40. JOURNEY TOWARDS BUSINESS EXCELLENCE

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.

41. ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors of
TATA MOTORS FINANCE SOLUTIONS 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: U65910MH1992PLC187184

ii) Registration Date: 16/06/1992

iii) Name of the Company: **TATA MOTORS FINANCE SOLUTIONS LIMITED**

iv) Category / Sub-Category of the Company: Public 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-400001

vi) Whether listed company Yes / No: Yes, Non-Convertible Debentures (NCDs) and Commercial Papers are listed on National Stock Exchange of India Limited

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 – 400083
Website: www.tcplindia.co.in Tel: +91 22 6656 8484, Fax: +91 22 6656 8494.
e-mail: PSampat@tsrdarashaw.com

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:-

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr . No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	TMF Holdings Limited	U65923MH2006PLC162503	HOLDING	100	2(87)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	

A. Promoters									
(1) **Indian**									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	1700,49,735	-	1700,49,735	100	1700,49,735	-	1700,49,735	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**1700,49,735**	**-**	**1700,49,735**	**100**	**1700,49,735**	**-**	**1700,49,735**	**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) = (A)(1)+(A)(2)	**1700,49,735**	**-**	**1700,49,735**	**100**	**1700,49,735**	**-**	**1700,49,735**	**100**	-
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)	**1700,49,735**	**-**	**1700,49,735**	**100**	**1700,49,735**	**0**	**1700,49,735**	**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	TMF Holdings Limited	1700,49,729	100	NIL	1700,49,729	100	NIL	NIL
2	TMF Holdings Limited jointly with Shyam Mani	1	--	NIL	1	--	NIL	NIL
3	TMF Holdings Limited jointly with Rohit Sarda	1	--	NIL	1	--	NIL	NIL
4	TMF Holdings Limited jointly with Samrat Gupta	1	--	NIL	1	--	NIL	NIL

5	TMF Holdings Limited jointly with Anand Bang*	1	--	NIL	1	--	NIL	NIL
6	TMF Holdings Limited jointly with Amit Mittal	1	--	NIL	1	--	NIL	NIL
7	TMF Holdings Limited jointly with P.B. Balaji	1	--	NIL	1	--	NIL	NIL

During the year under review, one (1) equity shares of the Company held by TMF Holdings Ltd. jointly with Mr. R.T. Wasan was transferred to TMF Holdings Ltd. jointly with Mr. Anand Bang.

iii) Change in Promoters' Shareholding (TMFHL)

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	1700,49,735	100	1700,49,735	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):	-	-	-	-
	At the End of the year	-	-	1700,49,735	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 / swhk;peat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

Note:

Mr. Shyam Mani- Non Executive Director, Mr. P.B. Balaji- Non Executive Director, Mr. Rohit Sarda, Chief Credit Officer; Mr. Amit Mittal, Chief Financial Officer (CFO) are holding 1(one) Equity Share each jointly with TMF Holdings Limited as nominee of TMF Holdings Limited.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued as of March 31, 2021 (Rs. In Lakhs):

	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
	Indebtedness at the beginning of the financial year				
i)	Principal Amount	303,984.28	185,094.32	NA	**489,078.60**
ii)	Interest due but not paid	-	-	NA	**-**
iii)	Interest accrued but not due	25.14	229.45	NA	**254.59**
	Total (i+ii+iii)	**304,009.42**	**185,323.77**	**-**	**489,333.18**
	Change in Indebtedness during the financial year				
	· Addition	473,035.61	487,177.14	NA	**960,212.75**
	· Reduction	-346,090.88	-448,857.59	NA	**-794,948.47**
	Net Change	**126,944.73**	**38,319.55**	**-**	**165,264.28**
	Indebtedness at the end of the financial year				
i)	Principal Amount	430,933.09	221,761.07	NA	**652,694.16**
ii)	Interest due but not paid	-	-	NA	**-**

iii)	Interest accrued but not due	21.06	1,882.25	NA	**1,903.31**
	Total (i+ii+iii)	**430,954.15**	**223,643.32**	**-**	**654,597.47**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager (Amount in Rs.):

Sl. No.	**Particulars of Remuneration**	Mr. Anindya Dhar, Manager (Appointed w.e.f August 01, 2020	**Total Amount**
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil
	(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	Nil
	Total (A)	Nil	Nil
	Ceiling as per the Act	Nil	Nil

Notes:

During the year, Mr. Paras Nath Jha, Manager (KMP) resigned and Mr. Anindya Dhar was appointed as Manager (KMP) in his place w.e.f. August 01, 2020.

The remuneration of Mr. Anindya Dhar, Manager (KMP); Mr. Amit Mittal, Chief Financial Officer (CFO) and Mr. Neeraj Dwivedi, Company Secretary was paid by Tata Motors Finance Limited (TMFL), sister concern of the Company (TMF Group) during the year FY 2020-21 as per KMP cost sharing agreement

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

Sl. No.	**Particulars of Remuneration**	**Name of Directors**							**Total Amount**
		****Mr. Nasser Munjee**	**Mrs. Vedika Bhandarkar**	**Mr. P. B. Balaji**	**Mr. Shyam Mani**	***Mr. R. T. Wasan**	**#Mr. P.S. Jayakumar**	**##Mr. Vinesh Jairath**	
	3. Independent Directors								
	➢ Fee for attending board / committee meetings	4,90,000	14,70,000	-	-	-	6,30,000	-	**25,90,000**
	➢ Commission	-	30,00,000	-	-	-	-	30,00,000	**60,00,000**
	➢ Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	**4,90,000**	**44,70,000**	**-**	**-**	**-**	**6,30,000**	**30,00,000**	**85,90,000**
	4. Other Non-Executive Directors								

	➢ Fee for attending board / committee meetings ➢ Commission ➢ Others, please specify	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**4,90,000**	**44,70,000**	**-**	**-**	**-**	**6,30,000**	**30,00,000**	**85,90,000**
	Total Managerial Remuneration								
	Overall Ceiling as per the Act	**-**	**-**	**-**	**-**	-	-		**Rs. 100000 per meeting**

Notes:

a) **Mr. R.T. Wasan, Non-Executive Director resigned from the Board of Directors with effect from June 23, 2020.*
b) **Mr. Nasser Munjee, has been appointed as Independent Director w.e.f. June 09, 2020.
c) #Mr. P.S. Jayakumar has been appointed as Independent Director w.e.f. October 12, 2020.
d) ##Mr. Vinesh Jairath had retired from the Board of Directors w.e.f. March 24, 2020.
e) The above commission paid to Mrs. Vedika Bhandarkar and Mr. Vinesh Jairath was accrued for the F.Y. 2019-20 but paid in the F.Y. 2020-21.

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer (CFO) Mr. Amit Mittal	Company Secretary- Mr. Neeraj Dwivedi	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:

Mr. Rohit Sarda, Chief Financial Officer (CFO) resigned and Mr. Amit Mittal was appointed as CFO of Tata Motors Finance Solutions Ltd. w.e.f. August 01, 2020.

The remuneration of Mr. Anindya Dhar, Manager (KMP); Mr. Amit Mittal, Chief Financial Officer (CFO) and Mr. Neeraj Dwivedi, Company Secretary was paid by Tata Motors Finance Limited (TMFL), sister concern of the Company (TMF Group) during the year FY 2020-21 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
TATA MOTORS FINANCE SOLUTIONS LIMITED

NASSER MUNJEE
Chairman
DIN: 00010180

Date: 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

(Amount in Rs.)

Sr. No.	Name of Directors	Designation	Remuneration (INR)	Ratio of Remuneration to median remuneration
1	Mr. Nasser Munjee #	Independent Director and Chairman	4,90,000	1.30:1
2	Mr. P.S. Jayakumar ##	Independent, Additional Director	6,30,000	1.67:1
3	Mrs. Vedika Bhandarkar	Independent Director	44,70,000	11.82:1
4	Mr. Vinesh Jairath***	Independent Director	30,00,000	7.93:1
5	Mr. P. B. Balaji	Non-Executive Director	-	-
6	Mr. Shyam Mani	Non-Executive Director	-	-
7	Mr. R.T. Wasan*	Non-Executive Director	-	-

#Mr. Nasser Munjee has been appointed w.e.f. June 9, 2020.

Mr. P.S. Jayakumar has been appointed w.e.f. October 12, 2020.

*Mr. R.T. Wasan retired w.e.f. June 23, 2020.

*** Mr. Vinesh Jairath retired w.e.f. March 24, 2020

Notes:

i. The Median Remuneration for the employees in TMFSL for the F.Y. 2020-21 was Rs. 3,78,243/-

ii. The remuneration of above Independent Directors includes Sitting fees and commission paid to them in F.Y. 2020-21. The said commission has accrued for the F.Y. 2019-20 but paid in the F.Y. 2020-21.

iii. 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.

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. 2020-21**	**Remuneration in F.Y. 2019-20**	**% increase in remuneration**
1	Mr. Nasser Munjee	Independent Director and Chairman	**4,90,000**	Nil	**Nil**
2	Mr. P.S. Jayakumar	Independent, Additional Director	**6,30,000**	Nil	Nil
3	Mrs. Vedika Bhandarkar	Independent Director	44,70,000	14,20,000	214.79
4	Mr. P. B. Balaji	Non-Executive Director	Nil	Nil	Nil
5	Mr. Shyam Mani	Non-Executive Director	Nil	Nil	Nil
6	Mr. R.T. Wasan	Non-Executive Director	Nil	Nil	Nil
KEY MANAGERIAL PERSONNEL					
1	Mr. Anindya Dhar	Manager (KMP)	Nil	Nil	Nil
2	Mr. Amit Mittal	Chief Financial Officer (CFO)	Nil	Nil	Nil
3	Mr. Neeraj Dwivedi	Company Secretary (CS)	Nil	Nil	Nil

Notes:

i) Mr. Paras Nath Jha has resigned as Manager (KMP) w.e.f August 01, 2020 and Mr. Anindya Dhar has been appointed in his place as Manager (KMP) of the Company w.e.f. August 01, 2021.

ii) Mr. Rohit Sarda, existing CFO has resigned w.e.f. August 01, 2020 and Mr. Amit Mittal has been appointed in his place as CFO of the Company w.e.f. August 01, 2021.

iii) The remuneration of above Independent Directors includes only Sitting fees paid to them for the respective financial year except for Mrs. Vedika Bhandarkar and Mr. Vinesh Jairath who were also paid commission during the year.

iv) The increase in remuneration of Mrs. Vedika Bhandarkar in F.Y. 2020-21 is mainly due to commission of Rs. 30,00,000/- paid to her which was accrued in F.Y. 2019-20 but paid in F.Y. 2020-21.

v) No remuneration/ sitting fees was paid to Non-Executive Directors of the Company during the F.Y. 2020-21. Hence, the percentage increase / decrease in the remuneration for the above Non-Executive Director, has not been computed.

vi) The remuneration of Mr. Anindya Dhar, Manager (KMP); Mr. Amit Mittal, Chief Financial Officer (CFO) and Mr. Neeraj Dwivedi, Company Secretary was paid by Tata Motors Finance Limited (TMFL), sister concern of the Company (TMF Group) during the year FY 2020-21 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	3,78,243/-	3,90,534/-	-3.15%

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

The total no. of employees on the rolls of Tata Motors Finance Solutions Limited as on March 31, 2021 were 367 & Annual Employee count during the year was 477.

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 (INR)	F.Y. 2019-20 (INR)	Increase / Decrease(%)
Average salary of all employees (other than Key Managerial Personnel)	7,14,700/-	8,93,897/-	-20.05
Salary of Mr. Anindya Dhar, Manager	Nil	Nil	Nil
Salary of Mr. Amit Mittal, CFO	Nil	Nil	Nil
Salary of Mr. Neeraj Dwivedi, Company Secretary	Nil	Nil	Nil

Note:

The remuneration of Mr. Anindya Dhar, Manager (KMP); Mr. Amit Mittal, Chief Financial Officer (CFO) and Mr. Neeraj Dwivedi, Company Secretary was paid by Tata Motors Finance Limited (TMFL), sister concern of the Company (TMF Group) 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 Directors and senior management 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. Any shareholder interested in obtaining a copy of the same may write to Mr. Neeraj Dwivedi, Company Secretary at neeraj.dwivedi@tmf.co.in

On behalf of the Board of Directors of
TATA MOTORS FINANCE SOLUTIONS 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,
TATA MOTORS FINANCE SOLUTIONS 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 **Tata Motors Finance Solutions Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Tata Motors Finance Solutions 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 Tata Motors Finance Solutions 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;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) RBI’s NBFC Directions and Guidelines, Circulars etc. issued by RBI from time to time, applicable on NBFCs, Additionally, a declaration on compliance of various statues duly signed by the Chief Executive officer and Chief Financial Officer is submitted to the Board on quarterly basis.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India,
(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 was duly constituted. The Company has not appointed a Managing Director as provided under Section 203 of the Companies Act,2013 but has appointed Manager as provided in the same Section. 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 members of the Company at the Annual General Meeting held on September 07,2020 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.

ii. The members of the Company at the Annual General Meeting held on September 07,2020 have passed Special Resolution under Section 180 (1) (a) of the Companies Act,2013 approving limits for the Securitization or Direct Assignment of the Loan assets and receivables of the Company of an aggregate amount of Rs. 2500 Crore over and above limit approved earlier by the members.

iii. The Company has allotted 1,950 Unsecured, Listed, Redeemable Non-Convertible Debentures of Rs.10,00,000/- each aggregating to an amount of Rs.195,00,00,000/- (Rupees One Hundred Ninety Five Crores Only) on October 14, 2020.

iv. The Company has allotted 6000 Unsecured, Listed, Redeemable Non-Convertible Debentures of Rs.10,00,000/- each aggregating to an amount of Rs.600,00,00,000/- (Rupees Six Hundred Crores Only) on January 18, 2021.

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

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

UDIN: F001880C000220881
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,
Tata Motors Finance Solutions Limited,

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

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

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

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

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

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

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

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

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

UDIN: F001880C000220881
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 Tata Motors Finance Solutions Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Tata Motors Finance Solutions Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash flows for the year then ended, and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

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

B S R & Co. LLP

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

Tata Motors Finance Solutions Limited

Key Audit Matters

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

Description of Key Audit Matter

Key audit matter	**How the matter was addressed in our audit**
Impairment of loans to customers Charge: INR 114,25.93 lakhs for year ended 31 March 2021 Provision: INR 133,69.33 lakhs at 31 March 2021	
Refer to the accounting policies in "Note 3(c)(i)(A)(ii) to the Financial Statements: Impairment of financial asset", "Note 3 (o) to the Financial Statements: Significant Accounting Policies- use of estimates and judgments" and "Note 9 to the Financial Statements: Loans"	
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 Company'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 Company's modelling approach.	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.

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

Tata Motors Finance Solutions 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 Company 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 11.81% 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 Company. 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 Company'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 Company'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 Company'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.

