TMF Holdings Limited

(Formerly Tata Motors Finance Limited)

Annual Report F.Y. 2019-20

TMF HOLDING LIMITED (FORMERLY TATA MOTORS FINANCE LIMITED)
ANNUAL REPORT F.Y. 2019-20

BOARD OF DIRECTORS

Mr. Guenter Butschek, Non-Executive Director & Chairman

Mr. P.D. Karkaria, Independent Director (Retired on May 18, 2020)

Mr. Hoshang Sinor, Independent Director (Retired on Dec 06, 2019)

Mrs. Vedika Bhandarkar, Independent Director

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

Mr. Shyam Mani, Managing Director

MANAGING DIRECTOR

Mr. Shyam Mani

CHIEF FINANCIAL OFFICER

Mr. Anand Bang

COMPANY SECERETARY

Mr. Vinay Lavannis

STATUTORY AUDITORS

M/s. BSR & Co LLP

CORPORATE INDENTIFICATION NUMBER (CIN)

U65923MH2006PLC162503

REGISTERED OFFICE

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

CORPORATE OFFICE

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

REGISTRAR AND SHARE TRANSFER AGENT

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

TMF HOLDINGS LIMITED
(FORMERLY TATA MOTORS FINANCE LIMITED)

BANKERS

HDFC Bank Limited
IDBI Bank Limited
State Bank of India

DEPOSITORIES

Central Depository Services (India) Limited
National Securities Depository Limited

LISTED AT

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

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

TMF HOLDINGS LIMITED

(FORMERLY KNOWN AS TATA MOTORS FINANCE LIMITED)

DIRECTORS' REPORT

MARCH 31, 2020

To,

THE MEMBERS

TMF HOLDINGS LIMITED

The Directors feel privileged to present the 13th Annual Report on the business and operations of the company and the statement of accounts for the year ended March 31, 2020.

1. BACKGROUND

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

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

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

2. ECONOMIC AND INDUSTRY OVERVIEW

Economic Overview

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

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

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

Trends of key macro-economic indicators are as follows

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

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

Source: RBI, NSO, CRISIL Research

Automotive Industry overview

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

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

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

NBFC Sector Overview

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

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

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

Covid-19 and its expected impact on NBFCs

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

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

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

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

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

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

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

3. FINANCIAL RESULTS

(Figures in Crore)

Particulars	**F.Y. 2019-20**	**F.Y. 2018-18**
Total Income	297.93	287.82
Less: Finance Costs	267.84	265.24
Impairment of financial instruments and other assets	8.68	0.97
Employee benefits expenses	6.04	9.81
Expenditure	4.93	3.96
Depreciation / Amortization	1.87	4.35
Profit Before Exceptional Item	**8.58**	**3.50**
Exceptional item	-	-
Profit Before Tax	**8.58**	**3.50**
Less: Tax Expense	-1.98	-0.19
Profit After Tax	**10.56**	**3.69**

Other comprehensive income	0.03	-0.03
Total comprehensive income for the year	**10.59**	**3.66**
Balance brought forward from previous year (distributable)	373.56	433.86
Amount Available for Appropriations	**384.15**	**437.52**
APPROPRIATIONS		
Statutory Reserve	2.11	0.74
Dividend on equity shares	65.09	63.22
Interim dividend on equity shares	-	37.38
Tax on Dividend	-	0.04
Surplus carried to Balance Sheet	**316.95**	**373.56**

The Company has transferred 20% of the Net profit after taxes i.e., Rs. 2.11 crore to Statutory Reserve created pursuant to the provisions of the RBI Act, 1934.

2. DIVIDEND

The Board of Directors at its meeting held on March 26, 2020 declared an interim dividend to Compulsorily Convertible Preference Shares (CCPS) holders of the Company at the rate of Rs. 2.70/- per share per CCPS of face value of Rs.100/- each for 4,34,00,000 Cumulative, compulsorily convertible preference shares (CCPS) of the Company aggregating to Rs. 11,71,80,000/- and the same has been paid on March 27, 2020.

Further, the Board of Directors, at its meeting held on May 29, 2020 recommended a dividend of Rs. 0.30 per CCPS, subject to approval of the shareholders at their ensuing Annual General meeting. In terms of Indian Accounting Standard (Ind AS) 10 ‘Events after Balance sheet Date' as notified by the Ministry of Corporate Affairs under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rule 2015 as amended, the Company has not appropriated proposed dividend including tax from Statement of Profit and Loss for the year ended March 31, 2020. Dividend will be payable to those Members whose names appear in the Register of Members as on June 5, 2020 i.e., the date of book closure/record date or the list of beneficiaries provided by depositories for dematerialised securities as of June 5, 2020.

3. OPERATIONS

The Company is engaged in business of granting of loans, guarantees and other forms of finance to, leasing and making of investments in securities of Tata Motors group companies and to carry such other activities as may be permitted under the CIC guidelines. During the year, the Company recorded a total income of Rs. 297.93 crore and profit before tax of Rs. 8.58 crore as compared to total income of Rs. 287.82 crore and Profit before tax of Rs. 3.50 crore in fiscal FY19.

4. PERFORMANCE OF SUBSIDIARIES

Tata Motors Finance Limited (TMFL)

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

During the financial year ended March 31, 2019, the Company earned a total income of Rs. 3,851.83 crore as compared with Rs. 3,249.46 crore in FY 2018-19, profit before tax (PBT) of Rs. 29.21 crore as against Rs. 137.88 crore in FY 2018-19 and profit after tax of Rs. 59.16 crore as against Rs.203.88 crore in FY 2018-19.

Tata Motors Finance Solutions Limited (TMFSL)

During the financial year ended March 31, 2020, the Company earned a total income of Rs. 730.96 crores with a profit before tax of Rs. 196.71 crores. Net interest income for the year grew by 26% year on year.

While the Company’s focus on scaling up Used Vehicles (UV) business continued in the current year, it was marred by the dip in the disbursals for the first two quarters on the back of both economic slowdown and organizational restructuring exercise; and the March-2020 pandemic related impact. Consequently, disbursals declined from Rs 3,002 crores (27,328 units) in FY19 to Rs 2,563 crores (21,281 units) in FY20.

With increasing delinquencies in the repurchase business, a conscious call to limit the incremental repurchase business was taken in Oct-19. As a result, the proportion of repurchase business in H2-FY20 fell to 31% as against 47% in the first half of the year. For the full year FY20, repurchase disbursals fell to Rs 975 crores i.e. 38% mix as against 41% proportion in FY19. In terms of value, repurchase disbursals witnessed 21% drop in disbursements for FY20 as against FY19.

On a year on year comparison, UV IRR improved by 43 bps in FY20. Though reduction in repurchase business brought about a corresponding reduction in the business with FTU customers, a significant increase of 68 bps in the strategic and super strategic segment IRR and an increase of 10-15 bps in the IRR of FTU, sub-retail and retail segments resulted in increased FY20 IRR.

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.

The CLG book in the Company de-grew from Rs. 2,533 crores in March-2019 to Rs 1,081 crores in March-2020 on the back of reduction in Short term book. Short term book reduced to Rs 431 crores in March-2020 from Rs 2,029 crores last year. Reduction was a result of conscious call to aid stock correction at TML dealerships amidst migration from BS IV to BS VI and also since Investments in PTC were shifted from TMFSL to TMFL considering the availability & access to short term funds. Long term book grew by 29% year on year from Rs 505 crores to Rs 651 crores in March-2020. The growth was witnessed primarily in the Vendor long term business wherein long term loans and mezzanine financing solutions were extended to few strategic vendors of TML.

The Company worked closely with top TML dealerships assessing their capital allocation and working capital position while transitioning into post Covid-19 era. To manage the current crisis situation and to address and support dealers, special liquidity facility to dealer basis request from TML was approved. Also a line for Vendor claim discounting has been approved. The total line approved for dealers and vendors stand at Rs 1,050 crores.

5. FINANCE

The weighted average cost of borrowings for the year ended March 31, 2020 was 8.58% per annum on average borrowings of Rs. 2,678 crore. The total borrowings as of March 31,2020 at Rs. 2953 crore.

6. CREDIT RATING

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

No.	Instrument	CRISIL	ICRA	CARE
1.	Commercial Paper	CRISIL A1+	ICRA A1+	CARE A1+
2	Short Term Bank Facility	NA	NA	CARE A1+
3	Long Term Bank Facility	NA	ICRA AA-/ Negative	CARE AA-/ Negative
4	Non-Convertible Debenture	CRISIL AA-/ Negative	ICRA AA-/ Negative	CARE AA- /Negative

7. SHARE CAPITAL

During the year under review, the Company has issued and allotted 5,00,00,000 (Five Crores) Equity Shares of a face value of Rs.10/- each, at a premium of Rs. 20/- each, for an aggregate amount of Rs. 150,00,00,000/- (Rupees One Hundred and Fifty Crores only) to Tata Motors Limited, holding Company on a Right Issue basis

As at March 31, 2020, the Authorised Share Capital of the Company was Rs.3250,00,00,000 (Rupees Three Thousand Two Hundred and Fifty Crore) and Paid-Up Share Capital was Rs.2082,28,34,420/- (Rupees Two Thousand Eighty-Two Crores Twenty-Eight Lakhs Thirty-Four Thousand Four Hundred and Twenty).

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

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

4. INFORMATION TECHNOLOGY

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

- **Project Turbo:** End to end Digitization of our sourcing process – the Company partnered with an emerging fin-tech company focused on lending as their core capability (Lentra) and launched the project Turbo to completely re-platform and re-define the sourcing process. The platform leverages new technologies like OCR (Character recognition), Digital process for KYC, Validating POI and POA documents directly from the source databases like (UIDAI, NSDL, VAHAN etc.), Integrates with our own rule engine Power curve for credit decisions and Digital agreements including eSign for complete transparency across the process, much improved customer experience and significant reduction in turnaround time (TAT). The new platform is currently under deployment and the early results show significant ease of use, adaptability and much improved productivity of our sales force.
- **ICMS – Integrated collection management system**: Subsequent of our deployment of a collection app for collections The organization has invested in an end to collection system integrating allocation, follow up with the customers, supports pro-active litigation, notices, remediation, delinquency management all under one platform. The platform also uses an AI based algorithm to nudge the CRE's and setting reminders and complete support for the supervisors to monitor their filed force for much better efficacy. This is in its stage wise deployment and the early results are very encouraging.
- **Business Intelligence**: the organization is committed to use analytics as a pivotal tool to be leveraged in all aspects of business be it Customer profiling, Risk profiling on the basis of personal and cultural parameters and Risk based pricing with capability to continuously correct the scoring model based on past experience. Data analytics has become an integral part of our managing the NPA provisioning based on a probability modelling. The Company had enhanced out investment in analytics by upgrading our SAS platform with new and better visual tools.
- **Sustainability and Scalability:** The organization has moved away from a traditional self-managed datacenter with TCS to a state of the art Tier 4 Data center with CtrlS which is a leading data center service provider across the globe. With this DC migration we have managed to get rid of all our hold hardware with new and latest

hardware using new generation processors, much more reliable and consuming less power. The Hybrid DC can provide scalability for the next 10 years.