Independent Auditor's Report *(Continued)*

Tata Motors Finance Solutions Limited

Key Audit Matters ***(Continued)***

Key audit matter	**How the matter was addressed in our audit**
Assessment of Impairment testing of goodwill	
Refer to the accounting policies in "Note 3(x) to the Financial Statements: Impairment of non-financial assets", "Note 3(i) to the Financial Statements: Significant Accounting Policies- use of estimates and judgements" and "Note 13A to the Financial Statements: Goodwill"	
The Company has goodwill of INR 180,25.25 lakhs as at 31 March 2021. The goodwill has been allocated to the Used vehicle and manufacturer guarantee business cash-generating units ("CGU"). The annual impairment testing of goodwill is considered to be a key audit matter due to the significant management judgement and estimates involved in determining the assumptions to arrive at the fair value of the CGU. The fair value of the CGU is determined using market and income-based approach. These approaches use several key assumptions, including estimates of future business, interest rates, operating costs, terminal value growth rates, the weighted-average cost of capital (discount rate), and consideration of comparable market multiples.	Our key audit procedures included: • involving independent valuation specialist to assist in evaluating the appropriateness of the assumptions used, which included comparing the weighted-average cost of capital and market multiples used with sector averages for the relevant markets in which the CGU operates. • evaluating the appropriateness of the assumptions applied to key inputs such as future income projections and interest rates, operating costs, long-term growth rates, in line with externally derived data as well as our own assessments based on our knowledge of the Company and the industry. • performing our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom between the carrying value and the estimated fair value of the CGU. • evaluating the adequacy of the financial statement disclosures including disclosures of key assumptions, judgements and sensitivities.
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 / 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.

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Independent Auditor's Report *(Continued)*

Tata Motors Finance Solutions Limited

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Information technology *(Continued)*	
	• 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.

Other Information

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

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

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

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.

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Independent Auditor's Report *(Continued)*

Tata Motors Finance Solutions Limited

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Independent Auditor's Report *(Continued)*

Tata Motors Finance Solutions Limited

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

Tata Motors Finance Solutions Limited

Report on Other Legal and Regulatory Requirements

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 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 Financial Statements - Refer Note 33 to the Financial Statements;

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

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

iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these Financial Statements since they do not pertain to the financial year ended 31 March 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, 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) 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:21109928AAAAKV8601

Mumbai
30 April 2021

Tata Motors Finance Solutions 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 Company does not hold any immovable properties included under the head property, plant and equipment. Accordingly, clause 3(i)(c) of the Order is not applicable.

ii. The Company is in the business of lending. 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, therefore the provisions of Section 185 of the Act are not applicable to the Company. According to information and explanations given to us, the Company has complied with the 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 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, value added 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, 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, value added 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.

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

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Tata Motors Finance Solutions Limited

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

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

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

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for 36 cases aggregating Rs.454.15 lakhs which largely pertains to Cheating and forgery, we have neither come across any instance of fraud by the Company or any material instance of fraud on the Company by its officers or employees, noticed or reported.

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 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 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.

Tata Motors Finance Solutions 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: 21109928AAAAKV8601

Mumbai
30 April 2021

Tata Motors Finance Solutions Limited

Annexure B to the Independent Auditor's report on the Financial Statements of Tata Motors Finance Solutions Limited for the year ended 31 March 2021

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

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

Opinion

We have audited the internal financial controls with reference to the Financial Statements of Tata Motors Finance Solutions Limited (the "Company") as of 31 March 2021, in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the 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 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 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 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 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 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 Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Financial Statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

Tata Motors Finance Solutions Limited

Annexure B to the Independent Auditor's report on the Financial Statements of Tata Motors Finance Solutions 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 Financial Statements.

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

Because of the inherent limitations of internal financial controls with reference to the 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 Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the 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:21109928AAAAKV860[illegible]

Mumbai
30 April 2021

TATA MOTORS FINANCE SOLUTIONS LIMITED CIN - U65910MH1992PLC187184
Balance Sheet as at March 31, 2021

(₹ 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	310,15.46	143,34.71
(b) Bank balance other than cash and cash equivalents	6	50,00.00	100,00.00
(c) Receivables			
i Trade receivables	7	-	55.17
ii Other receivables	8	57,[illegible]	1,48.33
(d) Loans	9	6851,03.09	5419,74.61
(e) Investments	10	385,01.92	363,92.37
(f) Other financial assets	11	34,94.21	7,45.26
		7906,88.00	6036,00.34
2 Non-financial assets			
(a) Current tax assets (net)		42,33.77	73,70.53
(b) Deferred tax assets (net)		19,51.42	-
(c) Property, plant and equipment	13	1,93.77	1,47.42
(d) Goodwill	13A	180,25.25	150,25.29
(e) Other intangible assets	13B	74.80	1,35.33
(f) Other non financial assets	14	27,54.77	22,45.19
		272,37.18	279,14.61
Total assets		8181,24.08	6315,14.35
II LIABILITIES AND EQUITY			
1 Financial liabilities			
(a) Derivative financial instruments	15	8,27.45	-
(b) Payables	16		
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		35,39.39	34,68.74
(ii) Other payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		6,83.04	4,05.16
(c) Debt securities	17	1992,71.07	1001,20.47
(d) Borrowings (other than debt securities)	18	4524,73.00	4780,83.21
(e) Subordinated liabilities	19	-	94,76.52
(f) Other financial liabilities	20	66,63.32	40,74.57
		6637,90.97	4970,96.19
2 Non-financial liabilities			
(a) Current tax liabilities (net)		87.40	-
(b) Provisions	21	2,50.17	1,47.02
(c) Other non-financial liabilities	22	11,07.85	7,05.24
		14,45.45	8,52.24
3 Equity			
(a) Equity share capital	23	1700,49.74	1700,49.74
(b) Other equity		(173,57.38)	(464,86.52)
		1526,92.36	1235,63.22
Total liabilities and equity		8181,29.08	6215,14.35

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

As per our report of even date attached

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

Sameer Mota
Partner
Membership No. 109928

Place : Mumbai
Date: April 30, 2021

For and on behalf of the Board of Directors

VEDIKA BHANDARKAR Digitally signed by VEDIKA BHANDARKAR Date: 2021.04.30 22:11:14 +05'30'

Vedika Bhandarkar
Director
(DIN - 00033808)

P. B. Balaji
Director
(DIN - 02762983)

SHYAM MANI Digitally signed by SHYAM MANI Date: 2021.04.30 [illegible]

Shyam Mani
Director
(DIN - 00273598)

ANINDYA DHAR Digitally signed by ANINDYA DHAR Date: 2021.04.30 22:01:49 +05'30'

Anindya Dhar
Manager

AMIT JAIBHAGWAN MITTAL Digitally signed by AMIT JAIBHAGWAN MITTAL Date: [illegible]

Amit Mittal
Chief Financial Officer

NEERAJ KUMAR DWIVEDI Digitally signed by NEERAJ KUMAR DWIVEDI Date: [illegible]

Neeraj Dwivedi
Company Secretary

Place: Mumbai
Date: April 30, 2021

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)
Statement of Profit and Loss for the year ended March 31, 2021

(₹ in lakhs)

	Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
	Revenue from operations			
	(a) Interest income	24	788,89.58	678,04.54
	(b) Dividend income		-	1,30.23
	(c) Net gain on fair value changes	25	23,48.02	26,52.55
	(d) Net gain on derecognition of financial instruments under amortised cost category		-	9,53.75
	(e) Other fees and service charges		10,17.44	10,67.88
I	Total Revenue from operations		822,64.34	726,29.33
II	Other income	26	11,47.94	4,66.16
III	Total income (I + II)		834,12.15	730,95.49
IV	Expenses:			
	(a) Finance cost	27	430,94.01	427,51.05
	(b) Impairment on financial instruments and other assets	28	114,75.14	115,30.19
	(c) Employee benefits expenses	29	36,55.09	45,37.34
	(d) Depreciation, amortization and impairment	11, 12 & 13	2,64.74	1,63.35
	(e) Other expenses	30	67,34.57	22,12.90
	Total expenses		654,27.00	534,24.43
V	Profit before tax (III - IV)		180,06.33	196,71.26
VI	Tax expense	32		
	Current tax		5,65.48	-
	Deferred tax		(19,51.42)	20,57.37
	Total tax expense		(15,85.94)	20,57.37
VII	Profit for the year (V - VI)		195,91.27	176,13.89
VIII	Other comprehensive income		-	-
	A I. Items that will not be reclassified to profit or loss		-	
	a. Remeasurements of the defined benefit plans		(74.97)	1,28.52
	Subtotal (A)		(74.97)	1,28.52
	B I. Items that will be reclassified to profit or loss			
	a. Gains and (losses) in cash flow hedges		13.14	-
	Subtotal (B)		13.14	-
	Other Comprehensive Income		(61.83)	1,28.52
IX	Total comprehensive income for the year (VII + VIII)		195,29.44	177,42.41
X	Earnings per equity share of ₹ 100 each	33		
	Basic (in ₹)		51.40	50.36
	Diluted (in ₹)		51.40	50.36

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

As per our report of even date attached
For [illegible]
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

VEDIKA BHANDARKAR Digitally signed by VEDIKA BHANDARKAR Date: 2021.04.30 22:11:56 +05'30'

Vedika Bhandarkar
Director
(DIN - [illegible])

P. S. Salve
Director
(DIN - [illegible])

SHYAM MANI Digitally signed by SHYAM MANI Date: 2021.04.30 22:07:53 +05'30'

Shyam Mani
Director
(DIN - [illegible])

ANINDYA DHAR Digitally signed by ANINDYA DHAR Date: 2021.04.30 22:02:12 +05'30'

Anindya Dhar
Manager

AMIT JAIBHAGWAN MITTAL

Amit Mittal
Chief Financial Officer

NEERAJ KUMAR DWIVEDI Digitally signed by NEERAJ KUMAR DWIVEDI Date: 2021.04.30

Neeraj Dwivedi
Company Secretary

Place: Mumbai
Date: April 30, 2021

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)

Cash Flow Statement for the year ended March 31, 2021

(₹ 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 before tax for the year	110,25.33	196,73.74
Adjustments for:		
Interest income on loans, investments and deposits	(788,88.88)	(682,90.87)
Finance cost	430,94.01	427,51.15
Dividend income	-	(1,10.77)
Gain on sale of current investments	(27,91.57)	(45,10.26)
Allowance for loan losses and loans written off	114,75.05	(37,27.53)
Allowance for doubtful loans and advances (others)	2.11	(7.28)
Net gain on fair value changes (unrealised)	(56.45)	-
Payables written back	(4,57.06)	-
Depreciation and amortisation expenses	1,64.24	1,75.05
Fair value (gain)/loss on derivative instruments	5,76.07	(1,47.27)
Operating cash flow before working capital changes	(82,75.15)	(107,86.08)
Movements in working capital		
Trade payables	(81.31)	3,24.62
Other payables	2,76.57	(5,75.80)
Other financial liabilities	9,38.03	(75,19.25)
Other non financial liabilities	4,07.64	(25,65.35)
Trade receivables	55.10	(31.57)
Other receivables	(56,11.89)	1,82.73
Loans	(3607,77.81)	784,29.38
Other financial assets	(3,11.29)	30,35.34
Other non financial assets	(3,48.03)	(5,21.46)
Provisions	28.70	(15.66)
	(1741,75.82)	596,45.81
Finance cost paid	(397,69.91)	(441,24.05)
Interest income received on loans, investments and deposits	587,77.50	665,77.44
Income taxes refund/(paid) (net)	26,54.07	(31,63.73)
Net cash (used in) / generated from operating activities	(1525,14.14)	788,74.77
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments and intangible assets	(1,30.54)	(92.25)
Proceeds from sale of property, plant and equipments	4.50	19.07
Proceeds from redemption of debentures	-	10,00.00
Purchase of mutual fund units	(27667,85.38)	(50925,38.00)
Redemption of mutual fund units	24180,25.21	50453,45.25
Dividend income received	-	1,10.25
Realisation of deposits with banks	50,00.00	-
Net cash from / (used in) investing activities	571,11.15	(464,52.69)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Debt securities	4095,91.64	4093,15.55
Repayment of Debt securities	(2060,25.36)	(4440,42.74)
Repayment of Subordinated liabilities	(105,00.00)	-
Proceeds from borrowings (other than debt securities)	4897,04.06	5057,45.76
Repayment of borrowings (other than debt securities)	(4151,72.90)	(4262,61.07)
Net cash from / (used in) financing activities	1620,97.71	(683,38.06)
Net increase / (decrease) in cash and cash equivalents (A + B + C) (Refer: Note below)	666,94.72	(359,15.98)

BSR & Co. LLP
Mumbai - 400 063

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)
Cash Flow Statement for the year ended March 31, 2021

(₹ 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	143,34.71	502,51.69
Cash and cash equivalents at the end of the year (Refer note 5)	810,39.46	143,34.71
Net increase / (decrease) in cash and cash equivalents	**667,04.75**	**(359,16.98)**

See accompanying notes forming part of the financial statements (1 to 40)

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.

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

VEDIKA BHANDARKAR Digitally signed by VEDIKA BHANDARKAR Date: 2021.04.30 22:12:26 +05'30'

Vedika Bhandarkar
Director
(DIN - 00033808)

PATHAMADAI BALACHANDRAN BALAJI

P. B. Balaji
Director
(DIN - 02762983)

SHYAM MANI Digitally signed by SHYAM MANI Date: 2021.04.30 22:08:30 +05'30'

Shyam Mani
Director
(DIN - [illegible])

ANINDYA DHAR Digitally signed by ANINDYA DHAR Date: 2021.04.30 22:02:33 +05'30'

Anindya Dhar
Manager

AMIT JAISHAGWAN MITTAL Digitally signed by AMIT JAIBHAGWAN MITTAL Date: 2021.04.30 21:59:12 +05'30'

Amit Mittal
Chief Financial Officer

NEERAJ KUMAR DWIVEDI Digitally signed by NEERAJ KUMAR DWIVEDI Date: 2021.04.30 22:05:19 +05'30'

Neeraj Dwivedi
Company Secretary

Place : Mumbai
Date : April 30, 2021

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65923MH1992PLC187184)

Statement of Changes in Equity for the year ended March 31, 2021

A. Equity Share capital

(₹ in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	170,049,735	1700,49.74	170,049,735	1700,49.74
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**170,049,735**	**1700,49.74**	**170,049,735**	**1700,49.74**

B. Other equity

(₹ in lakhs)

Particulars	Other reserves			Other components of equity		Total equity
	Special reserve	Retained earnings		Cost of Hedging Reserve	Hedging Reserve	
		Undistributable (Ind AS 101)	Distributable			
Balance as at April 1, 2020	56,70.04	(66,14.87)	(355,39.69)	-	-	(364,84.52)
a) Profit for the year	-	-	193,51.22	-	-	193,51.22
b) Other comprehensive income for the year	-	-	(4.92)	34.58	(1.44)	28.22
Total comprehensive income for the year	-	-	193,46.30	34.58	(1.44)	193,79.44
Less: Transfer to Special Reserve	38,78.35	-	(38,78.35)	-	-	-
Balance as at March 31, 2021	**95,48.39**	**(66,14.87)**	**(200,71.74)**	**34.58**	**(1.44)**	**(171,05.08)**

(₹ in lakhs)

Particulars	Other reserves			Other components of equity		Total equity
	Special reserve	Retained earnings		Cost of Hedging Reserve	Hedging	
		Undistributable (Ind AS 101)	Distributable			
Balance as at April 1, 2019	21,47.26	(66,14.87)	(497,59.32)	-	-	(542,26.93)
a) Profit for the year	-	-	176,13.89			176,13.89
b) Other comprehensive income for the year	-	-	1,28.52	-		1,28.52
Total comprehensive income for the year	-	-	177,42.41	-	-	177,42.41
Less: Transfer to Special Reserve	35,22.78	-	(35,22.78)			-
Balance as at March 31, 2020	**56,70.04**	**(66,14.87)**	**(355,39.69)**	-	-	**(364,84.52)**

*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.

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

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

Sameer Mota
Partner
Membership No. 109928

Place: Mumbai
Date: April 30, 2021

For and on behalf of the Board of Directors

VEDIKA BHANDARKAR

Vedika Bhandarkar
Director
(DIN - 00033808)

SHYAM MANI

Shyam Mani
Director
(DIN - 00273598)

P. B. Balaji
Director
(DIN - 02762983)

ANINDYA DHAR

Anindya Dhar
Manager

AMIT JAIBHAGWAN MITTAL

Amit Mittal
Chief Financial Officer

NEERAJ KUMAR DWIVEDI

Neeraj Dwivedi
Company Secretary

Place: Mumbai
Date: April 30, 2021

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - L65910MH1992PLC187184)
Notes forming part of the financial statements for the year ended March 31, 2021

1 Company information

Tata Motors Finance Solutions Limited ("the Company") is a public limited company incorporated and domiciled in India and has its registered office in Mumbai, India. The Company is registered as a Systemically Important Non Banking Financial (Non-Deposit Accepting or Holding) Company ("NBFC") under section 45-IA of the Reserve Bank of India ("RBI") Act 1934 with effect from December 8, 2008.
The Company is a wholly owned subsidiary of TMF Holdings Limited with effect from January 15, 2015. The Company is engaged primarily in lending activities in providing finance, all for pre-owned vehicles and bill to Corporate dealers and vendors of ultimate parent company (referred to as "Tata Motors Limited"), through its pan India branch network.
The financial statements were approved by the Board of Directors and authorised for issue on April 30, 2021.

2 Basis of preparation of financial statements

2.1 Statement of compliance

The 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 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(i) - Significant accounting judgements, estimates and assumptions.
The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakh, except when otherwise indicated.

2.2 Historical cost convention

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

2.3 Presentation of financial statements

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

(i) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, 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 estimate is revised and future periods affected.
In particular, information about significant areas of estimation uncertainty and critical judgements 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([illegible]) A - Business model assessment for classification and measurement of financial assets
b) Note 3 ([illegible]) A - and 34 Impairment of financial assets based on the expected credit loss model
c) Note 3([illegible]) and 3([illegible]) - Useful lives of property, plant and equipment and intangible assets.
c) Note 3([illegible]) and 37 Measurement of assets and obligations of defined benefit employee plans.
d) Note 3([illegible]) and 11 - Recognition of deferred tax assets.
e) Note 3([illegible]), 19 & 31 - Measurement and recognition of provisions and contingent liabilities
f) Note 3([illegible]) and 33 - Fair value measurement of financial instruments
g) Note 3([illegible])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.
h) Note 3([illegible]) & 12A - Impairment of intangible assets - goodwill

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(ii) Revenue recognition

Revenue from Operations

(a) Income on loans arising from financing activities

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised 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 are recorded when realised since the probability of collecting such monies is established when the customer pays.

Income from direct assignment

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

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.

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 accounted as and when they are due.

Other Income

Support Services fee income earned for the services rendered are recognised as and when they are due.

(iii) Foreign currency

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

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

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

(iv) Income Taxes

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

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

Deferred tax assets and liabilities are recognised 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 utilised.

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

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

(v) Cash and Cash equivalents

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

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(vi) **Earning per share**

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

(vii) **Property, Plant and equipment (PPE)**

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes purchase price, non-refundable taxes and levies and other directly attributable costs of bringing the asset 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 asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the statement of profit and loss.

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

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

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

Type of Asset	Estimated useful life
Data Processing Machines	4 Years
Furniture and Fixture	5 and 10 Years
Office Equipment	2 to 10 Years
Motor Vehicles	4 and 5 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 up to 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.

(viii) **Other intangible assets**

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

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

Intangible assets and their useful lives are as under:

Type of asset	Estimated useful life
Software	5 years

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

(ix) **Leases**

Leases/arrangements or part of a contract/arrangement meeting the definition of 'lease' and falling within the scope of Ind AS 116 "Leases" are accounted as per policies below:

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

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

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

The variable lease payments that do not depend on an index or a rate are recognised in the statement of profit and loss as an expense in the period in which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest with corresponding amount recognised in finance cost under the statement of profit and loss and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

(x) 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.

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

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

(xi) Employee benefits

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

(B) Post Employment/retirement benefit Plans

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

(a) Provident fund
The employees are entitled to receive benefits under Provident Fund, where both the employees and the Company make monthly contributions at a specified percentage of the covered employees' basic salary. The contribution is paid to the 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.

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(b) Superannuation fund

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

(2) Defined benefit plans

(a) Gratuity

For defined benefit schemes in the form of gratuity plan, the cost of providing benefit 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 based on actuarial valuation is compared with the fair value of plan assets and the shortfall or excess is accounted for as a liability or an asset respectively.

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(C) Other long term employee benefit plans

(3) 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.

(xiv) 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 financial statements.

(xv) Dividend (including dividend distribution tax)

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

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(xiv) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The power to assess the financial performance and position of the Company and make strategic decisions is vested in the Board of Directors Committee who has been identified as the Chief Operating Decision Maker.

(xv) Investment in Subsidiaries, Joint Ventures and Associates

Investments in subsidiaries, Joint Ventures and Associates are measured at cost as per Ind AS 27 - Separate Financial statements.

(xvi) Financial instruments

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

(A) Financial assets

Initial recognition and measurement

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

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

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

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 to fulfil:

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

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

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

(b) At FVTOCI:

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

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

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

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(c) At FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization 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 amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').
Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.
Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(ii) Equity instruments/investments

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

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

(iii) Impairment of financial assets

The Company applies the Expected Credit Loss (ECL) model in accordance with Ind AS 109 for recognising impairment loss on financial assets except for:
- equity instruments which are not subject to impairment under Ind AS 109, and
- other debt financial assets held at fair value through profit or loss (FVTPL)

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

The impairment methodology applied 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 asset. 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 company 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 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.

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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, Bond 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, for the corporate lending loan exposures, wherever required the Company obtains security cover in the form of immovable 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 Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of financial statements. The Company regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material.

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

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

Write-off
The gross carrying amount of a financial asset 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 derecognises 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 derecognition 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.

(3) **Financial liabilities and equity instruments**

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

(i) Financial liabilities

Initial recognition and measurement
All financial liabilities are recognised initially at fair value. However, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of financial liabilities. The transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are immediately recognised in profit or loss.
The Company's financial liabilities mainly comprise of trade and other payables, loans and borrowings including bank overdrafts and cash credit facility and derivative financial instruments.

Subsequent measurement
All financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method or at fair value through profit or loss (FVTPL).
(a) At FVTPL
Financial liabilities includes derivative financial instruments entered into by the Company that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.
Financial liabilities designated upon initial recognition at FVTPL are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

(b) At amortised cost:

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

Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.
Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:
- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115 - Revenue from contracts with customers.

Derecognition of financial liabilities:
The Company derecognises 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 derecognised and the consideration paid and payable is recognised in statement of Profit and Loss.
Modification/Renegotiation that do not result in derecognition
Changes to the carrying amount of a financial liability as a result of renegotiation or modification of terms that do not result in derecognition of the financial liability, is recognised in the Statement of Profit and Loss. Any subsequent changes in the estimation of the future cash flows of financial liability is recognised under finance cost in the statement of profit or loss with the corresponding adjustment to the carrying amount of the financial liability.

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

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

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

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

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

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(xvi) Derivatives and hedging activities

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

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

Embedded derivatives

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

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

(a) Hedge accounting

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

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

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 for effective portion (as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

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

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(xvii) Fair value measurement

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

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

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

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

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

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

(xviii) Offsetting financial instruments

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

(xix) Recent Accounting Pronouncement

(A) There are no new accounting pronouncement by MCA during the year

(B) There are no amendments to existing standards during the year

Note 5
Cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	1,44.20	21.03
Balance with Banks	417,50.38	143,10.07
Cheques, drafts on hand	1,34.88	3.61
Bank deposit with maturity of less than 3 months	390,00.00	-
Total	810,29.46	143,34.71

Note 6
Bank balance other than cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits with banks	50,00.00	100,00.00
Total	50,00.00	100,00.00

Note 7
Trade receivables

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables considered good - Unsecured	-	55.30
Total	-	55.30

No trade receivable are due from directors or other officers of the Company 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

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured considered good	57,50.22	1,45.33
Total	57,50.22	1,45.33

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

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

Note 9
Loans

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised cost		
(A)		
From financing activities		
- Term loans	5860,60.24	4349,15.63
- Channel financing	641,20.26	470,43.14
- Credit substitutes	433,39.92	333,40.25
From other than financing activities		
- Inter corporate deposits (repayable on demand)	9,50.00	110,50.00
Total (A) - Gross	6944,70.42	5213,49.02
Less: Impairment loss allowance	(133,69.33)	(94,24.35)
Total (A) - Net	6811,01.09	5119,24.67
(B)		
Secured by tangible assets (refer note 2 below)	6024,99.26	4913,92.67
Covered by government guarantees (refer note 3 below)	416,68.70	-
Unsecured	503,02.46	299,56.35
Total (B) - Gross	6944,70.42	5213,49.02
Less: Impairment loss allowance	(133,69.33)	(94,24.35)
Total (B) - Net	6811,01.09	5119,24.67
(C)		
Loans in India		
- Public Sector	-	-
- Others	6944,70.42	5213,49.02
Loans outside India		
- Public Sector	-	-
- Others	-	-
Total (C) - Gross	6944,70.42	5213,49.02
Less: Impairment loss allowance	(133,69.33)	(94,24.35)
Total (C) - Net	6811,01.09	5119,24.67

Notes:

1. Investments in bonds, debentures and other financial instruments which in substance, form a part of the Company's financing activities ("Credit Substitutes") have been classified under Loans.
2. The Company covers/secures the credit risk associated with the loans given to customers by creating an exclusive charge/hypothecation/security on the assets/vehicles as mentioned/specified in the loan agreement with the customers.
3. Backed by credit guarantee of the government under the Emergency Credit Line Guarantee Scheme (ECLGS) having hundred percent guarantee cover.

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TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)
Notes forming part of financial statements for the year ended March 31, 2021

Note 10
Investments

(₹ in lakhs)

Particulars	As at March 31, 2021						As at March 31, 2020					
	Amortised cost	At fair value			Others* (at cost)	Total	Amortised cost	At fair value			Others* (at cost)	Total
		Through OCI	Through profit or loss	Sub total				Through OCI	Through profit or loss	Sub total		
	(1)	(2)	(3)	(4=2+3)	(5)	(6=1+4+5)	(7)	(8)	(9)	(10=8+9)	(11)	(12=7+10+11)
i. Mutual funds	-	-	53.81	53.81	-	53.81	-	-	500,19.48	500,19.48	-	500,19.48
ii. Debt securities	-	-	59,48.11	59,48.11	-	59,48.11	-	-	58,72.79	58,72.79	-	58,72.79
iii. Equity investments					105,00.00	105,00.00					105,00.00	105,00.00
Total (A) - Gross	-	-	60,01.92	60,01.92	105,00.00	165,01.92	-	-	558,92.27	558,92.27	105,00.00	663,92.27
i. Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-
ii. Investments in India	-	-	60,01.92	60,01.92	105,00.00	165,01.92	-	-	558,92.27	558,92.27	105,00.00	663,92.27
Total (B)	-	-	60,01.92	60,01.92	105,00.00	165,01.92	-	-	558,92.27	558,92.27	105,00.00	663,92.27
Less: Allowance for impairment loss (C)		-	-	-		-		-	-	-		-
Total (D) = (A + C)	-	-	60,01.92	60,01.92	105,00.00	165,01.92	-	-	558,92.27	558,92.27	105,00.00	663,92.27

Details of investments

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a. Measured at fair value through profit or loss		
i. Investment in compulsorily convertible debentures (unquoted)	59,48.11	58,72.79
ii. Mutual funds	53.81	500,19.48
Total (I)	60,01.92	558,92.27
Others (measured at cost)*		
i. Investments in equity shares (unquoted)	105,00.00	105,00.00
Tata Motors Finance Limited		
(18,13,816 shares @ ₹ 100.00 per share)		
Total (II)	105,00.00	105,00.00

* Investments in associates measured at cost based on IND AS 27 - Consolidated and Separate Financial Statements

Note 11
Other financial assets

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits	23.70	11.80
Interest accrued on deposits and investments	8,64.37	6,26.91
Others	6,05.94	1,06.55
Total	14,94.21	7,45.26

Note 12
Income taxes

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income tax expense		
Current tax		
Current tax on profits for the year	565.48	-
MAT credit charged / (recognised) for the year	-	-
Total current tax expense	**565.48**	**-**
Deferred tax		
(Increase) in deferred tax assets	(29,57.02)	17,82.29
Increase in deferred tax liabilities	10,05.60	2,75.08
Total deferred tax expense/(benefit)	(19,51.42)	20,57.37
Income Tax expense	**(13,85.94)**	**20,57.37**

b) Reconciliation of the income tax expenses and accounting profit

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit/(Loss) before taxes	180,05.33	196,71.26
Income tax expenses calculated at statutory tax rate	**45,31.58**	**49,50.86**
Tax effect of the amount which are not taxable in calculating taxable income :		
- Effect of income that is exempt from taxation	-	(27.73)
- Utilization of unrecognised and unused tax losses to reduce current tax expense	(49,91.41)	(49,22.76)
- Deferred tax assets not recognised because realization is not probable	(8,08.11)	-
- Adjustments recognised in relation to the current tax of prior years	(1,18.00)	-
- Others	-	20,57.00
Income tax expense recognised for the year at effective tax rate	**(13,85.94)**	**20,57.37**

c) Deferred tax assets/liabilities (net)

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

(₹ in lakhs)

Particulars	As at April 1, 2020	Charged/ (credited) to profit and loss	Charged/ (credited) to Other Comprehensive Income	As at March 31, 2021
Deferred tax liabilities :				
- Property, plant & equipment- Accumulated depreciation	-	10,09.82	-	1009.82
- Fair Valuation of financial assets measured at FVTPL	35.81	14.21	-	50.02
- Sourcing commission claimed on incurrence basis	5,18.37	1,27.88	-	6,46.25
- Income to be taxed on Actual receipt basis	2,20.46	(1,46.30)	-	74.16
Total deferred tax liabilities	**7,74.64**	**10,05.60**	**-**	**17,80.24**
Deferred tax asset :				
- Expenses deductible in future years:				
provisions for impairment allowances for doubtful receivables and others	7,74.64	26,00.56	-	33,75.20
Compensated absences and retirement benefits allowable on payment basis	-	56.73	-	56.73
- Others	-	2,99.73	-	2,99.73
Total deferred tax assets	**7,74.64**	**29,57.02**	**-**	**37,31.66**
Net deferred tax asset/(liabilities)	**-**	**19,51.42**	**-**	**19,51.42**
- Minimum alternate tax (MAT) entitlement	-	-	-	-
Deferred tax assets/(liabilities) (net)	**-**	**19,51.42**	**-**	**19,51.42**

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

(₹ in lakhs)

Particulars	As at April 1, 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to Other Comprehensive Income	As at March 31, 2020
Deferred tax liabilities :				
- Fair Valuation of financial assets measured at FVTPL	-	35.81	-	35.81
- Sourcing commission claimed on incurrence basis	4,99.56	18.81	-	5,18.37
- Income to be taxed on Actual receipt Basis	-	2,20.46	-	2,20.46
Total deferred tax liabilities	4,99.56	2,75.08	-	7,74.64
Deferred tax asset :				
- Expenses deductible in future years: provisions for impairment allowances for doubtful receivables and others	4,99.56	2,75.08	-	7,74.64
Total deferred tax assets	4,99.56	2,75.08	-	7,74.64
Net deferred tax asset/(liabilities)	-	-	-	-
- Minimum alternate tax (MAT) entitlement	20,57.37	(20,57.37)	-	-
Deferred tax assets/(liabilities) (net)	20,57.37	20,57.37	-	-

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.