- **New product launches:** The Company had leveraged SAP to introduce new products like Business Loan and Working capital funding in order to meet the customers demand for lifecycle financing. Leveraging new technologies, the Company had introduced Robotic Process automation to take away a lot of mundane workload from our CPC.
- **Customer One App:** in order to service our customers, the Company had added many more self-service features on our customer facing app there by improving the adoption for a mere 8,000 a year ago to a 100,000+ customers.
- **Adoption and Compliance to RBI Mandate for NBFC's:** During FY 2017-18, RBI had issued the 'Master Direction – Information Technology Framework for the NBFC Sector' ("IT Master Directions") on June 8, 2017 and all NBFCs were required to comply with these IT Master Directions, by June 30, 2018. Accordingly, for adequate IT Governance, we have defined an adopted an Information Technology Policy, Information Security Policy and Cyber Security Policy, BCP Plan, Social Media Policy and has also constituted an Information Technology Strategy Committee there by fully complied with all the requirements of the IT Master Directions and the same has been validated by Deloitte Touche Tohmatsu India LLP.

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

9. HUMAN RESOURCES PRACTICES IN TMF GROUP

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

- Organization Restructuring (called 'Project Sparkle') was implemented in line with 'Fit for Future' organizational structure and technological transformation business plan. This customer focused hub and spoke model will help us build a future ready organization designed to cascade profit center focus and responsibility right down to the zonal level, a stronger interface between TML and TMF and also enable effective cross selling.

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

10. COMPLIANCE

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

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

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

11. REGULATORY ACTION

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

12. DEPOSITS

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

13. EXTRACT OF THE ANNUAL RETURN

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

14. ACCOUNTS AND ACCOUNTING STANDARDS

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

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

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

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

16. DIRECTORS

The Board had appointed Mrs. Vedika Bhandarkar as Non- Executive Independent Director w.e.f July 30, 2018 to fulfill the requirement of one Woman Director as per section 149 (1) of the Companies Act, 2013. The members at their Annual General Meeting held on July 24, 2019 had regularized and ratified the appointment of Mrs. Vedika Bhandarkar as Non-Executive, Independent Director w.e.f July 30, 2018.

During the year, Mr. Hoshang Sinor, an Independent Director of the Company whose term of office ended on March 31, 2019 was further re-appointed as an Independent Director of the Company till December 5, 2019 and retired from the Board thereafter on December 06, 2020. Mr. P.D. Karkaria, Independent Director also retired from the Board on May 18, 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 this Annual General Meeting and is eligible for re -appointment.

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

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

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

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

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

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

The company has adopted the Tata Corporate Governance Guidelines which covers the provision for Remuneration Policy as required u/s 178 of the Companies Act 20/3 and SEBI

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

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

19. KEY MANAGERIAL PERSONNEL

As on the date of report, the key managerial personnel of the company are Mr. Shyam Mani, Managing Director, Mr. Anand Bang, Chief Financial Officer and Mr. Vinay Lavannis, Company Secretary.

20. INTERNAL AUDIT, CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

21. INTERNAL FINANCIAL CONTROLS

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

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

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

22. RISK AND CONCERNS

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

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

For the financial year 2019-20, the Company has consciously re-aligned assets and customer profile mix in sourcing to build a risk balanced portfolio. Risk scoring model (RSPM) has been effectively leveraged for sourcing lower-risk profiles. Behavioural scorecards and recovery models have been comprehensively used to decide collection strategy on all delinquent cases. Gross Non Performing Asset (GNPA) & Net Non-Performing Asset (NNPA) charge have been optimized while prioritizing repossessions and vehicle-sale using advanced collection analytics. Implementation of the sourcing & collections initiatives using analytics has started showing positive results in delinquency & Non Performing Asset (NPA) charge.

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

23. ENTERPRISE RISK MANAGEMENT

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

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

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

24. CORPORATE GOVERNANCE

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

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

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

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

a. Board of Directors

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

As on March 31, 2020, the Board comprised of Five (5) Directors viz., Mr. Guenter Butschek, Non-Executive Director and Chairman; Mr. P.B. Balaji, Non-Executive Director Mr. Shyam Mani, Managing Director; Mrs. Vedika Bhandarkar and Mr. P.D. Karkaria, Independent Directors.

During FY 2019-20, Eight (8) meetings of the Board of Directors were held on May 06, 2019; June 25, 2019; July 22, 2019; October 17, 2019; January 29, 2020; February 12, 2020, March 02, 2020 and March 26, 2020. 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 July 24, 2019
		Held	Attended	
Mr. Guenter Butscheck	Non- Executive Director and Board Chairman	8	4	No
Mr. Hoshang Sinor*	Independent Director	8	3	Yes
Mr. P.D. Karkaria#	Independent Director	8	7	Yes
Mr. P.B. Balaji	Non- Executive Director	8	7	Yes
Mr. Shyam Mani	Managing Director	8	7	No
Mrs. Vedika Bhandarkar	Independent Director	8	6	No

*Mr. Hoshang Sinor, Chairman of the Nomination and Remuneration Committee and Mr. P.D. Karkaria, Chairman of Audit Committee attended the last AGM of the Company. Mr. Hoshang Sinor, an Independent Director of the Company whose term of office completed on December 5, 2019 and retired from the Board thereafter on December 06, 2020.

#Mr. Karkaria retired from May 18, 2020.

The Company paid Sitting Fees to the Non-Executive Directors and Independent Directors, for attending meetings of the Board and the Committees of the Board during FY 2019- 20:

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

(Rs. in lakhs)

Name of Director	Sitting Fees paid for attending Board and Committee Meetings during FY 2019-20	Commission paid for FY 2019-20
Mr. Guenter Butschek	-	-
Mr. Hoshang Sinor	4,30,000/-	-
Mr. P.D. Karkaria	7,90,000/-	-
Mrs. Vedika Bhandarkar	6,90,000/-	-
Mr. P.B. Balaji	-	-
Mr. Shyam Mani	-	-

- Mr. Shyam Mani was re-appointed as the Managing Director of the Company for a further period of 2 year commencing from April 1, 2019 till March 31, 2021.
- None of the Non-Executive Directors and Independent Directors had any pecuniary relationships or transactions with the Company during the year under review.
- A summary of the minutes of the meetings of the Boards of the subsidiary companies were placed before the Board, for noting on a quarterly basis.

b. Committees of the Board

The Board has constituted Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These include the Audit Committee, Nomination and Remuneration Committee, Asset Liability Supervisory Committee and Risk Management 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

Subsequent to retirement of Mr. Hoshang Sinor from the Board with effect from December 06, 2019, he also ceased as member of all the respective committees of the Board of Directors. As on March 31, 2020, the Audit Committee of the Company comprised of two Independent Directors viz. Mr. P.D. Karkaria (Chairman) and Mrs. Vedika Bhandarkar and one Non-Executive Director, Mr. P.B. Balaji. The Company is required to appoint one independent Director to meet the composition of Audit Committee under the provisions of the Act. The Board will be ensuring the appointment of One Independent Director on the Audit Committee within the prescribed timelines under the Act.

All the members have the ability to read and understand financial statements and have relevant finance and/or audit experience. The Board has adopted an Audit Committee Charter which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act and Guidelines issued by RBI. The Charter is reviewed from time to time. Given below, *inter alia*, is a gist of the responsibilities of the Audit Committee.

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

- Carry out additional functions as per the regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee
- Carry out the responsibilities under the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices.

During the year under review, 8 (Eight) meetings were held on May 06, 2019; June 25, 2019; July 22, 2019; August 06,2019; October 17, 2019; December 02,2019; January 29, 2020 and February 12, 2020. The composition of the Audit committee and the attendance of its members at its meetings held during FY 2019-20 are given below:

Name of Member	**Category**	**No. of Meetings**	
		Held	**Attended**
Mr. P.D. Karkaria, Chairman#	Independent Director	8	7
Mr. Hoshang Sinor*	Independent Director	8	5
Ms. Vedika Bhandarkar	Independent Director	8	6
Mr. P.B. Balaji	Non-Executive Director	8	7

** Mr. Hoshang Sinor ceased from the membership of Audit Committee after December 06,2019.*
#Retired from May 18, 2020

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

ii) <u>Nomination and Remuneration Committee (NRC)</u>

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.

Subsequent to retirement of Mr. Sinor, the Company is required to appoint one independent Director to meet the composition of NRC under the provisions of the Act. The Board will be ensuring the appointment of One Independent Director on NRC within the prescribed timelines under the Act.