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TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN : U65910MH1992PLC187184)
Notes forming part of financial statements for the year ended March 31, 2021

Note 13
Property, plant and equipment

(₹ in lakhs)

Particulars	Gross Block				Accumulated depreciation				Net Block
	Balance as at April 01, 2020	Additions	Deletions	Balance as at March 31, 2021	Balance as at April 01, 2020	Depreciation	Deletions	Balance as at March 31, 2021	Balance as at March 31, 2021
Vehicles	62.72	41.29	21.36	82.65	45.44	20.38	18.05	48.77	33.88
Furniture & fixtures	10.26	-	-	10.26	0.29	0.97	-	1.26	9.00
Office equipments	1,65.92	-	-	1,65.92	1,14.33	34.08	-	1,48.41	17.51
Data processing machines	94.73	1,21.61	-	2,16.34	55.95	47.01	-	1,02.96	1,13.38
Total	3,53.63	1,62.90	21.36	4,95.17	2,16.01	1,02.44	18.05	3,01.40	1,93.77

Particulars	Gross Block				Accumulated depreciation				Net Block
	Balance as at April 01, 2019	Additions	Deletions	Balance as at March 31, 2020	Balance as at April 01, 2019	Depreciation	Deletions	Balance as at March 31, 2020	Balance as at March 31, 2020
Vehicles	95.05	15.00	27.37	82.72	26.76	31.58	8.29	45.44	42.27
Furniture & fixtures	-	10.26	-	10.26	-	0.29	-	0.29	9.97
Office equipments	1,43.16	22.76	-	1,65.92	58.53	55.80	-	1,14.33	51.59
Data processing machines	92.62	2.11	-	94.73	26.60	29.35	-	55.95	38.78
Total	3,31.87	50.13	27.37	3,53.64	1,11.89	1,07.42	8.29	2,11.03	1,41.62

Note 13A
Goodwill

(₹ in lakhs)

Particulars	Balance as at April 01, 2020	Impairment/ (charge)	Balance as at March 31, 2021
Goodwill	180.25.25	-	180.25.25
Total	180.25.25	-	180.25.25

Particulars	Balance as at April 01, 2019	Impairment/ (charge)	Balance as at March 31, 2020
Goodwill	180.25.25	-	180.25.25
Total	180.25.25	-	180.25.25

As at March 31, 2021, goodwill of Rs. 180 15.25 lakhs has been allocated to the Used Vehicle Financing Business acquired 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 13B
Intangible Assets

(₹ in lakhs)

Particulars	Gross Block				Accumulated amortisation				Net Block
	Balance as at April 01, 2020	Additions	Deletions	Balance as at March 31, 2021	Balance as at April 01, 2020	Amortisation	Deletions	Balance as at March 31, 2021	Balance as at March 31, 2021
Computer Software	2,68.74	0.76	-	2,69.50	1,38.91	55.80	-	1,94.71	74.80
Total	2,68.74	0.76	-	2,69.50	1,38.91	55.80	-	1,94.71	74.80

Particulars	Gross Block				Accumulated amortisation				Net Block
	Balance as at April 01, 2019	Additions	Deletions	Balance as at March 31, 2020	Balance as at April 01, 2019	Amortisation	Deletions	Balance as at March 31, 2020	Balance as at March 31, 2020
Computer Software	2,68.74	-	-	2,68.74	83.18	55.73	-	1,38.91	1,29.83
Total	2,68.74	-	-	2,68.74	83.18	55.73	-	1,38.91	1,29.83

Note 14
Other non-financial assets

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital advances	-	33.12
Deposits with statutory authorities	16.65	16.65
Prepaid expenses	1,19.52	6.17
Taxes recoverable and dues from government	22,05.29	14,98.96
Stamp Papers	2,60.21	1,45.24
Others	1,56.50	2,15.20
Total	27,58.17	22,06.38

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)
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Note 15
Derivative financial instruments

(₹ in lakhs)

Particulars	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
Currency derivatives Forward exchange contracts	-	-	530,71.50	8,22.45
Total Derivative Financial Instruments		-		8,22.45
Derivative designated as hedge Cash flow hedging: Forward exchange contracts	-	-	530,71.50	8,22.45
Total Derivative Financial Instruments		-		8,22.45

Refer Note 41 on Financial Risk Management for maturity analysis of Derivative financial liabilities at March 31, 2021

Comparative numbers for March 31, 2020 are Nil as there were no Derivative instruments.

Note 16
Payables

(₹ 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	- 29,79.99	- 34,68.34
Other Payables Total outstanding dues of micro enterprises and small enterprises Total outstanding dues of creditors other than micro enterprises and small enterprises	- 4,81.05	- 1,75.38
Total	34,61.04	36,43.72

Note: Information in respect of micro enterprises and small enterprises to whom the Company owes dues (including interest 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.

Note 17
Debt securities (at amortised cost)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
i. Privately placed non convertible debentures (unsecured) ii. Commercial Paper (unsecured) (net of unamortised borrowing cost and discounting charges ₹ 21,73.27 lakhs, March 31,2020 ₹ 5,35.60 lakhs)	989,44.34 1003,26.73	194,56.16 806,64.31
Total (A)	1992,71.07	1001,20.47
i. Debt securities in India ii. Debt securities outside India	1992,71.07 -	1001,20.47 -
Total (B)	1992,71.07	1001,20.47

Terms of repayment of unsecured non convertible debentures:

(₹ in lakhs)

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 Maturing between 1 year to 5 Years	9.45% 7.85% to 9.40%	97,50.00 892,50.00	9.40%	195,00.00
Total Face Value		990,00.00		195,00.00
Less: Unamortised borrowing cost		55.66		43.84
Total Amortised cost		989,44.34		194,56.16

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

Note 18
Borrowings - Other than debt securities (at amortised cost)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Term loans from banks		
Secured (Refer Note i) below)	3030,41.51	2078,84.23
- Unsecured	350,00.00	549,97.41
(b) Loans repayable on demand		
i. From banks in INR (secured) (Refer Note i) below)	1069,42.48	930,00.00
ii. From banks in INR (unsecured)	74,90.00	230,00.00
Total (A)	4534,23.09	3789,81.61
i. Borrowings in India	4424,43.79	3789,81.61
ii. Borrowings outside India	109,79.30	-
Total (B)	4534,23.09	3789,81.61

Note:

i. Nature of security:
All receivables of the Company arising out of loan and trade advances;
All other book debts;
All receivables from pass through certificates, in which the Company has invested; and
Such other current assets as may be identified by the Company from time to time, and accepted by the relevant lender / security trustee
ii. The borrowings have not been guaranteed by directors or others.

Terms of repayment of secured term loans from banks:

(₹ 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 8.55%	365,00.00	8.95% to 9.50%	290,00.00
Maturing between 1 year to 3 Years	7.75% to 8.45%	580,00.00	8.90% to 9.85%	320,00.00
Maturing between 3 Years to 5 Years		-	8.75%	290,00.00
Total repayable on maturity (A)		945,00.00		900,00.00
2. Repayable in installments:				
i. on quarterly basis				
Maturing within 1 Year	7.55% to 8.95%	377,81.08	9.05% to 9.60%	111,14.97
Maturing between 1 year to 3 years	7.55% to 8.95%	637,09.20	9.05% to 9.60%	336,01.37
Maturing between 3 Years to 5 Years	7.55% to 7.70%	262,52.89	9.05%	16,66.67
Subtotal (B)		1277,43.10		464,46.00
ii. on half yearly basis				
Maturing within 1 Year	7.00% to 8.70%	243,50.00	8.50% to 9.50%	202,50.00
Maturing between 1 year to 3 Years	7.65% to 8.70%	470,75.00	8.60% to 9.50%	380,00.00
Maturing between 3 Years to 5 Years	7.65% to 8.15%	140,00.00	8.65% to 9.50%	131,25.00
Subtotal (C)		813,25.00		713,75.00
Total repayable on installments (D = B+C)		2090,68.10		1178,21.00
Total term loans as per contractual terms (E = A+D)		3035,68.10		2078,21.00
Less: Unamortised borrowing cost		4,56.79		[illegible]
Total Amortised cost		3031,11.31		2078,84.23

Details of External Commercial Borrowings (USD)

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	7.05%	110,71.50		-
Total repayable on maturity (A)		110,71.50	-	-
Less: Unamortised borrowing cost		92.20		-
Total Amortised cost		109,79.30		-

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Terms of repayment of unsecured term loans from banks:

(₹ 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 in instalments:				
i. on half yearly basis				
Maturing within 1 Year	7.95%	150,00.00	8.35% to 9.30%	400,00.00
Maturing between 1 year to 3 Years		-	8.95%	150,00.00
Total		150,00.00		550,00.00
Less: Unamortised borrowing cost		-		2.67
Total Amortised cost		150,00.00		549,97.33

Terms of repayment of secured loans repayable on demand from banks :

(₹ in lakhs)

From Balance sheet Date	As at March 31, 2021		As at March 31, 2020	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Repayable on Maturity:				
Maturing within 1 Year	3.00% to 5.05%	1168,42.48	8.40% to 9.25%	960,00.00
Total Face Value		1168,42.48		960,00.00
Less: Unamortised discounting charges		-		-
Total Amortised cost		1168,42.48		960,00.00

Terms of repayment of unsecured loans repayable on demand from banks :

(₹ in lakhs)

From Balance sheet Date	As at March 31, 2021		As at March 31, 2020	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Repayable on Maturity:				
Maturing within 1 Year	5.40%	74,90.00	5.75%	200,00.00
Total Face Value		74,90.00		200,00.00
Less: Unamortised discounting charges		-		-
Total Amortised cost		74,90.00		200,00.00

Note 19
Subordinated Liabilities (at amortised cost)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Privately placed subordinated unsecured, redeemable, non-convertible debentures	-	99,76.52
Total (A)	-	99,76.52
i. Debt securities in India	-	99,76.52
ii. Debt securities outside India	-	-
Total (B)	-	69,76.52

Terms of repayment of subordinated liabilities in the nature of privately placed redeemable non-convertible debentures

(₹ in lakhs)

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 beyond 5 years		-	12.70%	100,00.00
Total Face Value		-		100,00.00
Less: Unamortised borrowing cost				23.48
Total Amortised cost		-		99,76.52

Note 20
Other financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on borrowings	19,03.31	2,54.59
Others	47,80.01	35,21.98
Total	66,83.32	37,76.57

Note 21
Provisions

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits	2,23.87	1,20.74
Provision for Indirect Taxes	14.58	14.58
Provision for consumer disputes	11.62	11.68
Total	2,50.07	1,47.00

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	14.58	14.58
Add : Provision during the year	-	-
Less : Utilisation/Reversal during the year	-	-
Closing Balance	14.58	14.58

(b) Provision for consumer disputes

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	11.68	49.47
Add : Provision during the year	8.52	11.68
Less : Utilisation/Reversal during the year	(8.58)	49.47
Closing Balance	11.62	11.68

Note 22
Other non-financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory Dues	6,09.17	5,45.97
Others	4,98.71	1,61.32
Total	11,07.88	7,05.74

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Note 23
Equity Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	₹	Number	₹
Authorised				
Equity shares of ₹ 100 each	180,000,000	180000.00	180,000,000	180000.00
Preference shares of ₹ 100 each (redeemable)	20,000,000	20000.00	20,000,000	20000.00
	200,000,000	200000.00	200,000,000	200000.00
Issued, Subscribed and Fully Paid up				
Equity shares of ₹ 100 each	170,049,735	170049.74	170,049,735	170049.74
Total	170,049,735	170049.74	170,049,735	170049.74

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

(₹ in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	170,049,735	170049.74	170,049,735	170049.74
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	170,049,735	170049.74	170,049,735	170049.74

b) Details of shares held by holding company

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
TMF Holdings Limited	170,049,735	100%	170,049,735	100%

d) Terms / rights attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The voting rights of an equity shareholder on a poll are in proportion to his 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

The company has not declared dividends at the end of the reporting year.

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)
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Note 23A

(I) Other components of equity

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

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	-	-
Gain/(loss) recognised on cash flow hedges - Gain/(Loss)	(6,63.49)	-
Gain/(loss) reclassified to profit or loss	6,78.07	-
Balance at the end of the year	14.58	-

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

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	-	-
Gain/(loss) recognised on cash flow hedges - Gain/(Loss)	(1,58.96)	-
Gain/(loss) reclassified to profit or loss	1,57.52	-
Balance at the end of the year	(1.44)	-

(3) Summary of Other components of equity :-

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cost of hedging reserve	14.58	-
Hedging Reserve	(1.44)	-
Total	13.14	-

(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) Retained earnings
Retained earnings are the profits / (losses) that the Company has earned till date.

c) Hedging Reserve through OCI
It represents the effective portion of the fair value of forward contracts, designated as cash flow hedge.