During FY 2019–20, Two (2) meetings of the NRC were held on May 06 ,2019 and March 03, 2020. The attendance of its members at its meetings held during FY 2019-20 are, given below:

Name of the member	Category	No. of meetings	
		Held	Attended
Mr. Hoshang Sinor*	Independent Director	2	1
Mr. P.B. Balaji	Non-Executive Director	2	2
Mr. Guenter Butschek	Non-Executive Director	2	1

Mr. Hoshang Sinor ceased to be member of Board and its committee w.e.f. December 06, 2020.

iii) Asset Liability Management Committee ("ALCO")

In pursuance of notification no DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 issued by Reserve Bank of India, the Board at their meeting held on January 29,2020 has constituted Asset-Liability Management Committee of the Board with the following members:

a. Mrs. Vedika Bhandarkar, Chairperson
b. Mr. P. D. Karkaria
c. Mr. P. B. Balaji
d. Mr. Shyam Mani
e. Mr. Anand Bang, Group CFO

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

During FY 2019-20, One (1) meeting of the ALCO was held on March 26, 2020 and the attendance of its members at its meeting are given below:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mrs. Vedika Bhandarkar, Chairperson	Independent Director	1	1
Mr. P.B. Balaji	Non- Executive Director	1	1
Mr. Shyam Mani	Managing Director	1	1
Mr. Anand Bang	TMF Group CFO	1	1
Mr. P.D. Karkaria#	Independent Director	1	1

#Retired from May 18, 2020

iv) Risk Management Committee (RMC)

In pursuance of notification no DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 issued by Reserve Bank of India, the Board at their meeting held on January 29,2020 has constituted Risk Management Committee of the Board with the following members:

a. Mr. P. D. Karkaria, Chairman
b. Mrs. Vedika Bhandarkar
c. Mr. P. B. Balaji
d. Mr. Shyam Mani

The “Risk Management Committee’ of Directors will manage the integrated risks of the Company. During FY 2019-20, One (1) meeting of the RMC was held on March 19, 2020 and the attendance of its members are given below:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mr. P.D. Karkaria, Chairperson#	Independent Director	1	1
Mrs. Vedika Bhandarkar	Independent Director	1	1

Mr. P.B. Balaji	Non- Executive Director	1	1
Mr. Shyam Mani	Managing Director	1	1

#Retired from May 18, 2020

c. Others Governance matter

- The Company has appointed TSR Darashaw Consultants Private Limited ("TSR") as the Registrar and Transfer Agents ("RTA") for the privately placed debentures and Commercial Paper (CP) issued by the Company.
- The Company had issued Commercial Papers (CP) which is listed with National Stock Exchange of India Limited (NSE) pursuant to SEBI Circular SEBI/HO/DHS/DDHS/CIR/P/2019/115 dated October 22, 2019.
- The Non- Convertible Debentures (NCDs) issued by the Company on a private placement basis are also listed on the Wholesale Debt Market segment of the NSE w.e.f. October 04,2020.
- Accordingly, pursuant to Chapter V, Regulation 52(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company will prepare and submit audited financial results on half yearly basis in the format specified by the SEBI LODR Regulations, 2015 as amended within the prescribed time period to NSE.

25. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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

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

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

27. AUDITORS

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

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 BSR & Co, Chartered Accountants will continue to be the Statutory Auditors of the Company till the conclusion of AGM for FY 2021-22.

28. EXPLANATION ON STATUTORY AUDITOR'S REPORT

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

29. SECRETARIAL AUDITORS

The Board of Directors at its meeting held on May 06, 2019 approved the appointment of M/s. V N Deodhar & Associates, Practicing Company Secretary as Secretarial Auditor of the Company in terms of the provisions of section 204 of the Companies Act, 2013 for conducting the secretarial audit of the Company. Secretarial Audit report issued by M/s. V N Deodhar & Associates, Practicing Company Secretary, forming part of the Directors' Report for the year ended March 31, 2020 is enclosed as an "Annexure 2" to this Report.

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

30. INFORMATION ON MATERIAL CHANGES AND COMMITMENTS

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

31. RELATED PARTY TRANSACTIONS

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

32. PARTICULARS OF EMPLOYEES

In accordance with Section 134 (2) read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, the Company had only One (1) employee who were in receipts of remuneration of not less than Rs. 102 Lakhs during the year ended March 31, 2020 or not less than Rs. 8.5 Lakh per month during any part of the said year.

33. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

b) the directors had selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
d) the directors had prepared the annual accounts on a going concern basis;
e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

34. JOURNEY TOWARDS BUSINESS EXCELLENCE IN TMF GROUP

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

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

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

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

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

35. ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors of
TMF HOLDINGS LIMITED

MR. GUENTER BUTSCHEK
CHAIRMAN
DIN: 07427375
Mumbai, May 29, 2020

Annexure “1”

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN: U65923MH2006PLC162503

ii) Registration Date: 01/06/2006

iii) Name of the Company: **TMF HOLDINGS LIMITED** (Formerly Known as Tata Motors Finance Limited)

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

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

vi) Whether listed company Yes / No: No

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr . No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Tata Motors Limited	L28920MH1945PLC004520	HOLDING	100	2(87)
2	Tata Motors Finance Solutions Limited	U65910MH1992PLC187184	SUBSIDIARY	100	2(84)
3	Tata Motors Finance Limited (Formerly Sheba Properties Limited)	U45200MH1989PLC050444	SUBSIDIARY	97	2(84)

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	Nil	6	6	-	Nil	6	6	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	1,59,82,83,436	Nil	1,59,82,83,436	100	1,648,283,436	-	1,648,283,436	100	3.13
e) Banks / FI									
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**1,59,82,83,436**	**6**	**1,59,82,83,442**	**100**	**1,648,283,436**	**6**	**1,648,283,442**	**100**	**3.13**
(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)	**1,59,82,83,436**	**6**	**1,59,82,83,442**	**100**	**1,648,283,436**	**6**	**1,648,283,442**	**100**	**3.13**
B.**Public Shareholding**									
1. **Institutions**									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-

i)Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1,59,82,83,436**	**6**	**1,59,82,83,442**	**100**	**1,648,283,436**	**6**	**1,648,283,442**	**100**	**3.13**

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding 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 share holding during the year
1	Tata Motors Limited	1,598,283,436	100	NIL	1,648,283,436	100	NIL	3.13
2	Tata Motors Limited jointly with P.B. Balaji	1	--	NIL	1	--	NIL	NIL
3	Tata Motors Limited jointly with Girish Wagh	1	--	NIL	1	--	NIL	NIL
4	Tata Motors Limited jointly with Vispi Patel	1	--	NIL	1	--	NIL	NIL
5	Tata Motors Limited jointly with Ashok Kumar Koyari	1	--	NIL	1	--	NIL	NIL
6	Tata Motors Limited jointly with Asim Mukopadhyay	1	--	NIL	1	--	NIL	NIL
7	Tata Motors Limited jointly	1	--	NIL	1	--	NIL	NIL

	with H.K. Sethna							

iii) Change in Promoters' Shareholding (TML)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	**1,598,283,436**		1,598,283,436	100
	Date wise Increase / Decrease in Promoters Share Holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	June 29, 2019 – Allotment of 5,00,00,000 Equity shares to Tata Motors Limited	3.03	1,648,283,436	100
	At the End of the year			**1,648,283,436**	**100%**

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

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

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		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 Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

					Rs lakhs
	PARTICULARS	**SECURED LOANS**	**UNSECURED**	**DEBT PORTION**	**TOTAL**
			LOANS	**OF CCPS**	**BORROWINGS**
	Indebtedness at the beginning of the financial year				
i)	Principal Amount	-	278,288.22	3,268.96	**281,557.18**
ii)	Interest due but not paid	-	-	-	**-**
iii)	Interest accrued but not due	-	-	-	**-**
	Total (i+ii+iii)	**-**	**278,288.22**	**3,268.96**	**281,557.18**
	<u>Change in Indebtedness during the year</u>				
	· Addition	-	805,495.28	296.33	**805,791.60**
	· Reduction	-	-833,019.93	- 1,171.80	**-834,191.73**
		-	-	-	**-**
	Net Change	**-**	**-27,524.65**	**- 875.47**	**-28,400.13**
	Indebtedness at the end of the financial year				
i)	Principal Amount	**-**	**250,763.57**	2,393.49	**253,157.05**
ii)	Interest due but not paid	**-**	**-**	-	**-**

iii)	Interest accrued but not due	**-**	**-**	-	**-**
	Total (i+ii+iii)	**-**	**250,763.57**	**2,393.49**	**253,157.05**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director:

Sl. No.	**Particulars of Remuneration**	*Shyam Mani, Managing Director*			**Total Amount**
		Shyam Mani	NA	NA	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,51,01,486	Nil	Nil	7,51,01,486
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,50,600	Nil	Nil	3,50,600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify…	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	**7,54,52,086**	**Nil**	**Nil**	**7,54,52,086**
	Ceiling as per the Act	Within the statutory limits under the Companies Act, 2013 and Rules made thereunder	Nil	Nil	Within the statutory limits under the Companies Act, 2013 and Rules made thereunder

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

Sl. No.	**Particulars of Remuneration**	**Name of Directors**			**Total Amount**
		Vedika Bhandarkar	**Hoshang Sinor**	**P D Karkaria**	
	1. Independent Directors ➢ Fee for attending board / committee meetings ➢ Commission ➢ Others, please specify	6,90,000 - -	4,30,000 - -	7,90,000 - -	**19,10,000** - -
	Total (1)	6,90,000	4,30,000	7,90,000	**19,10,000**
	2. Other Non-Executive Directors ➢ Fee for attending board / committee meetings ➢ Commission ➢ Others, please specify	- - -	- - -	- - -	- -
	Total (2)	**-**	**-**	**-**	
	Total (B)=(1+2)	6,90,000	4,30,000	7,90,000	**19,10,000**

	Total Managerial Remuneration	6,90,000	4,30,000	7,90,000	**19,10,000**
	Overall Ceiling as per the Act	**-**	**-**	**-**	**Rs. 100000 per meeting**

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

Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**		
		CFO Anand Bang	**Company Secretary-Vinay Lavannis**	**Total**
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	- - -	- - -	**-** **-** -
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit	-	-	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: **NIL**

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

On behalf of the Board of Directors of

TMF HOLDINGS LIMITED
(Formerly known as Tata Motors Finance Limited)

GUENTER BUTSCHEK

Chairman

DIN: 07427375

May 29, 2020, Mumbai

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, 2020

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

To,
The Members,
TMF HOLDINGS LIMITED
10th Floor, 106 A & B, Maker Chambers I,
Nariman Point,
Mumbai-400 021.

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

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

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

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

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

FCS 1880 C. P. 898 V. N. DEODHAR & CO. 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;

(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 Managing Director, Chief Financial Officer and Chief Legal & Compliance Officer is submitted to the Board on quarterly basis.

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

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

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

We further report that

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

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

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

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

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

i. The Company has allotted 500,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 20/- per share to Tata Motors Limited aggregating to an amount of Rs. 150,00,00,000/- (Rs. One Hundred Fifty Crores Only) on 29th June, 2019.

ii. 10000 Unsecured, Listed, Redeemable Non-Convertible Debentures of Rs.10,00,000/- each aggregating to an amount of Rs.1000,00,00,000/- (Rupees One Thousand Crores Only) on 25th September, 2019.

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

iii. 5250 Unsecured, Listed, Redeemable Non-Convertible Debentures of Rs.10,00,000/- each aggregating to an amount of Rs.525,00,00,000/- (Rupees Five Hundred Twenty Five Crores Only) on 13th November, 2019.

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

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

UDIN: F001880B000295745
Place: Mumbai
Date: 29th May,2020

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

Annexure A

To,
The members,
TMF Holdings Limited,

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

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

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

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

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

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

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

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

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

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

Place: Mumbai
Date: 29th May,2020

B S R & Co. LLP
Chartered Accountants

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

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

Independent Auditor's Report

To the Members of TMF Holdings Limited

Report on the Audit of the Standalone Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

As described in Note 38 to the standalone financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

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

Independent Auditor's Report *(Continued)*

TMF Holdings Limited

Key Audit Matters

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

Description of Key Audit Matter

Key audit matter	**How the matter was addressed in our audit**
Going concern assumption	
Refer to the "Note 39 to the standalone financial statements"	
The standalone financial statements of the Company have been prepared on a Going Concern basis. Management's assessment of going concern is based on its evaluation of relevant conditions and events that may raise substantial doubt about the Company's ability to continue as a going concern. The following considerations are covered by management. - Current financial condition; including liquidity sources; - Conditional and unconditional obligations due or anticipated within one year; - Consideration of various risks viz., liquidity risk, credit risk and market risk; - Impact of COVID-19 and related uncertainties on the Company's performance.	Our key audit procedures included: • Evaluating management's assessment of the use of going concern assumption. • Reading the minutes of meetings of the Asset Liability Supervisory Committee and minutes of the meetings of the Board of Directors for identifying any areas of impact on the asset-liability position. • Holding discussions with management and understand plans /strategies, the impact of COVID-19 pandemic leading to a revision of plans/strategies and assessed the viability of such revised strategies. • Assessing the Company's financing terms. • Enquiring whether there was any rejection on borrowings, or any other difficulties faced on drawing down sanctioned lines from financial institutions. • Testing financial covenants in loan documents for breaches and understand the revised forecast in a plausible downside scenario and whether it expects to remain in compliance with the covenants.

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

TMF Holdings Limited

Key Audit Matters

Key audit matter	**How the matter was addressed in our audit**
Information technology	
Information Technology (IT) systems and controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company uses three primary systems for its financial reporting. We have focused on user access management, change management, interface controls and system application controls over key financial accounting and reporting systems.	Our audit procedures to assess the IT system access management included the following: General IT controls / application controls and user access management • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access rights, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting systems, we independently performed procedures to determine the operating effectiveness of application controls. For those controls that were changed during the year, we tested the change management process. • We evaluated the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and that business users and developers did not have access to migrate changes in the production environment and the privileged access to applications, operating system or databases is restricted to authorized personnel.

Independent Auditor's Report *(Continued)*

TMF Holdings Limited

Other Information *(Continued)*

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report *(Continued)*

TMF Holdings Limited

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report *(Continued)*

TMF Holdings Limited

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report *(Continued)*

TMF Holdings Limited

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

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

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its director 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

Vaibhav Shah
Partner
Membership Number: 117377
UDIN: 20117377AAAABM7518

Mumbai
29 May 2020

TMF Holdings Limited

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

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

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

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

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

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

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

xiv. According to information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. 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.

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

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

Vaibhav Shah
Partner
Membership No. 117377
UDIN: 20117377AAAABM7518

Mumbai
29 May 2020

TMF Holdings Limited

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

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

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

Opinion

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

Auditor's Responsibility *(Continued)*

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Vaibhav

Vaibhav Shah
Partner
Membership No. 117377
UDIN: 20117377AAAABM7518

Mumbai
29 May 2020

TMF Holdings Limited

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

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

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

Opinion

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Vaibhav Shah
Partner
Membership No. 117377
UDIN: 20117377AAAABM7518

Mumbai
29 May 2020

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Standalone Balance Sheet as at March 31, 2020

(Rs. in lakhs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
I ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	4	116,22.11	159,90.60
(b) Bank balance other than cash and cash equivalents	5	1.87	0.18
(c) Receivables			
i. Trade receivables	6	14,75.63	257,07.60
ii. Other receivables	7	57.45	0.05
(d) Loans	8	-	267,65.42
(e) Investments	10	6631,60.10	6237,87.67
(f) Other financial assets	9	31,67.25	21,34.75
		6794,84.41	**6943,86.27**
2 Non-financial assets			
(a) Current tax assets (net)		88,81.34	99,58.38
(b) Deferred tax assets - (net)	27	17,37.83	17,37.83
(c) Property, plant and equipment	11	36,60.30	39,14.04
(d) Other non-financial assets	12	21.49	15.82
		143,00.96	**156,26.07**
Total assets		**6937,85.37**	**7100,12.34**
II LIABILITIES AND EQUITY			
1 Financial liabilities			
(a) Payables	13		
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,19.65	55.90
(ii) Other payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		4,99.95	6,87.34
(b) Debt securities	14	2157,63.57	2782,88.23
(c) Borrowings (Other than debt securities)	15	373,93.49	32,68.96
(d) Other financials liabilities	16	85,63.52	49,87.86
		2623,40.18	**2872,88.29**
2 Non-financial liabilities			
(a) Current tax liabilities (net)		2,18.77	11,76.44
(b) Provisions	17	20.97	26.08
(c) Other non financial liabilities	18	2,92.13	1,43.36
		5,31.87	13,45.88
3 Equity			
(a) Equity share capital	19	1648,28.34	1598,28.34
(b) Other equity		2660,84.98	2615,49.83
		4309,13.32	4213,78.17
Total liabilities and equity		6937,85.37	7100,12.34

See accompanying notes forming part of the standalone financial statements (1 to 39)

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

Vaibhav Shah
Partner
Membership No. 117377
UDIN: 20117377AAAADM4515

Place : Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

VEDIKA BHANDARKAR
Director
(DIN - 00033808)

P.B. BALAJI
Director
(DIN - 02762983)

SHYAM MANI
Managing Director
(DIN - 00273598)

ANAND BANG
Chief Financial Officer

VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: May 29, 2020

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)

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

(Rs. in lakhs)

	Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
	Revenue from operations			
	(a) Interest income	20	90,55.98	96,43.93
	(b) Dividend income		77,32.04	93,18.79
	(c) Rental income		5,95.15	8,37.84
	(d) Net gain on fair value changes	21	9,38.54	12,18.62
I	**Total Revenue from operations**		**183,21.71**	**210,19.18**
II	Other income	22	114,71.53	77,62.65
III	**Total income (I + II)**		**297,93.24**	**287,81.83**
IV	**Expenses:**			
	(a) Finance cost	23	267,83.89	265,23.68
	(b) Impairment of financial instruments and other assets	24	8,67.73	96.82
	(c) Employee benefits expenses	25	6,03.73	9,80.66
	(d) Depreciation and amortization	11	1,86.67	4,34.72
	(e) Other expenses	26	4,93.29	3,96.38
	Total expenses		289,35.31	284,32.26
V	**Profit before exceptional items and tax (III - IV)**		8,57.93	3,49.57
VI	**Exceptional items**		-	-
VII	**Profit before tax (V - VI)**		8,57.93	3,49.57
VIII	**Tax expense**	27		
	Current tax		(1,98.38)	(19.33)
	Deferred tax		-	-
	Total tax expense		(1,98.38)	(19.33)
IX	**Profit for the year (VII - VIII)**		10,56.31	3,68.90
X	**Other comprehensive income**			
	A Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans		2.51	(3.36)
	Subtotal (A)		2.51	(3.36)
	B Items that will be reclassified to profit or loss			
	Subtotal (B)		-	-
	Other Comprehensive Income (A + B)		2.51	(3.36)
XI	**Total comprehensive income for the year**		10,58.82	3,65.54
XII	Earnings per equity share of Rs 10 each			
	Basic (in Rs.)		0.06	0.03
	Diluted (in Rs.)		0.06	0.03
XIII	**Weighted average number of outstanding shares**		172,94,34,972	145,25,34,437

See accompanying notes forming part of the standalone financial statements (1 to 39)

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

Vaibhav Shah
Partner
Membership No. 117377
UDIN: 20117377AAAAB[illegible]

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

VEDIKA BHANDARKAR
Director
(DIN - 00033808)

P.B. BALAJI
Director
(DIN - 02762983)

SHYAM MANI
Managing Director
(DIN - 00273598)

ANAND BANG
Chief Financial Officer

VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: May 29, 2020

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Standalone Cash Flow Statement for the year ended March 31, 2020

(Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	8,57.93	3,49.57
Adjustments for:		
Interest Income on loans, deposits and investments	(90,55.98)	(96,43.93)
Finance costs	267,83.89	265,23.67
Depreciation	1,85.67	4,34.72
Gain on sale of investments	(9,36.54)	(12,18.62)
MTM on investments measured at fair value through profit or loss	(2.00)	-
Dividend income	(77,32.04)	(93,18.79)
Allowances for loan losses (net)	8,67.73	96.82
Profit on sale of property, plant & equipments (net)	(30.67)	10.09
Operating cash flow before working capital changes	**109,38.99**	**72,33.55**
Movements in working capital		
Loans	269,97.26	13,47.39
Trade receivables	242,31.97	770,03.10
Other receivables	(57.40)	2.10
Trade payables	63.75	(11.76)
Other payables	(1,87.39)	5,56.66
Other financial assets	(14.11)	-
Other non financial assets	(5.67)	86.28
Other financial liabilities	(0.00)	(4.21)
Provision for employee benefit schemes	(2.60)	(5.58)
Other non financial liabilities	1,48.77	(3,61.69)
	62,113.57	**858,45.85**
Current taxes (paid)/refund (net)	3,17.75	(9,59.76)
Finance costs paid	(243,76.08)	(196,42.26)
Dividend income	77,32.04	93,18.79
Interest income received on loans, deposits and investments	80,37.60	84,77.07
Net cash generated from operating activities	**538,24.88**	**830,39.69**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of capital assets	97.73	113.57
Purchase of mutual fund units	(17972,09.00)	(16755,70.00)
Redemption of mutual fund units	17928,45.54	16817,46.29
Investment in equity shares of subsidiaries and joint ventures	-	(300,00.00)
Investment in preference shares of subsidiaries	-	(370,00.00)
Redemption of Non Convertible Debentures (NCDs)	100,00.00	-
Investment in equity shares of joint ventures & associates	-	(265.87)
Investment in debentures of subsidiaries and joint ventures	(451,70.00)	(256,65.00)
Inter-corporate deposits placed	-	(220,00.00)
Inter-corporate deposits repayment received	-	50,00.00
Restricted deposits with banks	(1.68)	37,36.60
Net cash used in investing activities	**(394,37.41)**	**(998,54.41)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (net of issue expenses)	149,85.00	599,40.00
Payment of interim dividend on equity shares	-	(37,36.60)
Payment of dividend on equity shares	(65,08.67)	(63,21.59)
Proceeds from borrowings (other than debt securities)	2875,00.00	-
Repayment of borrowings (other than debt securities)	(2525,00.00)	(250,00.00)
Proceeds from issue of debt securities	4426,17.05	7930,68.94
Repayment of debt securities	(5048,49.34)	(7863,01.47)
Net cash used in financing activities	**(187,55.96)**	**316,49.28**
Net decrease in cash and cash equivalents (A + B + C)	**(43,68.49)**	**148,34.56**