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

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

Note 24
Interest Income

(₹ 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	774,65.04	651,57.72
Interest on deposits with Banks	9,45.93	8,53.25
Other interest income	2,05.06	9,50.89
On Financial Assets measured at Fair Value through Profit & Loss		
Interest income from investments	2,72.82	4,43.08
Total	788,88.85	674,04.94

Note 25
Net gain on fair value changes

(₹ 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	23,48.02	26,52.53
Total	23,48.02	26,52.53
Fair Value changes		
- Realised	22,91.57	25,10.96
- Unrealised	56.45	141.57
Total	23,48.02	26,52.53

Note 26
Other Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Support services income	1,08.05	3,55.44
Balances written back	6,57.08	93.76
Miscellaneous income	4,02.86	14.16
Total	11,67.99	4,63.36

Note 27
Finance cost (on financial liabilities measured at amortised cost)

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on Borrowings	335,06.37	329,01.97
Interest on Debt Securities	87,67.49	65,35.68
Interest on Subordinated Liabilities	7,98.71	12,71.53
Other Finance Charges	23.50	21.57
Total	430,96.07	407,51.35

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Note 28
Impairment on financial instruments and other assets

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a. Impairment on financial assets		
Loans (at amortised cost)		
Allowance for loan losses	49,06.16	(47,95.95)
-Finance receivables written off (net of recoveries of ₹ 7,46.34 lakhs for the year ended March 31, 2021; ₹ 16,75.54 lakhs for the year ended March 31, 2020)	75,68.87	30,53.02
b. Impairment on non-financial assets		
-Allowance for doubtful loans and advances (others)	2.11	(7.26)
Total	1,24,77.14	(17,50.19)

Note 29
Employee Benefits Expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries	36,08.61	41,06.47
Contribution to provident and other funds	2,16.75	2,73.19
Staff welfare expenses	1,31.73	1,47.68
Total	39,57.09	45,27.34

Note 30
Other expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent, rates and energy costs	1,09.19	85.27
Repairs and maintenance	0.27	1.68
Communication costs	17.40	1,43.19
Printing and stationery	10.19	36.45
Advertisement and publicity	9.06	1,10.53
Director's fees, allowances and expenses	74.90	16.79
Auditor's fees and expenses (refer note (i))	46.13	40.31
Legal and professional charges	2,79.55	10,01.16
Insurance	5.53	7.37
Incentive/commission	1,89.27	2,11.70
Service provider fees	35,01.41	40,93.44
Input tax credit reversal	6,74.25	7,63.88
Travelling and Conveyance	24.56	5,00.05
Others	11,84.52	7,54.75
Total	67,34.52	77,32.38

(i) Auditors' remuneration (excluding Goods and Service Tax).

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
As auditors - statutory audit	30.46	30.64
Taxation matters	2.40	2.42
For other services	11.90	4.65
Reimbursement of out of pocket expenses	1.37	2.60
Total	46.13	40.31

(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 Nil (Nil in 2019-20) and amount actually spent was Nil (Nil in 2019-20). There were no CSR transactions with or contributions to any related parties listed in Note 35.

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)
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Note 31
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. The following table sets forth, for the year indicated, the computation of earnings per share.

(₹ 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	170,049,735	170,049,735
Net profit attributable to equity share holders	198,91.77	176,17.89
Basic earnings per share (₹)	11.70	10.36
Diluted		
Weighted average no. of equity shares outstanding	170,049,735	170,049,735
Net profit attributable to equity share holders	198,91.77	176,17.89
Diluted earnings per share (₹)	11.70	10.36
Face value per share (₹)	100	100

Note 32
Segment
The Company is primarily engaged in the business of financing and there are no separate reportable operating segments identified as per the Ind AS 108 - Segment Reporting

Note 33
Contingent liabilities and commitments
I. Contingent liabilities to the extent not provided for:
Description of claims and assertions where a potential loss is possible, but not probable is reported below
A. Claims against the company not acknowledged as debts:

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
In respect of consumer disputes	4,87.51	4,98.14
Total	4,87.51	4,98.14

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.

II. Commitments:
a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ nil (as at March 31, 2020 ₹ 1,10.58 lakhs)

b) Loan commitment towards vehicle financing ₹ 8,22.63 lakhs (as at March 31, 2020: ₹ 4,17.44 lakhs)

Note 34
Company as lessee - Operating lease
The Company has recognised short term lease rent expenses amounting to ₹ 87.00 lakhs (Previous year ₹ 75.02) under Other Expenses in Statement of Profit and Loss account

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TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - [illegible])
Notes forming part of financial statements for the year ended March 31, 2021

Note 35
Reconciliation of Movement in Borrowings to cash flows from financing activities

Particulars	As at April 01, 2020	Cash flows (net)	Exchange difference	Amortisation / EIR adjustments	As at March 31, 2021
Debt securities	1001,20.47	538,91.63	-	52,56.00	1592,71.07
Borrowings (Other than debt securities)	3789,81.61	745,31.75	(1,57,52)	57.75	4534,23.05
Subordinated liabilities	99,76.52	(100,00.00)	-	23.48	-
Total	4890,78.50	1584,22.85	(1,57.52)	53,56.23	6026,94.14

Note: Debt securities includes commercial papers for which the discounting charges paid of Rs. [illegible],24.64 on the repayment date is shown in the finance cost paid in cash flow statement

Particulars	As at April 01, 2019	Cash flows (net)	Exchange difference	Amortisation / EIR adjustments	As at March 31, 2020
Debt securities	2281,32.53	(1364,26.27)	-	84,14.15	1001,20.41
Borrowings (Other than debt securities)	[illegible]	540,30.94	-	43.04	3789,81.61
Subordinated liabilities	99,75.01	-	-	1.51	99,76.52
Total	5590,35.23	(783,95.32)	-	84,58.70	4890,78.50

Note: Debt securities includes commercial papers for which the discounting charges paid of Rs. 100,57.26 on the repayment date is shown in the finance cost paid in cash flow statement

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.

(₹ in lakhs)

	Particulars	31-Mar-21			31-Mar-20		
		Current	Non current	Total	Current	Non current	Total
I	ASSETS						
1	Financial assets						
(a)	Cash and cash equivalents	810,29.46	-	810,29.46	145,34.71	-	145,34.71
(b)	Bank Balance other than cash and cash equivalents	50,00.00	-	50,00.00	100,00.00	-	100,00.00
(c)	Receivables						
i	Trade receivables	-	-	-	55.10	-	55.10
ii	Other receivables	57,60.22	-	57,60.22	1,48.35	-	1,48.35
(d)	Loans	2875,57.76	4937,43.34	7813,01.09	2543,54.69	3427,60.98	5971,24.67
(e)	Investments	53.81	164,48.11	165,01.92	500,34.46	161,77.79	661,92.27
(f)	Other financial assets	13,99.43	94.79	14,94.21	7,08.56	56.72	7,65.28
2	Non-financial assets						
(a)	Current tax assets (net)	-	42,31.77	42,31.77	-	73,70.92	73,70.92
(b)	Deferred tax assets (net) and MAT Credit	-	19,51.42	19,51.42	-	-	-
(c)	Property, plant and equipment	-	1,91.77	1,91.77	-	1,42.62	1,42.62
(d)	Goodwill	-	180,25.25	180,25.25	-	180,25.25	180,25.25
(e)	Other intangible assets	-	74.79	74.79	-	1,29.81	1,29.81
(f)	Other non-financial assets	27,41.53	15.65	27,56.18	21.59.62	49.77	22,09.39
	Total Assets	3833,41.71	4347,82.37	8181,24.08	3468,16.47	2906,97.86	6415,14.35
I	LIABILITIES						
1	Financial liabilities						
(a)	Derivative financial instruments (liability)	8,22.45	-	8,22.45	-	-	-
(b)	Payables						
i	Trade payables	28,24.50	1,05.09	29,29.59	34,58.34	-	34,65.34
ii	Other payables	6,81.05	-	6,81.05	4,75.38	-	4,75.38
(c)	Debt securities	1100,64.77	893,06.30	1992,71.07	809,54.31	191,56.10	1001,20.41
(d)	Borrowings (Other than debt securities)	2378,55.20	2155,67.89	4534,23.09	2175,54.67	1613,96.94	3789,81.61
(e)	Other financial liabilities	33,39.91	13,21.41	46,61.32	24,82.37	15,94.30	40,76.67
2	Non-financial liabilities						
(a)	Current tax liabilities (net)	52.40	-	52.40	-	-	-
(b)	Provisions	24.51	2,25.86	2,50.37	21.37	1,25.63	1,47.00
(c)	Other non-financial liabilities	11,07.88	-	11,07.88	7,05.24	-	7,05.24
	Total Liabilities	3588,02.17	3064,29.26	6652,31.42	3054,01.58	1925,49.55	4979,51.13
	Net	245,39.54	1283,53.12	1528,92.66	414,14.88	981,48.35	1395,63.22

TATA MOTORS FINANCE SOLUTIONS LIMITED [CIN - U65910MH1992PLC187184]
Notes forming part of financial statements for the year ended March 31, 2021

Note 37
Employee benefit obligations

a) Defined contribution plans
The Company has defined contribution plan in the form of contributions made to provident fund and superannuation funds for the qualifying employees. The expense recognised during the year in the Statement of Profit and Loss towards defined contribution plan is ₹ 1,54.20 lakhs (Previous year ₹ 1,86.48 lakhs).

b) Defined benefit plans
The gratuity defined benefit plan is a funded plan and the Company makes contributions to the Tata Motors Finance Limited Gratuity 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.

(₹ in lakhs)

a) Changes in defined benefit obligations	As at March 31	
	2021	2020
Defined benefit obligation, beginning of the year	4,58.80	7,52.52
Current service cost	52.56	87.02
Interest cost	28.55	46.73
Remeasurement (gains) / losses		
Actuarial (gain) / losses arising from change in financial assumptions	-	(13.48)
Actuarial (gain) / losses arising from change in demographic assumptions	-	(6.26)
Actuarial (gain) / losses arising from change in experience adjustments	25.29	(99.57)
Benefits paid from plan assets	(40.03)	(3,09.56)
Defined benefit obligation	5,25.17	4,58.80

(₹ in lakhs)

b) Changes in plan assets	As at March 31	
	2021	2020
Fair value of plan assets, beginning of the year	4,98.58	7,07.87
Interest cost	11.46	44.31
Remeasurement (gain) / losses		
Return on plan assets, (excluding amount included in net interest expense)	0.32	11.21
Employer's contribution	-	46.75
Benefits paid	(50.19)	(3,06.56)
Fair value of plan assets	4,60.17	4,98.58

(₹ in lakhs)

c) Amount recognised in balance sheet consist of:	As at March 31	
	2021	2020
Present value of defined benefit obligation	(5,25.17)	(4,58.80)
Fair value of plan assets	4,60.17	4,98.58
Net Assets/ (liability)	(65.00)	39.78

(₹ in lakhs)

d) Amount recognised in the Statement of Profit and Loss:	As at March 31	
	2021	2020
Current Service Cost	52.56	87.02
Interest on Defined Benefit Obligations (Net)	17.35	1.72
Net Charge to the Statement of Profit and Loss	69.91	88.74

(₹ 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	0.32	11.21
Actuarial gains/(losses) arising from changes in demographic assumptions	-	6.26
Actuarial gains/(losses) arising from changes in financial assumptions	-	13.48
Actuarial gains/(losses) arising from changes in experience adjustments on plan liabilities	(25.29)	99.57
Impact on the other comprehensive income / (loss)	(24.97)	130.52

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%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

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	
Funded		

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

(₹ in lakhs)

h) The maturity profile of defined benefit obligation are set out below:	As at March 31, 2021	As at March 31, 2020
Within next 12 months (next annual reporting period)	41.81	72.96
Between 1 and 5 years	2,52.71	1,85.61
Between 5 and 9 years	4,75.85	3,62.48
10 years and above	-	-

(₹ 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	(37.30)	(33.87)
100 bps decrease in discount rate	41.11	38.25
100 bps increase in salary escalation rate	41.71	37.42
100 bps decrease in salary escalation rate	(37.64)	(30.21)

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	7.95 years	7.38 years

(₹ 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.	41.81

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.

Note 38
Related party disclosures

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

A. Parties where the control exists:
   Ultimate Holding Company - Tata Motors Limited
   - Holding Company - TMF Holdings Limited

B. Other Related Parties with whom transactions have taken place during the period end.

(i) Fellow subsidiaries, associates and joint arrangements within the group
   Tata Motors Finance Limited
   Tata Technologies Limited
   TMF Business Services Limited (formerly known as Concorde Motors (India) Limited)
   Tata Precision Industries India Limited
   Loginomic Tech Solutions Private Limited ("TruckEasy")
   Tata Marcopolo Motors Limited

(ii) Tata Sons and its subsidiaries and joint arrangements
   Tata Sons Private Limited
   Tata Consultancy Services Limited
   Tata AIG General Insurance Company Limited

(iii) Post Employment Benefit Plans
   Tata Motors Finance Limited Employees Gratuity Fund

C. Key management personnel:
   Mr. Vinesh Kumar Jairath - Independent Director (upto March 25, 2020)
   Mr. Nasser Munjee - Chairman and Independent Director (w.e.f. June 09, 2020)
   Ms. Vedika Bhandarkar - Independent Director
   Mr. P. B. Balaji - Non Executive Director
   Mr. R. T. Wasan - Non-Executive Director (upto June 21, 2020)
   Mr. Shyam Mani - Non Executive Director
   Mr. P S Jayakumar - Independent, Additional Director (w.e.f. October 12, 2020)
   Mr. Rohit Sarda - Chief Financial Officer (Up to July 31, 2020)
   Mr. Amit Mittal - Chief Financial Officer (w.e.f. August 01, 2020)
   Mr. Paras Jha - Manager (as defined under Companies Act, 2013) (Up to July 31, 2020)
   Mr. Anirudha Dhar - Manager (as defined under Companies Act, 2013) (w.e.f. August 1, 2020)

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

(₹ in lakhs)

Particulars	Ultimate Holding company	Holding company	Other related parties	Total
a) Transactions during the year				
Loans and advances taken / availed	-	45,000.00	20,00.00	470,00.00
Loans and advances repaid	-	50,000.00	20,00.00	520,00.00
Loans and advances given	-	39,000.00	40,00.00	430,00.00
Loans and advances recovered	-	50,000.00	40,00.00	540,00.00
Recoveries towards gratuity from trust	-	-	136.77	136.77
Interest income on loans and investments	179.31	2,84.82	2,18.36	6,82.49
Expenses for support services (incl. reimbursement of expenses)	28.99	-	39,60.33	39,89.32
Interest Expenses	-	4,99.97	8.55	5,08.52
Rent expenses	-	107.56	-	107.56
Purchase of fixed assets	-	-	6.50	6.50
b) Balances as at				
Receivable - loans and Advances	-	-	1,45.00	1,45.00
Provision on doubtful loans and investments*	-	-	(195.00)	(195.00)
Other Receivables	-	-	57,83.69	57,83.69
Other Payables	6.75	-	3,60.26	3,67.01

* Provision for doubtful debts based on expected credit losses was recognised on the receivables owed by related parties amounting to Rs. 55.00 lakhs

Note 35
Related party disclosures

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

(₹ in lakhs)

Particulars	Ultimate Holding company	Holding company	Other related parties	Total
a) Transactions during the period				
Loans and advances taken / availed	-	375,00.00	397,00.00	772,00.00
Loans and advances repaid	-	545,00.00	397,00.00	945,00.00
Loans and advances given	-	625,00.00	35,30.03	660,30.03
Loans and advances recovered	-	495,00.00	77,70.36	572,70.36
Provision on doubtful loans and investments	-	-	(95.00)	(95.00)
Recoveries towards gratuity from trust	-	-	3,02.82	3,02.82
Contributions paid to employee benefit trust	-	-	44.75	44.75
Interest income on loans and investments	10.90	3,40.13	90.21	4,50.03
Dividend income	-	-	1,10.23	1,10.23
Expenses for support services (incl. reimbursement of expenses)	17.65	31.19	34,05.00	34,53.84
Interest Expenses	-	15,51.20	2,52.32	18,04.52
Other expenses	-	-	1,75.59	1,75.59
Rent expenses	-	93.25	-	93.25
Purchase of fixed assets	-	-	12.00	12.00
Amount received towards reimbursement of expenses	-	-	90.65	90.65
b) Balances as on				
Receivable - Loans and Advances	-	130,00.00	95.00	130,95.00
Provision on doubtful loans and investments*	-	-	(95.00)	(95.00)
Other Receivables	-	-	1,44.16	1,44.16
Payables - Borrowings & debt securities	-	100,00.00	71.11	100,71.11
Other Payables	11.26	8.75	170.85	1,90.81

* Provision for doubtful debts based on expected credit losses was recognised on the receivables owed by related parties amounting to ₹ 95.00 lakhs.

Details of significant transactions are given below.

(Rs. in Lakhs)

Nature of Transaction	Name of Related Party	Nature of relationship	For the year ended March 31, 2021	For the year ended March 31, 2020
Expenses for support services (incl. reimbursement of expenses)	Tata Motors Finance Limited	Fellow subsidiaries, associates and Joint arrangements within the Group	32,57.05	33,58.17
Loans and advances taken / availed	Tata Motors Finance Limited	Fellow subsidiaries, associates and Joint arrangements within the Group	20,00.00	150,00.00
Loans and advances repaid	Tata Motors Finance Limited	Fellow subsidiaries, associates and Joint arrangements within the Group	20,00.00	150,00.00
Loans and advances given	Tata Motors Finance Limited	Fellow subsidiaries, associates and Joint arrangements within the Group	40,00.00	-
Loans and advances recovered	Tata Motors Finance Limited	Fellow subsidiaries, associates and Joint arrangements within the Group	40,00.00	-

ii Key management personnel remuneration

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Short term employee benefits (refer note below)	55.30	25.70

Note :
1. Expenses towards provision for gratuity and leave encashment which are determined actuarially on an overall Company level are not included in the above. (for ₹ 0.00)
2. Includes sitting fees paid to non-executive directors for the period 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.

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65923MH1992PLC067284)
Notes forming part of financial statements for the year ended March 31, 2021

Note 39
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)

Additional disclosures of current and comparative years given below are based on Ind AS. We have made separate disclosures as per RBI regulations wherever the same differs from Ind AS.

39A Asset Liability Maturity Pattern of certain items of assets and liabilities

(₹ in Lakhs)

S. No.	Particulars	Period	Up to 7 days	Over 7 days to 15 days	Over 15 days to 1 month	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 month & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
1	Deposits	March 31, 2021	-	50,00.00	-	-	-	-	-	-	-	-	50,00.00
		March 31, 2020	-	-	-	-	-	-	100,00.00	-	-	-	100,00.00
2	Advances	March 31, 2021	95,15.23	58,47.18	126,94.35	635,05.89	242,84.75	516,05.39	961,74.44	2917,75.08	872,77.79	189,26.43	6811,03.79
		March 31, 2020	-	31,67.65	119,21.33	64,74.35	276,36.03	731,70.26	874,60.74	2224,52.43	480,72.36	325,19.54	5115,24.62
3	Investments	March 31, 2021	53.91	-	-	-	-	-	-	59,48.11	-	305,00.00	365,01.92
		March 31, 2020	500,12.48	-	-	-	-	-	-	40,10.74	18,14.00	105,00.00	663,93.22
4	Borrowings from banks / financial institutions (Term loans / Cash credit)	March 31, 2021	-	45,00.00	36,35.86	35,77.65	138,05.89	147,11.77	1993,05.34	1794,31.29	452,30.34	-	4642,42.14
		March 31, 2020	-	-	100,12.42	19,95.49	114,55.58	125,90.09	1583,05.17	1236,31.06	357,96.73	-	3782,83.49
5	Market Borrowings (Privately placed non convertible debentures and commercial papers)	March 31, 2021	-	259,64.34	249,40.65	-	-	-	600,34.74	857,20.30	-	-	1993,71.07
		March 31, 2020	-	-	458,75.86	-	247,01.54	60,82.91	-	194,50.36	-	59,26.52	1020,95.95

Notes:

1. Deposits is in the form of Fixed Deposits with Banks.
2. Borrowings does not include Inter Corporate Deposits.
3. Cash Credit and WCDL are shown in 6 months to 1 Year time bucket as per RBI guidelines.
4. Market Borrowings includes Non convertible debentures and commercial papers other than those subscribed by banks.

39B Capital to Risk Assets Ratio (CRAR)

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

S No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	CRAR (%)	20.70%	20.64%
2	CRAR - Tier I capital (%)	19.82%	18.36%
3	CRAR - Tier II capital (%)	0.88%	2.28%
4	Amount of subordinated debt raised as Tier II	-	-
5	Amount raised by issue of Perpetual Debt	-	-

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)
Notes forming part of financial statements for the year ended March 31, 2021

Note 39
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)

13C. Disclosure of restructured advances

(₹ in Lakhs)

Sr. No	Type of Restructuring => / Asset Classification =>		Others: Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1, 2020 (opening figures)	No. of Borrowers	-	-	2.00	-	2.00
		Amount Outstanding	-	-	0.01	-	0.01
		Provision Amount	-	-	0.01	-	0.01
2	Fresh restructuring during the year 2020 - 2021	No. of Borrowers	-	2.00	13.00	-	15.00
		Amount Outstanding	-	583.60	[illegible]	-	[illegible]
		Provision Amount	-	[illegible]	[illegible]	-	[illegible]
3	Upgradations to restructured standard category during the financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
5	Downgradations of restructured accounts during the financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
6	Write-offs of restructured accounts during the financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
7	Recovery from restructured accounts during the financial year	No. of Borrowers	-	-	(2.00)	-	(2.00)
		Amount Outstanding	-	-	(0.01)	-	(0.01)
		Provision Amount	-	-	(0.01)	-	(0.01)
8	Sale of restructured accounts during the financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
9	Restructured Accounts as on March 31, 2021 (closing figures)	No. of Borrowers	-	2.00	13.00	-	15.00
		Amount Outstanding	-	583.60	[illegible]	-	[illegible]
		Provision Amount	-	[illegible]	95.00	-	[illegible]

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

(₹ in Lakhs)

Sr. No.	Type of Restructuring => / Asset Classification =>		Others: Standard	Sub standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1, 2019 (opening figures)	No. of Borrowers	-	1.00	2.00	-	3.00
		Amount Outstanding	-	[illegible]	0.01	-	15.58
		Provision Amount	-	0.90	0.01	-	0.91
2	Fresh restructuring during the year 2019 - 2020	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
3	Upgradations to restructured standard category during the financial year	No. of Borrowers	-	(1.00)	-	-	(1.00)
		Amount Outstanding	-	[illegible]	-	-	[illegible]
		Provision Amount	-	(0.90)	-	-	(0.90)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
5	Downgradations of restructured accounts during the financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
6	Write-offs of restructured accounts during the financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
7	Recovery from restructured accounts during the financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
8	Sale of restructured accounts during the financial year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
9	Restructured Accounts as on March 31, 2020 (closing figures)	No. of Borrowers	-	-	2.00	-	2.00
		Amount Outstanding	-	-	0.01	-	0.01
		Provision Amount	-	-	0.01	-	0.01

The Company has not done any restructuring under CDR mechanism and SME debt restructuring mechanism and hence not disclosed separately [illegible]

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Note 39

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)

39D. Break up of 'Provisions and Contingencies' shown under the head 'Expenditure' in the Statement of Profit and Loss

(₹ in Lakhs)

S. No.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1	Provision for doubtful loans	9,026.16	(47,55.95)
2	Provision on consumer disputes	(3.00)	(17.65)
3	Provision for doubtful loans and advances (others)	7.11	(2.76)

39E. Investments

(₹ 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	15,501.92	65,392.27
(b)	Outside India	-	-
(ii)	Provision for depreciation		
(a)	In India	-	-
(b)	Outside India	-	-
(iii)	Net value of investments		
(a)	In India	15,501.92	66,392.27
(b)	Outside India	-	-
2	Movement of provisions held towards depreciation of investments		
(i)	Opening balance	-	-
(ii)	Add: Provisions made during the year	-	-
(iii)	Less: Utilised	-	-
(iv)	Closing balance	-	-

39F. 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	Period	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	AA-/Stable	NA	AA-/Stable	AA-/Stable	A1+	NA
		31-Mar-20	AA-/Negative	NA	AA-/Negative	AA-/Negative	A1+	NA
2	ICRA	31-Mar-21	NA	NA	NA	AA-/Stable	A1+	A/Stable
		31-Mar-20	NA	NA	NA	AA-/Negative	A1+	A/Negative
3	CARE	31-Mar-21	AA-/Stable	NA	AA-/Stable	AA-/Stable	A1+	A/Stable
		31-Mar-20	AA-/Negative	NA	AA-/Negative	AA-/Negative	A1+	A/Negative

39G. Concentration of advances

(₹ in Lakhs)

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Total advances to twenty largest borrowers / customer	1150 51.10	918.37 10
2	Percentage of advances to twenty largest borrowers to Total Advances of the applicable NBFC	16.42%	17.39%

39H. Concentration of exposures

(₹ in Lakhs)

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Total exposure to twenty largest borrowers / customer	1150 51.49	948.37 10
2	Percentage of exposures to twenty largest borrowers / customer to total exposure of the NBFC on borrowers / customer	16.42%	17.36%

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Note 39
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)

39I. Concentration of NPAs

(₹ in Lakhs)

S. No	Particulars	As at March 31, 2021	As at March 31, 2020
1	Total exposure to top four NPA accounts	28,07,13	24,48,14

Note: Total exposure amount represents Gross of overdue interest and overdue expenses.

39J. Sector-wise NPAs (Percentage of NPAs to total advances in that sector)

S. No.	Sector	As at March 31, 2021	As at March 31, 2020
1	Agriculture and allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	0.98%	1.85%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	4.18%	5.03%
7	Other personal loans	-	-

Note:
Percentage of Gross NPA to total advances at company level as per RBI regulations for current and comparative years are as below :-
March 31, 2021 : 3.52%, March 31, 2020 : 4.58%

39K. Customer complaints

(Numbers)

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	No of complaints pending at the beginning of the year	56	29
2	No of complaints received during the year	934	799
3	No of complaints redressed during the year	957	772
4	No of complaints pending at the end of the year	33	56

39L. Movement of NPAs

(₹ in Lakhs)

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Net NPAs to net advances	2.97%	3.86%
2	Movement of NPAs (Gross)		
(i)	Opening balance	241,34,38	59,01,16
(ii)	Additions during the year	147,73,49	218,64,81
(iii)	Reductions during the year	141,53,67	36,31,59
(iv)	Closing balances	247,54,80	241,34,38
3	Movement of Net NPAs		
(i)	Opening balances	201,88,53	41,05,70
(ii)	Additions during the year	77,26,41	165,42,38
(iii)	Reductions during the year	71,58,33	4,59,55
(iv)	Closing balances	207,56,61	201,88,53
4	Movement of provisions for NPAs (excluding provisions on standard assets)		
(i)	Opening balances	39,45,84	17,95,44
(ii)	Provisions made during the year	69,57,08	53,22,40
(iii)	Write-off/Write back of excess provisions	69,14,74	31,72,00
(iv)	Closing balances	39,88,18	39,45,84

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Note 39
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)

39M. Capital Market

(₹ in lakhs)

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt:	422,48.11	421,72.79
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	-	-
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security:	-	-
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
7	Bridge loans to companies against expected equity flows / issues;	-	-
8	Financing to stockbrokers for margin trading	-	-
9	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Capital market exposure		422,48.11	421,72.79

39N. Forward Rate Agreement / Interest Rate Swap

(₹ in lakhs)

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	The notional principal of swap agreements	530,71.50	-
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii)	Collateral required by the applicable NBFC upon entering into swap	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap book	(8,22.45)	-

The Company as per its risk management policy, uses foreign exchange forward and other Interest Rate Swap (IRS) to hedge the risk exposure relating to changes in foreign currency exchange rate and interest rate.
Refer note 3 for accounting policies on derivative and hedging activities and note 43 for risk management policies adopted by the Company.

Quantitative Disclosures

(₹ in lakhs)

S. No.	Particulars	As at March 31, 2021 Currency Derivatives	As at March 31, 2021 Interest Rate Derivatives	As at March 31, 2020 Currency Derivatives	As at March 31, 2020 Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount) For hedging	530,71.50	-	-	-
(ii)	Marked to Market Positions				
	a) Asset (+)	-	-	-	-
	b) Liability (-)	(8,22.45)	-	-	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - L65910MH1992PLC187184)
Notes forming part of financial statements for the year ended March 31, 2021

Note 39
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)

39O. Disclosure on Restructuring of MSME advances

RBI vide its notification DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019, DBR.No.BP.BC.26/21.04.048/2018-19 February 22, 2019, DOR.No.BP.BC.34/21.04.048/2019-20 February 11, 2020 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020 has allowed a one-time restructuring of existing loans to MSMEs classified as 'standard' without a downgrade in the asset classification, subject to the prescribed conditions.