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)

Standalone Cash Flow Statement for the year ended March 31, 2020

(Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash and cash equivalents at the beginning of the year	159,90.60	11,56.04
Cash and cash equivalents at the end of the year (Refer Note 4)	116,22.11	159,90.60
Net decrease in cash and cash equivalents	(43,68.49)	148,34.56

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

In terms of our report attached

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

Vaibhav Shah
Partner
Membership No. 117377
UDIN: 20117377AAAAAM2515

Place : Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

VEDIKA BHANDARKAR
Director
(DIN - 00033808)

P.B. BALAJI
Director
(DIN - 02762983)

SHYAM MANI
Managing Director
(DIN - 00273598)

ANAND BANG
Chief Financial Officer

SUNAY LAVANNIS
Company Secretary

Place: Mumbai
Date: May 29, 2020

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of standalone financial statements for the year ended March 31, 2020

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

A. Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Rs. in lakhs	Number	Rs. in lakhs
Shares outstanding at the beginning of the year	1,598,283,442	1598,28.34	1,404,735,056	1404,73.50
Shares issued during the year	50,000,000	50,00.00	193,548,386	193,54.84
Shares outstanding at the end of the year	1,648,283,442	1648.28.34	1,598,283,442	1598,28.34

B. Other equity

(Rs. in lakhs)

Particulars	Equity component of compound financial instrument (Refer Note 19A)	Special reserve	Securities Premium Account	Capital reserve	Retained earnings		Total
					Undistributable (IndAS 101)	Distributable	
Balance as at April 01, 2019	370,72.59	244,95 42	1569,77.94	50,90 59	5,52 86	373,56.43	2615,49 83
Profit for the year						10,56.31	10,56 31
Other comprehensive income /(loss) for the year						2.51	2 51
Dividend paid (including dividend tax)						(65,08 67)	(65,08.67)
Premium on equity shares issued			100,00 00				100,00.00
Share issue expenses			(15 00)				(15.00)
Transfer to Special Reserve		211.26				(211.26)	-
Balance as at March 31, 2020	370,72.59	247,10.68	1669,62.94	50,90.59	5,52.86	316,95.32	2660,84.98

(Rs. in lakhs)

Particulars	Equity component of compound financial instrument (Refer Note 19A)	Special reserve	Securities Premium Account	Capital reserve	Retained earnings		Total
					Undistributable (IndAS 101)	Distributable	
Balance as at April 01, 2018	370,72 59	244,25.64	1163,92.78	50,90.59	5,52.86	433,86.26	2269,20.72
Profit for the year						3,68.90	3,68.90
Other comprehensive income /(loss) for the year						(3 36)	(3.36)
Dividend paid (including dividend tax)						(63,21.59)	(63,21.59)
Premium on equity shares issued			406,45.16				406,45.16
Share issue expenses			(60.30)				(60.30)
Transfer to Special Reserve		73.78				(73.78)	-
Balance as at March 31, 2019	370,72.59	244,99.42	1569,77.94	50,90.59	5,52.86	373,56.43	2615,49.83

See accompanying notes forming part of the standalone financial statements (1 to 39)

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

Vaibhav Shah
Partner
Membership No. 117377
UDIN: 20117377AAAAB[illegible]

Place : Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

VEDIKA BHANDARKAR
Director
(DIN - 00033808)

P B. BALAJI
Director
(DIN - 02762983)

SHYAM MANI
Managing Director
(DIN - 00273598)

ANAND BANG
Chief Financial Officer

VINAY LAVANNIS
Company Secretary

Place Mumbai
Date May 29, 2020

1 Company information

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

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

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

2 Basis of preparation of financial statements

2.1 Statement of compliance

The standalone financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, 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 3.1 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, except when otherwise indicated.

2.2 Historical cost convention

The financial statements have been prepared on historical cost basis except for certain financial instruments and plan assets of defined benefit plans, which 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 Judgments

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

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

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

a) Note 3 (xiv)- Business model assessment for classification and measurement of financial assets
b) Note 3(xiv) - Impairment of financial assets based on the expected credit loss model
c) Note 3(ii) - Recognition of interest income/expenses using Effective Interest Rate (EIR) method.
d) Note 3(vi) - Useful lives of property, plant and equipment and intangible assets.
e) Note 3(ix) and 32 - Measurement of assets and obligations of defined benefit employee plans.
f) Note 3(iii) and 27 - Recognition of deferred tax assets.
g) Note 3(x) - Measurement and recognition of provisions and contingencies.
h) Note 3(xiv) and 35 - Fair value measurement of financial instruments
i) Note 31 - Disclosure of contingent Liabilities.
j) Note (viii) & (xiv) - Effective Interest Rate (EIR) methodology that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments.

(ii) Revenue recognition

(A) Revenue from operations

Interest Income

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

The EIR in case of a financial asset is computed

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

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

Dividend Income

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

Rental Income

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

(iii) Income Taxes

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

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

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

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

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

(iv) Cash and Cash equivalent

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

(v) Earning per share

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

(vi) Property, Plant and equipment (PPE)

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

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

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

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

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

Type of Asset	Estimated useful life
Office premises	60 years
Furniture & Fixture	5 to 10 years
Office Equipment	2 to 10 years
Vehicles On Operating Lease	6 years

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

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

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

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

(vii) Leases

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

Company as a Lessor

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

Assets given on operating lease

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

(viii) Impairment of Non financial assets

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

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

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.

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

(ix) Employee benefits

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

(B) Post Employment/retirement benefit Plans

(1) Defined contribution plans

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

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

(2) Defined benefit plans

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

(b) Gratuity

For defined benefit schemes in the form of gratuity plan, the cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each year end. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets.
The Company have an obligation towards gratuity, post employment/retirement defined benefit plan covering eligible employees. The benefit is in the form of lump sum payments to eligible employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days' to 30 days' basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The liability determined basis actuarial valuation is compared with the fair value of plan assets and the shortfall or excess is accounted for as a liability or an asset respectively.

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

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

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

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

(C) Other long term employee benefit plans

(1) Defined benefit plans

(a) Compensated absences

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

(x) Provisions and Contingent Liabilities

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

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

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

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

(xi) Dividend (including dividend distribution tax)

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

(xii) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The power to assess the financial performance and position of the Company and make strategic decisions is vested in the Board of Directors Committee who has been identified as the chief operating decisions maker.

(xiii) Investment in Subsidiaries and Joint Ventures

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

(xiv) Financial instruments

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

(A) <u>Financial assets</u>

Initial recognition and measurement

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

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

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

Subsequent measurement

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

a. at amortised cost, or

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

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

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

(I) Debt Instruments

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

(a) At amortised cost:

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

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

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

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

(b) At FVTOCI:

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

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

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

(c) At FVTPL:

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

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

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

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

(II) Equity Instruments/Investments

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

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

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

(iii) Impairment of financial assets

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

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

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

ECL (both lifetime and 12 months) are calculated on a collective basis considering the retail 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 assets. The Company categorises financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

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

Definition of default

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

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

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

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

Forward looking information

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

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

Collateral valuation:

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

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

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

ECL on Debt Instruments measured at amortised cost

The ECLs for debt instruments measured at amortised cost reduce the gross carrying mount of these financial assets in the balance sheet.

ECL on Debt Instruments measured at fair value through OCI

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

Write-off

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

(IV) Derecognition of financial assets

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

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

(B) <u>Financial liabilities and equity instruments</u>

Classification as debt or equity

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

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

Initial recognition and measurement

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

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

Subsequent measurement

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

(a) At FVTPL:

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company, that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

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

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

(b) At amortised cost:

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

Derecognition of financial liabilities:

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

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

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

<u>(II) Equity instrument</u>

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

(xiv) Compound financial instrument

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

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

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

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

(xv) Fair value measurement

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

(xvi) Offsetting financial instruments

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

(xvii) Recent Accounting Pronouncement

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

Ind AS 116- "Leases"

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

<u>Impact & transition approach adopted by the Company</u>

The Company has used the exemption option available for existing leases and has applied the available exemptions regarding the recognition of short term leases and low value leasing assets. Basis the assessment carried out, this new accounting standard Ind AS 116 had no impact on the standalone financial statements of the Company.

(B) Amendments issued by MCA to existing standards

MCA issued following amendments to certain standards which will be effective from financial year beginning April 1, 2019.

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

The amendments notified in Ind AS 109 pertain to classification of a financial instruments with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permit the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. Earlier, there was no guidance on classification of such instruments According to the amendments, these types of instruments can be classified as measured at amortised cost, or measured at fair value through profit or loss, or measured at fair value through other comprehensive income by the lender or issuer if the respective conditions specified under Ind AS 109 are satisfied. Similarly, the holder may classify them either measured at fair value through profit or loss or measured at amortised cost in accordance with conditions of Ind AS 109.

Impact on the Company

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

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

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

Impact on the Company

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

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

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

Impact on the Company

There Company does not have any impact from this amendment.