The details of such restructured cases during the year is as follows: (₹ in Lakhs)

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	No. of accounts restructured (in numbers)	2,685	15
2	Amount	260,86.27	1,87.02

39P. Details of Assignment transactions undertaken by applicable NBFCs

(₹ in Lakhs)

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	No. of contracts assigned during the year	-	3,784
2	Aggregate value (net of provisions) of accounts sold*	-	261,81.13
3	Aggregate consideration	-	261,81.13
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / loss over net book value	-	-

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

39Q. 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)

(₹ in Lakhs)

No. of Significant Counterparties*	Amount	%age to Total Deposits	%age to Total Liabilities
16	6380,83.91	NA	96%

*Represents counterparties having exposure of more than 1% of total liabilities

(ii) Top 20 large deposits - Not Applicable

(iii) Top 10 Borrowings

(₹ in Lakhs)

Amount	% of Total Borrowings
5795,16.66	81%

(iv) Funding Concentration based on significant instrument / product

Sr. No.	Name of the instrument/product	Amount	%age to Total Liabilities
1	Commercial Paper	1003,26.73	15%
2	Long Term Debentures	989,44.34	15%
3	Term Loans	3290,90.41	49%
4	Tier II Debentures	-	0%
5	WCDL	1243,32.48	19%

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

Note 39
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)

(v) Stock ratios

Sr. No.	Particulars	Total public funds	Total liabilities	Total assets
1	Commercial papers as a percentage of	15%	15%	12%
2	Non-convertible debentures (original maturity of less than one year) as a percentage of	NA	NA	NA
3	Other short-term liabilities as a percentage of	40%	39%	32%

(vi) Institutional set-up for liquidity risk management

Tata Motors Finance Solutions Limited (TMFSL) has an Asset Liability Supervisory Committee (ALCO), a Board level Sub-committee to oversee liquidity risk management. ALCO consists of Non-Executive Director, Independent Directors and Group Chief Financial Officer. The ALCO meetings are held once in 3 months.
TMFSL 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)

(₹ in Lakhs)

No. of Significant Counterparties*	Amount	%age to Total Deposits	%age to Total Liabilities
17	4829,95.69	NA	97%

*Represents counterparties having exposure of more than 1 % of total liabilities

(ii) Top 20 large deposits - Not Applicable

(iii) Top 10 Borrowings

(₹ in Lakhs)

Amount	% of Total Borrowings
3593,55.38	73%

(iv) Funding Concentration based on significant instrument / product

Sr. No.	Name of the instrument/product	Amount (₹ in Lakhs)	%age to Total Liabilities
1	Commercial Paper	806,64.31	16%
2	Long Term Debentures	194,56.16	4%
3	Term Loans	2629,81.61	53%
4	Tier II Debentures	9976.52	2%
5	WCDL	1160,00.00	23%

Note :-

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

(v) Stock ratios

Sr. No.	Particulars	Total public funds	Total liabilities	Total assets
1	Commercial papers as a percentage of	16%	16%	13%
2	Non-convertible debentures (original maturity of less than one year) as a percentage of	NA	none	none
3	Other short-term liabilities as a percentage of	46%	45%	36%

Note 39
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)

(vi) Institutional set-up for liquidity risk management

Tata Motors Finance Solutions Limited (TMFSL) has an Asset Liability Supervisory Committee (ALCO), a Board level sub-committee to oversee liquidity risk management. ALCO consists of Non-Executive Director, Independent Directors and Group Chief Financial Officer. The ALCO meetings are held once in 3 months.
TMFSL 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 update the Board at regular intervals.

39B. 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 March 13, 2020.

(₹ in Lakhs)

Asset Classification as per RBI Norms 1	Asset classification as per Ind AS 109 2	Gross Carrying Amount as per Ind AS 3	Loss Allowances (Provisions) as required under Ind AS 109 4	Net Carrying Amount 5=3-4	Provisions required as per IRACP norms 6	Difference between Ind AS 109 provisions and IRACP norms 7 = 4 - 6
Performing Asset						
Standard Asset	Stage 1	6039,28.62	59,41.95	5979,86.67	22,46.98	36,94.97
	Stage 2	658,37.00	34,35.19	624,01.81	14,58.65	19,76.54
Subtotal		6697,65.62	93,77.14	6603,88.48	37,05.63	56,71.51
Non Performing Asset (NPA)						
Substandard	Stage 3	135,21.88	34,27.38	100,94.50	13,80.28	20,47.10
Doubtful - up to 1 Year	Stage 3	109,98.45	4,99.13	104,99.32	75,92.02	(70,92.89)
1 to 3 Years	Stage 3	1,76.67	59.19	1,17.48	1,59.93	(1,00.74)
More than 3 Years	Stage 3	7.80	2.48	5.32	6.40	(3.92)
Subtotal of Doubtful		111,82.92	5,60.80	106,22.12	77,58.35	(71,97.55)
Loss	Stage 3	-	-	-	-	-
Subtotal of NPA		247,04.80	39,88.18	207,16.62	91,38.63	(51,50.45)
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	8,31.28	4.00	8,27.28	-	4.00
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		8,31.28	4.00	8,27.28	-	4.00
TOTAL	Stage 1	6047,59.90	59,45.95	5988,13.95	22,46.98	36,98.97
	Stage 2	658,37.00	34,35.19	624,01.81	14,58.65	19,76.54
	Stage 3	247,04.80	39,88.18	207,16.62	91,38.63	(51,50.45)
		6953,01.70	133,69.32	6819,32.38	128,44.26	5,25.06

Note: In terms of requirement of RBI notification no. mentioned above on implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowance under Ind AS 109 and Income Recognition and Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowance under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard assets provisioning), as at March 31, 2021 and accordingly, no amount is required to be transferred to impairment reserve.

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TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)
Notes forming part of financial statements for the year ended March 31, 2021

Note 49

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)

For the previous year i.e. financial year 2019-20 (₹ in Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP
1	2	3	4	5=3-4	6	7=4-6
Performing Asset						
Standard Asset	Stage-1	4516,29.56	30,54.49	4485,75.07	18,06.52	12,47.97
	Stage-2	455,85.08	24,22.11	431,62.97	1,82.34	22,39.77
Subtotal		4972,14.64	54,76.60	4917,38.04	19,88.86	34,87.74
Non Performing Asset (NPA)						
Substandard	Stage-3	218,92.79	37,64.44	181,28.34	21,30.94	16,33.50
Doubtful up to 1 Year	Stage-3	12,35.96	1,75.77	10,60.19	4,30.45	(2,54.68)
1 to 3 Years	Stage-3	10,05.63	5.63	10,00.00	13.08	(7.45)
More than 3 Years	Stage-3	-	-	-	-	-
Subtotal of Doubtful		22,41.59	1,81.40	20,60.19	4,43.53	(2,62.13)
Loss	Stage-3	-	-	-	-	-
Subtotal of NPA		241,34.38	39,45.84	201,88.53	25,74.47	13,71.37
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage-1	4,12.49	1.90	4,10.60	-	1.90
	Stage-2	-	-	-	-	-
	Stage-3	-	-	-	-	-
Subtotal		4,12.49	1.90	4,10.60	-	1.90
TOTAL	Stage-1	4520,42.05	30,56.39	4489,85.67	18,06.52	12,49.87
	Stage-2	455,85.08	24,22.11	431,62.97	1,82.34	22,39.77
	Stage-3	241,34.38	39,45.84	201,88.53	25,74.47	13,71.37
		5217,61.51	94,24.34	5123,37.17	45,63.33	48,61.01

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)
Notes forming part of financial statements for the year ended March 31, 2021

Note 39
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)

39S Liquidity Coverage Ratio
Tata Motors Finance Solutions Limited (TMFSL) has an Asset Liability Supervisory Committee (ALCO), a Board level Sub-committee to oversee liquidity risk management. ALCO consists of Non-Executive Director, Independent Directors, Chief Executive Officer and Group Chief Financial Officer. The ALCO meetings are held every quarter. TMFSL 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 (LRM). ALCO's views on liquidity and asset liability management are presented to RMC for its independent review on a regular basis. The ALCO and RMC also updates the Board at regular intervals.

RBI vide circular dated November 4, 2019 has made it mandatory for NBFCs to implement Liquidity Coverage Ratio (LCR) with effect from December 1, 2020. Accordingly, the Board and ALCO has approved the Liquidity risk management policy including LCR policy. The overall liquidity risk management of TMFSL is under the guidance of the ALCO and within the overall framework of the Board approved policies. The mandated regulatory threshold as per the transition plan is embedded into the policy to ensure maintenance of adequate liquidity buffers. LCR computations are reported to ALCO and the Board for oversight and periodical review. LCR seeks to ensure that TMFSL has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash promptly and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. As a strategy, TMFSL has been maintaining suitable fixed deposits and balance in current account with banks which has resulted in a high level of HQLA. TMFSL follows the criteria laid down by the RBI for monthly and calculation of High-Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30 day period. HQLA predominantly comprises bank deposits and cash and bank balance. TMFSL is funded through Commercial papers, term loans from banks, long term bonds, and foreign currency borrowings. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation. The Company assesses the impact on short term liquidity gaps dynamically under various scenarios covering business projections under normal as well as varying market conditions. Periodical reports are placed before the Company's ALCO for perusal and review. The LCR is calculated by dividing a TMFSL's stock of HQLA by its total stressed net cash outflows over next 30-day period.

RBI has mandated a minimum LCR of 50% from December 1, 2020 and TMFSL's LCR stood at 343% for the quarter ended March 31, 2021.

Below is the quarterly summary of LCR values for financial year 2020-2021

No	Particulars	Quarter ended March 31, 2021		Quarter ended December 31, 2020		Quarter ended September 30, 2020		Quarter ended June 30, 2020	
		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
	High Quality Liquid Assets (HQLA)								
(i)	Fixed Deposits (lien unmarked)	3,78.33	3,78.33	1,50.00	1,50.00	1,00.00	1,00.00	1,66.67	1,66.67
(ii)	Cash & Bank Balance	3,98.00	3,98.00	4,54.57	4,54.57	1,71.72	1,71.72	54.09	54.09
1	Total HQLA	7,76.33	7,76.33	6,04.57	6,04.57	2,71.72	2,71.72	2,20.76	2,20.76
	Cash Outflow								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	3,96.57	4,56.00	3,88.80	3,32.22	3,04.82	4,54.05	2,67.32	3,07.42
4	Secured wholesale funding	2,31.47	2,66.19	2,46.07	2,86.14	1,57.41	4,05.17	3,19.71	3,57.40
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	3.14	3.51	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	1,38.70	1,59.51	1,45.15	1,64.67	1,00.14	1,15.31	88.40	1,01.66
7	Other contingent funding obligations	19.72	22.58	17.05	19.61	12.84	14.70	9.91	11.47
8	Total Cash Outflow	7,86.42	9,04.38	6,96.05	8,03.93	8,60.15	9,89.22	6,75.47	7,77.96
	Cash Inflow								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	2,97.65	2,15.73	2,54.87	1,91.15	3,07.45	2,30.62	3,72.51	3,04.38
11	Other cash inflows	10,72.08	8,04.06	9,78.91	7,34.18	10,54.38	7,90.78	6,93.34	5,92.72
12	Total Cash Inflow	13,69.73	10,19.79	12,33.78	9,25.33	13,61.83	10,21.40	10,65.85	8,97.10
13	Total HQLA		7,76.33		6,04.57		2,71.72		2,20.76
14	Total Net Cash Outflow		2,26.10		2,00.98		2,47.30		1,94.48
15	LIQUIDITY COVERAGE RATIO (%)		343%		301%		110%		114%

Notes:
(i) Total Unweighted Value (average) and Total weighted Value (average) are calculated taking simple averages of monthly observations for the respective quarter.
(ii) Inflows from fully performing exposures represents inflow from both secured and unsecured loans and advances.

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Note 39

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)

39T. COVID19 Regulatory Package - Asset Classification and Provisioning in terms of RBI circular DOR No.BP.BC.63/21.04.048/2019-20 dated

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 *
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3	784,24.91	986,80.92
(ii) Respective amount where asset classification benefits is extended	nil	103,70.11
(iii) Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5	NA	NA
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6	NA	NA

*Based on the confirmation received upto May 09, 2020

COVID 19 Regulatory Package - Asset Classification and Provisioning in terms of RBI circular DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021

(₹ in lakhs)

Particulars	Amount
Aggregate amount to be refunded/adjusted to the eligible borrowers / customers	1,50.79

The Company has estimated the said amount and made a provision in the financial statements for the year ended March 31, 2021

39U. 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 has not purchased any non-performing financial assets during the financial year 2020-21 (financial year 2019-20: Nil)
3. The Company does not have any exposure in real estate sector during the financial year 2020-21. (financial year 2019-20: Nil)
4. The Company has not exceeded the prudential exposure limits in respect to single borrower limit / group borrower limit during the financial year 2020-21 (financial year 2019-20: Nil)
5. The Company is only registered with Reserve Bank of India as a Systemically Important Non Deposit Taking Non Banking Financial Company
6. The Company has not entered into any securitisation transactions during the financial year 2020-21 or holds any securitisation exposure as on March 31, 2021 (financial year 2019-20: Nil)
7. 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)
8. 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)
9. The Company has not financed any products of parent company during the financial year 2020-21 (financial year 2019-20: Nil)
10. Overseas assets (for those with joint ventures and subsidiaries abroad)
    The company does not have any joint venture or subsidiary abroad, hence not applicable
11. Unsecured advances
    As at March 31, 2021, the amount of unsecured advances stood at ₹ 433,02.46 Lakhs (March 31, 2020: ₹ 299,50.55 Lakhs)
    The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or authority

TATA MOTORS FINANCE SOLUTIONS LIMITED [CIN - U65910MH1992PLC187184]
Notes forming part of financial statements for the year ended March 31, 2021

Note 40
Fair value measurements
(a) Financial instruments by categories
The following table presents the carrying amounts of each category of financial assets and liabilities as at March 31, 2021.

(₹ in lakhs)

Financial assets		Amortised cost	FVTPL	Total carrying value
(a)	Investments	-	60,01.92	60,01.92
(b)	Loans	6811,01.09	-	6811,01.09
(c)	Trade & other receivables	57,50.22	-	57,50.22
(d)	Cash and cash equivalents	810,29.46	-	810,29.46
(e)	Other bank balances	10,00.00	-	10,00.00
(f)	Other financial assets	55,04.21	-	55,04.21
	Total	7743,84.98	60,01.92	7803,86.90

(₹ in lakhs)

Financial liabilities		Amortised Cost	Derivative instruments in hedging relationship	Total carrying value
(a)	Borrowings	4534,23.09	-	4534,23.09
(b)	Debt securities	1992,71.07	-	1992,71.07
(c)	Trade & other payables	36,11.04	-	36,11.04
(d)	Derivative financial instruments	-	8,22.45	8,22.45
(e)	Other financial liabilities	66,63.32	-	66,63.32
	Total	6629,68.52	8,22.45	6637,90.97

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

(₹ in lakhs)

Particulars		As at March 31, 2021					
		Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
(a)	Investments	60,01.92	60,01.92	53.81	59,48.11	-	60,01.92
	Total	60,01.92	60,01.92	53.81	59,48.11	-	60,01.92

(₹ in lakhs)

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	6811,01.09	6895,87.45	-	-	6895,87.45	6895,87.45
	Total	6811,01.09	6895,87.45	-	-	6895,87.45	6895,87.45

(₹ in lakhs)

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	8,22.45	8,22.45	-	8,22.45	-	8,22.45
	Total	8,22.45	8,22.45	-	8,22.45	-	8,22.45

(₹ 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)	Debt securities	989,44.34	1028,70.28	-	1028,70.28	-	1028,70.28
	Total	989,44.34	1028,70.28	-	1028,70.28	-	1028,70.28

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TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)
Notes forming part of financial statements for the year ended March 31, 2021

Note 40
Fair value measurements
(a) Financial instruments by categories
The following table presents the carrying amounts of each category of financial assets and liabilities as at March 31, 2020.

(₹ in lakhs)

Financial assets		Amortised cost	FVTPL	Total carrying value
(a)	Investments	-	558,92.27	558,92.27
(b)	Loans	5119,24.67	-	5119,24.67
(c)	Trade & other receivables	2,03.43	-	2,03.43
(d)	Cash and cash equivalents	145,34.73	-	145,34.73
(e)	Other bank balances	100,00.00	-	100,00.00
(f)	Other financial assets	7,45.26	-	7,45.26
	Total	5477,08.07	558,92.27	5963,00.34

(₹ in lakhs)

Financial liabilities		Amortised Cost	Total carrying value
(a)	Borrowings	3789,81.63	3789,81.63
(b)	Debt securities	1001,20.47	1001,20.47
(c)	Trade & other payables	39,41.72	39,41.72
(d)	Subordinated Liabilities	99,76.57	99,76.57
(e)	Other financial liabilities	40,75.57	40,75.57
	Total	4970,98.89	4970,98.89

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

(₹ in lakhs)

Particulars	As at March 31, 2020					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
(a) Investments	558,92.27	558,92.27	500,19.48	58,72.79	-	558,92.27
Total	558,92.27	558,92.27	500,19.48	58,72.79	-	558,92.27

(₹ in lakhs)

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	5119,24.67	5119,35.08	-	-	5119,35.08	5119,35.08
Total	5119,24.67	5119,35.08	-	-	5119,35.08	5119,35.08
Financial liabilities measured at amortised cost for which fair value is disclosed						
(a) Debt securities	194,56.11	201,93.56	-	201,93.56	-	201,93.56
(b) Subordinated liabilities	99,76.57	112,68.36	-	112,68.36	-	112,68.36
Total	294,32.68	314,61.92	-	314,61.92	-	314,61.92

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Note 40

Fair value measurements

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets and liabilities 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).

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 includes loans.

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

Valuation technique used to determine fair value of financial instruments

1. 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. reporter banks/financial institution).

2. The fair value of loans arising from financing activities has been estimated by discounting expected cash flows using rates at which loans of similar credit quality and maturity would be made and internal assumptions such as expected credit losses and estimated collateral value as at March 31, 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.

3. The fair value of borrowings is estimated by discounting expected future cash flows, using a discount rate equivalent to the risk-free rate of return adjusted for the credit spread considered by the lenders for instruments of similar maturity and credit quality are classified in level 2.

4. The fair value of the borrowings carrying floating rate of interest is not impacted due to interest rate changes and will not be significantly different from its carrying amount.

5. Management uses its best judgement 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 period / 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.

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 41

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 and other receivables, and other financial assets that 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 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. Credik risk is monitored by the credit risk department of the Company's independent Risk department/function who have the responsibility for reviewing and managing credit risk.
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. Any surplus remaining after settlement of outstanding loan by way of sale of vehicle (collateral) is returned to the customer. Other than the above, for the corporate lending loan exposure, wherever required the Company obtains security cover in the form of immoveable properties by creating charge over the collateral.
For the loans financed to customers the Company covers/secures the credit risk associated with the loans lended to customers by creating an exclusive charge/hypotheciation/security on the assets as mentioned/sepecified in the loan agreement wih the customers.
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company is in retail & corporate lending business on pan India basis. Vehicle Finance consists of lending for purchase of used Commercial Vehicles and Passenger Vehicles against security. Hypothecation endorsement is made in favour of the Company in the Registration Certificate in respect of all registerable collateral. Portfolio is reasonably well diversified across South, North, East and Western parts of the country. Similarly, sub segments within Used Vehicle Finance like refinance against existing vehicles and repurchase vehicles (first time buyers), leading to well diversified into sub product mix to mitigate concentration risk.

The maximum credit exposure to any individual customer from the financing business as of March 31, 2021 was ₹ 136,26.73 lakhs (March 31, 2020: ₹ 125,29.04 lakhs).
On account of adoption of Ind AS 109, the Company uses the 3 staging Expected Credit Loss (ECL) model to assess the provision for impairment loss allowance. The model takes into account a continuing credit evaluation of Company's customers' financial condition; ageing of loans; the value and adequacy of collateral received from the customers; the Company's historical loss experience; and adjusted for forward looking information. The Company defines default as an event when there is no reasonable expectation of recovery.

Note 43
Financial risk management

The Company makes allowances for losses on its portfolio of loans on the basis of expected future collection from receivables. The future collections 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 Company's impairment assessment and measurement approach is set out in Note 3(xvi - A) - Accounting policies.

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

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

(₹ in Lakhs)

Loans	As at March 31, 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)	5334,82.88	42,13.87	5292,69.01	4047,76.74	[illegible]	4030,77.94	1287,06.14	[illegible]
01-30 days past due*	704,45.74	17,32.09	687,13.65	468,52.62	3,52.59	465,00.03	235,92.92	13,79.50
31-90 days past due*	658,[illegible]	34,36.19	624,[illegible]	455,85.09	24,22.12	431,62.97	202,51.91	10,13.07
above 90 days past due*	247,04.83	39,88.16	207,16.67	241,14.37	39,45.84	201,68.53	5,70.43	42.34
Total	6944,70.42	133,60.33	6811,10.09	5213,49.07	94,24.35	5119,24.67	1731,21.40	[illegible]

* Includes future principal installments which are not past due aggregating to ₹ [illegible] lakhs as of March 31, 2021 (March 31, 2020 ₹ 958,35.40 lakhs).
The stage 3 (above 90 days past due) includes amount written off of Rs. 75,68.87 lakhs during the year from the gross carrying amount and impairment allowance.

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

(₹ in Lakhs)

Particulars	For the year ended March 31,	
	2021	2020
Balance at the beginning	94,24.35	142,59.12
Impairment loss recognised/(reversed)	115,13.86	(17,66.75)
Amounts written off	(75,68.87)	(30,68.02)
Balance at the end	133,60.33	94,24.35

Modification of financial assets not resulting in derecognition.

Particulars	₹ in Lakhs
Carrying amount before modification	255,25.56
Modification (loss)/gain net of impairment loss allowance measured at lifetime expected credit loss	(7,25.96)

Note 41
Financial risk management

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

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

The below table analyses the Company's 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 interest payments as at March 31, 2021:

(₹ 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	4534,23.09	2647,03.10	902,40.48	1489,49.23	-	**5038,92.81**
Trade and other payables	36,11.04	36,11.04	-	-	-	**36,11.04**
Debt securities	1992,71.07	1202,99.48	356,73.54	635,50.47	-	**2195,23.49**
Subordinated liabilities	-	-	-	-	-	**-**
Other financial liabilities	66,63.32	52,20.33	-	13,24.41	-	**65,44.74**
Derivatives financial liabilities						
Derivative contracts	8,22.45	8,22.45	-	-	-	**8,22.45**
Total	**6637,90.97**	**3946,56.40**	**1259,14.02**	**2138,24.11**	**-**	**7343,94.53**

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

(₹ in Lakhs)

	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contractual cashflows
Non derivatives						
Borrowings	3789,81.61	2403,43.80	982,71.19	820,35.04	-	**4206,50.03**
Trade and other payables	39,43.72	39,43.72	-	-	-	**39,43.72**
Debt securities	1001,20.47	830,42.75	114,86.73	105,65.35	-	**1050,94.83**
Subordinated liabilities	99,76.52	10,70.00	10,70.00	32,10.00	110,70.00	**164,20.00**
Other financial liabilities	40,76.57	24,82.27	-	15,94.30	-	**40,76.57**
Total	**4970,98.89**	**3308,82.54**	**1108,27.92**	**974,04.69**	**110,70.00**	**5501,85.15**

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

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

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

Note 41
Financial risk management

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 the end of reporting year, the Company had following variable /floating interest rate borrowings:

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Variable rate borrowings *	4427,00.58	3790,41.00

* The above excludes the foreign currency denominated floating interest rate borrowings, the Company manages its interest rate risk by entering into interest rate swap and cross currency interest rate swap derivative instruments in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

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 balance sheet date would result in an impact (decrease/increase in case of profit/(loss) before tax of ₹ 44,27.01 lakhs and ₹ 37,90.41 lakhs on income for the year ended March 31, 2021 and 2020 respectively.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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, senior notes and other long-term/short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings.

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

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

Total debt includes all long and short-term borrowings as disclosed in notes 16 to 18 to the financial statements.

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

Particulars	As at March 31, 2021	As at March 31, 2020
CRAR (%) *	20.70%	20.64%
CRAR - Tier I capital (%)	19.81%	18.36%
CRAR - Tier II capital (%)	0.89%	2.28%

* The above ratio has been computed in accordance with the guidelines issue by RBI on March 13, 2020.

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

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)
Notes forming part of financial statements for the year ended March 31, 2021

Note 42

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 provisioning of 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 standalone annual financial results. The final impact of this pandemic is very uncertain and the actual impact may be different than 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.

Note 43

In view of the Honourable Supreme Court of India interim order dated September 3, 2020 (Public Interest Litigation (PIL) by Gajendra Sharma Vs Union of India & ANR), no additional borrower accounts were classified as impaired (non-performing assets (NPA)), which were not declared non-performing till August 31, 2020. Basis the said interim order the Company had not classified any additional borrower account as NPA as per RBI or other regulatory prescribed norms, after August 31, 2020 which were not NPA as of August 31, 2020.
The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Company has complied with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

Note 44

In accordance with the instructions in aforementioned RBI circular dated April 07 2021, and the Indian Banks Association (IBA) advisory letter dated [illegible] April 2021 the Company has put in place a Board approved policy to refund/ adjust the interest on interest charged to borrowers during the moratorium period i.e., March 1, 2020 to August 31, 2020. The Company has estimated the said amount and made a provision in the financial statements for the year ended March 31, 2021.

Note 45

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.

Note 46 - Fraud

As required by Reserve Bank of India circular No. DNBS.PD/CC No. [illegible] dated March [illegible] on monitoring of frauds, the Company has reported frauds amounting to ₹ [illegible] lakhs during the period ended March 31, 2021 (during the year ended March 31, 2020 ₹ [illegible] lakhs) [illegible]

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

Mmanu h

Manoj Mota
Partner
Membership No.: [illegible]

Place : Mumbai
Date : April 30, 2021

For and on behalf of the Board of Directors

VEDIKA BHANDARKAR
Digitally signed by VEDIKA BHANDARKAR
Date: 2021.04.30 22:15:15 +05'30'

Vedika Bhandarkar
Director
[DIN : [illegible]]

[illegible]

P. B. Balaji
Director
[DIN : [illegible]]

SHYAM MANI
Digitally signed by SHYAM MANI
Date: 2021.04.30 22:09:53 +05'30'

Shyam Mani
Director
[DIN : [illegible]]

ANINDYA DHAR
Digitally signed by ANINDYA DHAR
Date: 2021.04.30 22:03:39 +05'30'

Anindya Dhar
Manager

AMIT JAIBHAGWAN MITTAL
Digitally signed by AMIT JAIBHAGWAN MITTAL
Date: 2021.04.30 [illegible]

Amit Mittal
Chief Financial Officer

NEERAJ KUMAR DWIVEDI
Digitally signed by NEERAJ KUMAR DWIVEDI
Date: 2021.04.30 [illegible]

Neeraj Dwivedi
Company Secretary

Place : Mumbai
Date : April 30, 2021

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)
Schedule to the Balance Sheet as at March 31, 2021 of a non deposit taking NBFC

Disclosure as per Annexure of the Non Banking Financial Companies - Systematically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)

LIABILITIES SIDE:

(₹ in Lakhs)

1	Loans and advances availed by the non-banking financial Company inclusive of interest accrued thereon but not paid:	Amount Outstanding	Amount Overdue
(i)	Debentures		
	Secured	-	-
	Unsecured	1028,26.19	-
(ii)	Term loans	1791,11.07	-
(iii)	Commercial papers	1003,26.73	-
(iv)	Other loans		
	Working capital demand loan	[illegible]	-
	Inter corporate loans and borrowings	-	

Note: Commercial papers of ₹ 1003,26.73 lakhs are net of unamortised discounting charges ₹ 21,73.37 lakhs.

ASSETS SIDE:

(₹ in Lakhs)

2	Break up of loans and advances including bills receivables (other than those included in (4) below):	Amount Outstanding
(a)	Secured	6511,67.96
(b)	Unsecured	433,01.46

(₹ in Lakhs)

3	Break up of leased assets and stock on hire and other assets towards AFC activities.	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors:	
	Financial lease	-
	Operating lease	-
(ii)	Stock on hire including hire charges under sundry debtors:	
	Assets on hire	-
	Repossessed assets	-
(iii)	Other loans counting towards AFC activities	
	Loans where assets have been repossessed	10,40.94
	Loans other than (a) above	6916,49.58

(₹ in Lakhs)

4	Break up of investments:	Amount Outstanding
	Current (unquoted)	
	Investment in mutual funds	54.83
	Long term investments (unquoted)	
	Investments in equity shares	100,00.00
	Investments in debentures and bonds	50,48.11

BSR & Co. LLP
Central B Wing
North C Wing
Nesco IT Park 4
Nesco Center
Western Express Highway
Goregaon (East)
Mumbai - 400 063

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)
Schedule to the Balance Sheet as at March 31, 2021 of a non-deposit taking NBFC

Disclosure as per Annexure I of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)

ASSETS SIDE:

(₹ in Lakhs)

5	Borrower group-wise classification of assets financed as in (2) and (3) above :			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
(i)	Related parties			
	Holding Company	-	-	-
	Companies in the same group	-	49.73	49.73
(ii)	Other than related parties	6391,15.45	412,35.91	6803,51.36
	Total	6391,15.45	412,85.64	6811,01.09

(₹ in Lakhs)

6	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
	Category	Cost as at March 31, 2021	Book value (Net of provision)
(i)	Related parties		
	Quoted	-	-
	Unquoted		
	Associate	105,00.00	105,00.00
(ii)	Other than related parties		
	Quoted	-	-
	Unquoted	58,03.15	50,01.92
	Total	163,03.15	155,01.92

(₹ in Lakhs)

7	Other information	
	Particulars	Amount
(i)	Gross non-performing assets	
	Related parties	95.00
	Other than related parties	246,09.80
(ii)	Net non-performing assets	
	Related parties	-
	Other than related parties	207,16.62
(iii)	Assets acquired in satisfaction of debt	-

For and on behalf of the Board of Directors

VEDIKA BHANDARKAR
Vedika Bhandarkar
Director
(DIN : 00033808)

P. B. Balaji
Director
(DIN : 02762983)

SHYAM MANI
Shyam Mani
Director
(DIN : 00273598)

ANINDYA DHAR
Anindya Dhar
Manager

AMIT JAIBHAGWAN MITTAL
Amit Mittal
Chief Financial Officer

NEERAJ KUMAR DWIVEDI
Neeraj Dwivedi
Company Secretary

Place: Mumbai
Date: April 30, 2021

BSR & Co. LLP