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

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

Impact on the Company

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

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

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

Impact on the Company

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

vi) Amendments to Ind AS 23 – Borrowing Costs

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

Impact on the Company

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

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

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

Impact on the Company

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

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of standalone financial statements for the year ended March 31, 2020

Note 4
Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with Banks	116,22.11	159,90.60
Total	116,22.11	159,90.60

Note 5
Bank Balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Earmarked balances with banks	1.87	0.18
Total	1.87	0.18

Note 6
Trade Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Unsecured	14,75.63	257,07.60
Total	14,75.63	257,07.60

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

Note 7
Other Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Unsecured	57.45	0.05
Total	57.45	0.05

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

Note 8
Loans

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
At Amortised Cost		
(A)		
From Financing Activities		
- Term loans	-	49,97.26
- Inter corporate deposits (repayable on demand)	-	220,00.00
Total (A) - Gross	-	269,97.26
Less: Impairment loss allowance	-	(2,31.84)
Total (A) - Net	-	267,65.42
Secured	-	49,97.26
Unsecured	-	220,00.00
Total (B) - Gross	-	269,97.26
Less: Impairment loss allowance	-	(2,31.84)
Total (B) - Net	-	267,65.42
Loans in India		
- Public Sector	-	-
- Others	-	269,97.26
Total (C) - Gross	-	269,97.26
Less: Impairment loss allowance	-	(2,31.84)
Total (C) - Net	-	267,65.42

Note 9
Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits	18.95	18.95
Interest accrued on deposits and investments	31,34.19	21,15.80
Others	14.11	-
Total	31,67.25	21,34.75

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of standalone financial statements for the year ended March 31, 2020

Note 10
Investments

(Rs. in lakhs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Amortised Cost	At Fair Value Through profit or loss	Others (at cost)	Total	Amortised Cost	At Fair Value Through profit or loss	Others (at cost)	Total
i. Mutual funds	-	53,02.00	-	53,02.00	-	-	-	-
ii Debt securities	758,35.00	-	-	758,35.00	556,65.00	-	-	556,65.00
iii. Preference Shares								
-Subsidiaries	-	-	670,00.00	670,00.00	-	-	670,00.00	670,00.00
iv Equity instruments								
-Subsidiaries	-	-	5158,58.10	5158,58.10	-	-	5008,58.10	5008,58.10
-Joint Venture		-	2,65.87	2,65.87	-	-	2,65.87	2,65.87
Total (A) - Gross	758,35.00	53,02.00	5831,23.97	6642,60.97	556,65.00	-	5681,23.97	6237,88.97
i Investments outside India	-	-	-	-	-	-	-	-
ii. Investments in India	758,35.00	53,02.00	5831,23.97	6642,60.97	556,65.00	-	5681,23.97	6237,88.97
Total (B)	758,35.00	53,02.00	5831,23.97	6642,60.97	556,65.00	-	5681,23.97	6237,88.97
Less: Allowance for impairment loss (C)	(8,35.00)	-	(2,65.87)	(11,00.87)	(1.30)	-	-	(1.30)
Total (D) = (A - C)	750,00.00	53,02.00	5828,58.10	6631,60.10	556,63.70	-	5681,23.97	6237,87.67

Details of Investments

(Rs. in lakhs)

Particulars		As at March 31, 2020		As at March 31, 2019	
a) Measured at Fair value through profit and loss		Quantity	Amount	Quantity	Amount
I) Investment in Mutual Fund		268,118	53,02.00	-	-
	Total	268,118	53,02.00	-	-
b) Measured at Amortised Cost					
I) Debt Securities (quoted)					
(a) Fully paid unsecured subordinated non-convertible debentures					
Tata Motors Finance Limited [Coupon Rate - 10%]		500	50,00.00	500	50,00.00
Tata Motors Finance Limited [Coupon Rate - 9.95%]		2,000	200,00.00	-	-
	Subtotal (a)	2,500	250,00.00	500	
ii) Debt Securities (unquoted)					
(a) Fully paid unsecured subordinated non-convertible debentures					
Tata Motors Finance Limited [Coupon Rate - 9%]		2,000	200,00.00	2,000	
Tata Motors Finance Limited [Coupon Rate - 10%]		1,000	100,00.00	1,000	100,00.00
Tata Motors Finance Limited [Coupon Rate - 10.25%]		1,000	100,00.00	-	-
Tata Motors Finance Solutions Limited [Coupon Rate - 10.7%]		1,000	100,00.00	1,000	100,00.00
	Subtotal (b)	5,000	500,00.00	4,000	200,00.00
(b) Fully paid unsecured optionally convertible zero coupon debentures					
Loginomic Tech Solutions Private Limited ("TruckEasy")		835,000	8,35.00	665,000	6,65.00
Less: Allowance for impairment loss (refer note 3)			(8,35.00)		-
	Subtotal (c)	835,000	-	665,000	6,65.00
(c) Fully paid compulsorily convertible debentures					
Concorde Motors (India) Limited [Coupon Rate - 9.75%]		-	-	100,000,000	100,00.00
Less: Allowance for impairment loss		-	-	-	(1.30)
	Subtotal (d)	-	-	100,000,000	99,98.70
	Total		750,00.00		306,63.70
c) Measured at Cost (refer note 2)					
I) Preference Shares in Subsidiary (unquoted)					
Fully paid cumulative compulsorily convertible preference shares					
Tata Motors Finance Limited [Coupon Rate - 8.2%]		15,000,000	300,00.00	15,000,000	300,00.00
Fully paid Non-cumulative compulsorily convertible preference shares					
Tata Motors Finance Limited [Coupon Rate - 10%]		18,500,000	370,00.00	18,500,000	370,00.00
	Total	33,500,000	670,00.00	33,500,000	670,00.00
ii) Equity instruments					
1) Subsidiaries					
Tata Motors Finance Limited (FV Rs.100/-)		59,005,673	3457,41.15	56,562,677	3307,41.15
Tata Motors Finance Solutions Limited (FV Rs.100/-)		170,049,735	1701,16.95	170,049,735	1701,16.95
	Subtotal (a)		5158,58.10		5008,58.10
2) Joint Venture					
Loginomic Tech Solutions Private Limited ("TruckEasy") (FV Rs.10/-)		31,200	2,65.87	31,200	2,65.87
Less: Allowance for impairment loss (refer note 3)			(2,65.87)		-
	Subtotal (b)		-		2,65.87
	Total		5158,58.10		5011,23.97

Note:

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

2) Measured at Cost based on Ind AS 27 - Consolidated and Separate Financial Instrument

3) During the financial year, provision for impairment loss allowance for investments held in joint venture amounting to Rs. 11,00.87 lakhs has been recognised as the Company does not expect to recover its cost of investment.

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TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)

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

Note 11

Property, plant and equipment

(Rs. in lakhs)

Particulars	Gross Block				Accumulated Depreciation				Net Block
	Balance as at April 01, 2019	Additions	Deletions	Balance as at March 31, 2020	Balance as at April 01, 2019	Depreciation	Deletions	Balance as at March 31, 2020	Balance as at March 31, 2020
Office Premises	39,80.77	-	-	39,80.77	4,52.23	62.97	-	5,15.21	34,65.56
Furniture and fixtures	11,97.60	-	15.09	11,82.51	9,93.90	59.22	12.28	10,40.84	1,41.67
Vehicles - given on operating lease	6,15.86	-	4,33.00	1,82.86	4,83.94	50.15	3,69.18	1,64.91	17.95
Office equipments	3,55.49	-	5.67	3,49.82	3,05.61	14.32	5.23	3,14.69	35.12
	61,49.72	-	453.76	56,95.96	22,35.68	186.67	386.69	20,35.65	36,60.30

(Rs. in lakhs)

Particulars	Gross Block				Accumulated Depreciation				Net Block
	Balance as at April 01, 2018	Additions	Deletions	Balance as at March 31, 2019	Balance as at April 01, 2018	Depreciation for the year	Deletions	Balance as at March 31, 2019	Balance as at March 31, 2019
Office Premises/ Residential flat	39,80.77	-	-	39,80.77	3,89.26	62.97	-	4,52.23	35,28.54
Furniture and fixtures	11,97.60	-	-	11,97.60	8,21.28	1,72.62	-	9,93.90	2,03.70
Vehicles - given on operating lease	8,52.35	-	2,36.49	6,15.86	4,34.51	1,62.51	113.08	4,83.94	1,31.92
Office equipments	3,59.19	-	3.70	3,55.49	2,72.44	36.61	3.44	3,05.61	49.88
Total	63,89.91	-	2,40.19	61,49.72	19,17.49	4,34.71	116.52	22,35.68	39,14.04

Note 12

Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits with statutory authorities	9.48	9.48
Taxes recoverable and dues from government	4.47	4.84
Others	7.54	1.50
Total	**21.49**	**15.82**

Note 13

Payables

(Rs. In lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	119.65	55.90
Other Payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,99.95	6,87.34

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

Note 14

Debt securities (at amortised cost)

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
i. Privately placed non-convertible debentures (unsecured)	1958,54.30	902,15.06
ii. Commercial Paper (unsecured) (net of unamortised borrowing cost including discounting charges of Rs. 90.73 lakhs; March 31, 2019 Rs. 19,26.83 lakhs)	199,09.27	1880,73.17
Total (A)	**2157,63.57**	**2782,88.23**
i. Debt securities in India	2157,63.57	2782,88.23
ii. Debt securities outside India	-	-
Total (B)	**2157,63.57**	**2782,88.23**

Details of Non Cumulative Debentures (Unsecured)

(Rs. in lakhs)

From Balance sheet Date	As at March 31, 2020 Interest Rate Range	As at March 31, 2020 Amount	As at March 31, 2019 Interest Rate Range	As at March 31, 2019 Amount
Issued on private placement basis	-	-	-	-
Maturing between 1 year to 3 Years	11.00% to 11.00%	2016,82.60	8.60% to 8.85%	362,03.33
Maturing within 1 Year	8.60% to 8.85%	362,03.33	8.60% to 8.85%	612,95.29
Total Face Value		2378,85.93		974,98.62
Less: Unamortised borrowing cost		420,31.63		72,83.56
Total Amortised cost		1958,54.30		902,15.06

Note 15

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

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Inter Corporate Deposits from related parties (unsecured)	350,00.00	-
(b) Liability component of compound financial instruments	23,93.49	32,68.96
Total (A)	**373,93.49**	**32,68.96**
i. Borrowings in India	373,93.49	32,68.96
ii. Borrowings outside India	-	-
Total (B)	**373,93.49**	**32,68.96**

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

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Note 16
Other financials liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest Accrued on borrowings	85,62.88	49,87.22
Others	0.64	0.64
Total	85,63.52	49,87.86

Note 17
Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	20.97	26.08
Total	20.97	26.08

Note 18
Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Dues	2,92.13	1,43.36
Total	2,92.13	1,43.36

Note 19
Equity Share Capital

(Rs. in Lakhs)

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

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

(Rs. in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs.	No. of shares	Rs.
Shares outstanding at the beginning of the year	1,598,283,442	1598,28.34	1,404,735,056	1404,73.50
Shares issued during the year	50,000,000	50,00.00	193,548,386	193,54.84
Shares outstanding at the end of the year	1,648,283,442	1648,28.34	1,598,283,442	1598,28.34

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of Issued Share Capital	No. of shares	% of Issued Share Capital
Equity shares with voting rights				
Tata Motors Limited	1,648,283,442	100.00	1,598,283,442	100.00

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of Issued Share Capital	No. of shares	% of Issued Share Capital
Equity Share with voting rights				
Tata Motors Limited	1,648,283,442	100.00	1,598,283,442	100.00

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

e) Dividends not recognised at the end of the reporting year
The Board of Directors at its meeting held on May 29, 2020 has recommended a final dividend of Rs Nil on fully paid equity share of Rs 10 each (March 31 2019 – Rs.0.406 per equity share (4.06%)).

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

Note 19A

Equity Component of Compound Financial Instrument

(Rs. in Lakhs)

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

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

(Rs. In Lakhs)

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

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

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

c) Terms/rights attached to preference shares

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

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

Particulars	(Rs. in lakhs)	Conversion Date
cumulative, non-participating Compulsorily convertible preference share (CCPS) of Rs 100 each	130,00.00	02.03.2023
cumulative, non participating Compulsorily convertible preference share (CCPS) of Rs. 100 each	304,00.00	28.03.2023

d) Distribution:

i) The Board of Directors at its meeting held on March 26, 2020 approved an interim dividend of Rs. 2.70 per share (2.70%) on Cumulative non-participating Compulsorily convertible preference share of Rs 100 each which was paid on March 27, 2020.

ii) The Board of Directors at its meeting held on May 29, 2020 recommended a final dividend of Rs. 0.30 per share (0.30%) on Cumulative, non-participating Compulsorily convertible preference share of Rs 100 each which is subject to approval of the members of the Company at the forthcoming annual general meeting.

Note 19B
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) Securities Premium Account
The amount received in excess of face value of the equity shares is recognised in Securities Premium Account. Also, issue expenses in respect of new equity infusion and CCPS infusion is recognised in Securities Premium Account.

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

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

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of standalone financial statements for the year ended March 31, 2020

Note 20
Interest Income

(Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Assets measured at Amortised Cost		
Interest on Loans	6,64.86	54,76.71
Interest income from investments	79,06.86	34,58.32
Other interest income	4,84.26	7,08.90
Total	90,55.98	96,43.93

Note 21
Net gain on fair value changes

(Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net gain/(loss) on financial instruments at fair value through profit or loss on mutual funds	9,38.54	12,18.62
Total	9,38.54	12,18.62
Fair Value changes:		
- Realised	9,36.54	12,26.29
- Unrealised	2.00	(7.68)
Total	9,38.54	12,18.62

Note 22
Other Income

(Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Support services income	91,51.72	63,19.93
Net gain/ (loss) on derecognition of property, plant and equipment	30.67	(10.09)
Interest on income tax refund	22,89.14	14,52.74
Miscellaneous income	-	0.07
Total	114,71.53	77,62.65

Note 23
Finance Costs (on financial liabilities measured at Amortised Cost)

(Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on Borrowings	57,82.76	59,00.83
Interest on Debt Securities	209,53.58	204,91.41
Other Finance Charges	47.55	1,31.44
Total	267,83.89	265,23.68

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)

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

Note 24

Impairment on financial instruments and other assets

(Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loans (at amortised cost)		
Allowances for loan losses	(2,31.84)	96.82
Investments (at amortised cost)		
Allowances for losses on investment	8,33.70	-
Other non-finanicals assets (at cost)		
Provision for diminution in the value of investment	2,65.87	-
Total	**8,67.73**	**96.82**

Note 25

Employee Benefits Expenses

(Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries	5,66.00	9,58.83
Contribution to provident and other funds	20.52	19.93
Staff welfare expenses	17.21	1.90
Total	6,03.73	9,80.66

Note 26

Other expenses

(Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent, taxes and energy costs	37.26	37.76
Repairs and maintenance	52.93	49.96
Director's fees, allowances and expenses	19.10	24.80
Auditor's fees and expenses	11.59	13.45
Legal and Professional charges	1,36.15	72.95
Insurance	1.74	7.39
Service Provider Fees	77.88	77.77
Cenvat Credit Reversal	54.32	35.55
Others	1,02.32	76.75
Total	**4,93.29**	**3,96.38**

(i) Auditors' remuneration (excluding taxes):

(Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
As auditors - Statutory audit	6.14	10.14
Tax audit	0.69	0.69
For other services	3.90	1.80
Reimbursement of out of pocket expenses	0.86	0.82
Total	**11.59**	**13.45**

(ii) Corporate social responsibility

The prescribed CSR expenditure required to be spent in the year 2019-20 as per the Companies Act, 2013 is Nil (Nil for 2018-19), 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.

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of standalone financial statements for the year ended March 31, 2020

Note 27
Income taxes
a) Income tax expense recognised in statement of profit or loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income tax expense		
Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	(1,98.38)	(19.33)
Total current tax expense	(1,98.38)	(19.33)
Deferred tax		
Decrease (increase) in deferred tax assets	-	-
(Decrease) increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	-	-
Income Tax expense	**(1,98.38)**	**(19.33)**

b) **Reconciliation of the income tax expenses and accounting profit**
Reconciliation of the Income tax expense and the accounting profit multiplied by India's tax rate:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before taxes	8,57.93	3,49.57
Income tax expenses calculated at statutory tax rate 29.12% (previous year 34.944 %)	**2,49.83**	**1,22.16**
Tax effect of the amount which are not taxable in calculating taxable income :		
- Effect of income that is exempt from taxation	(22,51.57)	(32,56.36)
- Effect of expenses not deductible for tax computation	11,35.85	13,03.40
- Utilization of unrecognised and unused tax losses to reduce current tax expense	(2,06.57)	-
- Deferred tax assets not recognised because realization is not probable	10,72.47	18,30.80
- Adjustments recognised in relation to the current tax of prior years	(1,98.38)	(19.33)
Income tax expense/(credit) recognised for the year at effective tax rate	**(1,98.38)**	**(19.33)**

c) **Deferred tax assets/liabilities (net)**
Significant components of deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(Rs. in lakhs)

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

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

(Rs. in lakhs)

Particulars	As at April 01, 2018	Charged/ (credited) to profit and loss	Charged/ (credited) to Other Comprehensive Income	As at March 31, 2019
- Minimum alternate tax (MAT) entitlement	17,37.83	-	-	17,37.83
Deferred tax assets/(liabilities) (net)	**17,37.83**	**-**	**-**	**17,37.83**

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

e) **Tax losses**
As at March 31, 2020, unrecognised deferred tax assets amount to Rs. 9,03.34 lakhs which can be carried forward indefinitely and Rs. 97,15.27 lakhs which can be carried forward upto a specified period. These relate primarily to depreciation carry forwards and business losses. The deferred tax asset has not been recognised on the basis that its recovery is not probable in the foreseeable future.

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

Year	Amount (Rs. in lakhs)
March 31, 2025	50,48.32
Thereafter	46,66.95

Note 28

Earnings per share

Basic and diluted earnings per equity share are computed in accordance with Ind AS 33 – Earnings per share. Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year.

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

(Rs in lakhs, except per share data)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic		
Weighted average no. of equity shares outstanding	1,729,434,972	1,462,534,437
Net profit attributable to equity share holders	10,56.31	3,68.90
Basic earnings per share (Rs.)	0.06	0.03
Diluted		
Weighted average no. of equity shares outstanding	1,729,434,972	1,462,534,437
Net profit	10,56.31	3,68.90
Diluted earnings per share (Rs.)	0.06	0.03
Face value per share (Rs.)	10.00	10.00

Note 29

Segment

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

Note 30

Disclosure in respect of Operating leases

1 Company as lessee- Operating Leases

The Company has recognised lease rent payments made amounting to Rs 13.14 lakhs (as at March 2019: Rs 13.14 lakhs) in the Statement of Profit and Loss under "Other Expenses". The lease does not meet the Right-of-use recognition criteria as per Ind AS 116.

2 Company as lessor- Operating Leases

i) The Company has given passenger and commercial vehicles under operating lease. Also, the Company has given office premises under operating lease.
The Company has recognised lease rental income from leasing of these assets amounting to Rs. 5,95.15 lakhs (Previous year: Rs 8,37.84 lakhs) in the Statement of Profit and Loss.
The lease income pertaining to variable lease payments that do not depend on an index or a rate recognized during the year amounts to Rs. 5,53.27 lakhs (Previous year: Rs. Nil lakhs).
Although the risks associated with rights that the Company retains in underlying assets are not considered to be significant, the Company employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Company when a property has been subjected to excess wear-and-tear during the lease term.

ii) The undiscounted maturity analysis of future lease receivables is as follows-

(Rs. In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Within 1 year	14.05	39.21
1-2 years	0.15	15.59
2-3 years	-	0.15
3-4 years	-	-
4-5 years	-	-
Above 5 years	-	-
Total	14.20	54.95

Note 31

Contingent liabilities and commitments

1 Contingent liabilities to the extent not provided for:

a) Claims against the company not acknowledged as debts.

(Rs. In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
In respect of income tax matters	20,62.58	3,02.80
Total	20,62.58	302.80

2 Commitments:

a) Commitment for Investment Rs Nil lakhs (as at March 31, 2019: Rs 3,35.00 lakhs)

Note 32
Employee benefit obligations

a) Defined contribution plans
Superannuation Fund:

The Company makes contribution towards superannuation fund, a defined contribution retirement plan for qualifying employees. The Superannuation Fund is administered by the Trustees of the Tata Motors Limited Superannuation Fund. The Company is liable to pay to the superannuation fund to the extent of the amount contributed. The Company recognise such contribution as an expense in the year of contribution.

The amounts contributed in current year of Rs. 1.50 lakhs (previous year Rs. 1.50 lakhs) has been recognised in the Statement of Profit and Loss.

b) Defined benefit plans
i) Providend Fund:
In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, as specified under the law, are made to the provident fund set up as an irrevocable trust by Tata Motors Limited. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The Liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation.

Given the prescribed investment pattern, most investment of provident fund' have historically been in debt securities, which were giving secure returns. However, during the year ended March 31, 2020, with a ratings downgrade and potential bond default of some of the biggest companies, the total liability principal and interest guarantee has been actuarially valued as a defined benefit.

The amounts contributed in current year towards provident fund Rs. 11.47 lakhs (previous year Rs. 10.82 lakhs). Out of which Rs 10.71 lakhs and Rs 0.76 lakhs has been recognised in the Statement of Profit and Loss and Other Comprehensive Statement (OCI) respectively.

The following tables set out the funded status of the defined benefit provident fund plan and the amounts recognized in the Company's financial statements as at March 31, 2020.

(Rs In lakhs)

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

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

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

Amount recognised in the Statement of Profit and Loss:	Year ended March 31, 2020
Current service cost - Employer	11.60
Net interest on net defined benefit liability / (asset)	(0.89)
Cost recognised in P&L	10.71

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

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

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

The breakup of the plan assets into various categories as at March 31, 2020 is as follows:

Particulars	As at March 31, 2020
Central and State government bonds	46.28%
Public sector undertakings and Private sector bonds	34.74%
Equity shares of listed Companies	3.44%
Cash (including special deposit)	12.95%
Others	2.09%
Total	100.0%

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

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

ii) Gratuity

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

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

(Rs. in lakhs)

a) Changes in defined benefit obligations	As at March 31	
	2020	2019
Defined benefit obligation, beginning of the year	1,36.47	115.13
Current service cost	7.89	7.04
Interest cost	10.51	8.87
Remeasurement (gains) / losses		
Actuarial (gain) /losses arising from change in financial assumptions	-	(1.25)
Actuarial (gain) /losses arising from change in demographic assumptions	-	-
Actuarial (gain) /losses arising from change in experience adjustments	(3.51)	6.68
Past service cost	-	-
Transfer in/(out) of liability	-	-
Benefits paid from plan assets	-	-
Benefits paid directly by the employer	-	-
Defined benefit obligation, end of the year	1,51.36	1,36.47

(Rs. in lakhs)

b) Changes in plan assets	As at March 31	
	2020	2019
Fair value of plan assets, beginning of the year	1,25.50	100.35
Interest cost	10.09	8.30
Remeasurement (gains) / losses		
Return on plan assets, (excluding amount included in net interest expense)	(0.24)	2.07
Transfer in/(out) of assets	-	-
Employer's contribution	10.97	14.78
Benefits paid	-	-
Fair value of plan assets, end of the year	1,46.32	1,25.50

(Rs. in lakhs)

c) Amount recognised in balance sheet consist off	As at March 31	
	2020	2019
Present value of defined benefit obligation	1,51.36	1,36.47
Fair value of plan assets	(1,46.32)	(1,25.50)
Net Liability / (Assets)	**5.04**	**10.97**

(Rs. in lakhs)

d) Amount recognised in the Statement of Profit and Loss:	As at March 31	
	2020	2019
Current Service Cost	7.89	7.04
Interest on Defined Benefit Obligations (Net)	0.42	0.57
Net Charge to the Statement of Profit and Loss	8.31	7.61

(Rs. in lakhs)

e) Amount recognised in Other Comprehensive Income(OCI) for the Year:	As at March 31	
	2020	2019
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	0.24	(2.07)
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	-	(1.25)
Actuarial gains/(losses) arising from changes in experience adjustments on plan liabilities	(3.51)	6.68
Net impact on the other comprehensive income before tax	(3.27)	3.36

(Rs. in lakhs)

f) The fair value of Company's Gratuity plan asset by category	As at March 31, 2020	As at March 31, 2019
Asset Category		
Insurer managed funds		
- Insurer Managed Funds (unquoted)	100%	100%
Total	100%	100%

g) The assumptions used in accounting for the gratuity plans are set out below:	As at March 31, 2020	As at March 31, 2019
Discount rate	6.50%	7.70%
Expected return on plan assets	6.90%	7.70%
Salary Escalation rate	6% first year and 7% thereafter	8.00%
Mortality Tables	Indian Assured Lives mortality (2006-08) ult	

(a) Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

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

(Rs. in lakhs)

h) The maturity profile of defined benefit obligation are set out below:	As at March 31, 2020	As at March 31, 2019
Within next 12 months (next annual reporting period)	-	
Between 1 and 5 years	1,51.36	1,74.69
Between 5 and 9 years	-	-
10 years and above	-	-

(Rs. in lakhs)

i) Quantitative sensitivity analysis for significant assumptions:	As at March 31, 2020	As at March 31, 2019
100 bps increase in discount rate	-	(2.45)
100 bps decrease in discount rate	-	2.52
100 bps increase in salary escalation rate	-	2.49
100 bps decrease in salary escalation rate	-	(2.47)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year

j) Weighted Average Duration of Defined Benefit obligation:	As at March 31, 2020	As at March 31, 2019
The weighted average duration of the defined benefit obligation	1 year	2 years

(Rs. in lakhs)

k) The best estimate of the expected Contribution for the next year:	As at March 31, 2020
The Company expected contribution to the funded gratuity plans in FY 2020-21	1,51.36

l) Risk Exposure

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

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

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

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

Note 33

Related party disclosures

(A) Related parties and their relationship

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

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

(III) Joint ventures
Loginomic Tech Solutions Private limited

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

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

(V) Key Management personnel :
Mr. Guenter Butschek - Non-Executive Director and Chairman
Mr. Shyam Mani - Managing Director
Mr. Hoshang Sinor - Independent Director (Up to December 05, 2019)
Mr. Phillie Karkaria - Independent Director
Ms. Vedika Bhandarkar - Independent Director
Mr. P. B. Balaji - Non-Executive Director
Mr Anand Bang - Chief Financial Officer

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

(Rs in lakhs)

Transactions	Holding Company	Subsidiaries	Joint Venture	Other Related Parties	Total
a) Transactions during the period					
Dividend income	-	77,32.04	-	-	77,32.04
Rent Income	8.73	6,52.86	-	10.69	6,72.28
Other Income	-	33.19		-	33.19
Interest income on loans and investments	-	74,63.05	-	26,35.87	100,98.91
Amount received towards reimbursement of expenses	-	-	-	1,43.29	1,43.29
Expenses for support services (Incl, reimbursement of expenses)	11.41	91.89	-	4.05	1,07.35
Dividend paid	76,76.81	-	-	-	76,76.81
Interest Expenses	1,46.99	17,02.63	-	61.15	19,10.77
Other Expenses	-	-	-	41.70	41.20
Loans and advances given	-	375,00.00	-	-	375,00.00
Loans and advances recovered	-	595,00.00	-	-	595,00.00
Contributions paid to employee benefit trust	-	-	-	10.97	10.97
Loans and advances recovered	256,77.68		-	49,92.26	306,69.94
Loans and advances given	-	300,00.00	-	-	300,00.00
Investments made	-	-	1,70.00	-	1,70.00
Proceeds against investments	-	-	-	10,000.00	100,00.00
Investments made	-	150,00.00	-	-	150,00.00
Provision on doubtful loans and investments	-	-	(8,35.00)	-	(8,35.00)
Loans and advances taken / availed	400,00.00	7465,00.00	-	1,000.00	7875,00.00
Loans and advances repaid	400,00.00	2115,00.00	-	1,000.00	2525,00.00
Issue of share capital (including share premium)	150,00.00	-	-	-	150,00.00
Total	1285,21.61	6176,75.66	(6,65.00)	198,99.48	7654,31.75
b) Balances as at					
Amount receivable others	-	31,68.90	-	14.11	31,83.00
Investment in optionally convertible debentures	-	-	8,35.00	-	8,35.00
Provision on for doubtful Investmenst / loans	-	-	(8,35.00)	-	(8,35.00)
Amount receivable in respect of invstments	-	750,00.00	-	-	750,00.00
Amount payable in respect of Inter company deposit	-	350,00.00	-	-	350,00.00
Amount payable others	9.64	-	-	37.08	46.72

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

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of standalone financial statements for the year ended March 31, 2020

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

(Rs in lakhs)

Transactions	Holding Company	Subsidiaries	Joint Venture	Other Related Parties	Total
Interest income on loans and investments	54,91.50	31,02.21	-	10,09.83	96,03.54
Other Income	1,46.80	-	-	23.60	1,70.40
Rent – income	-	7,67.78	-	-	7,67.78
Dividend income	-	93,18.79	-	-	93,18.79
Interest Expenses	-	1,34.87	-	70.38	2,05.25
Expenses for other services (incl. reimbursement of expenses)	5.03	2,33.28	-	-	2,38.31
Other expenses		-		31.50	31.50
Dividend Paid	63,21.31	-	-	-	63,21.31
Loans and advances given	150,00.00	4300,00.00	-	-	4450,00.00
Loans and advances recovered	920 33 03	4130,00.00	-	13,46.75	5063,79.78
Contributions paid to employee benefit trust	-	-	-	14.78	14 78
Investments made	-	1120,00.00	9,30.87	-	1129,30.87
Issue of share capital (including share premium)	600,00.00	-	-	-	600,00.00
Loans and advances taken / availed		1481,00 00	-	65,00.00	1546,00.00
Loans and advances repaid		1481,00.00	-	65,00.00	1546,00.00

b) Balances as at					
Amount receivable others	271,89 48	226,16.16	-	49,97 26	548,02.89
Amount receivable in respect of investments	-	450,00.00	-	100,00.00	550,00 00
Amount payable others	-	-	-	39.32	39.32
Investment in optionally convertible debentures	-	-	6,65.00	-	6,65.00

(iv) Key management personnel remuneration

(Rs in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Short term employee benefits (Refer note below)	7,85.30	4,45.87

Note:

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

b) Includes sitting fees paid to non-executive directors is Rs 19 10 lakhs and Rs.24.80 lakhs for the year ended March 31, 2020 and 2019, respectively.

Note 34

Reconciliation of Movement in Borrowings to cash flow from financing activities

(Rs in lakhs)

Particulars	As at April 01, 2019	Cash Flows (net)	Exchange Difference	Amortisation of loan origination costs	As at March 31, 2020
Debt Securities	2782,88.22	(834,78 23)	-	209,53.58	2157,63.57
Borrowings (other than Debt securities)	32,68.96	338,28 20	-	2,96.33	373,93.49
Total Liabilities from Financing Activities	2815,57.18	(496,50.03)	-	212,49.91	2531,57.05

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Note 35
Fair value measurements

Financial Instruments by categories (Rs. In Lakhs)

Particulars	As at March 31, 2020 FVTPL	As at March 31, 2020 Amortised cost	As at March 31, 2019 FVTPL	As at March 31, 2019 Amortised cost
Financial Assets:				
Investments				
- Mutual funds	53,02.00	-	-	-
- Preference Shares	-	670,00.00	-	670,00.00
- Debt securities	-	750,00.00	-	556,63.70
Loans	-	-	-	267,65.42
Cash and cash equivalents	-	11,677.11	-	159,90.60
Other bank balances	-	1.87	-	0.18
Trade Receivables & Other receivables	-	15,33.08	-	257,07.65
Other financial assets	-	31,67.25	-	21,34.75
Total financial assets	**53,02.00**	**1583,24.31**	**-**	**1932,62.30**
Financial liabilities:				
Borrowings	-	373,93.49	-	32,68.96
Debt securities	-	2157,63.57	-	2782,88.23
Trade payables	-	119.65	-	55.90
Other payables	-	4,99.95	-	6,87.34
Other financial liabilities	-	85,63.52	-	49,87.86
Total financial liabilities	**-**	**2623,40.19**	**-**	**2872,88.29**

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

(Rs. In Lakhs)

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

(Rs. in Lakhs)

Particulars	As at March 31, 2020					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost for which Fair Value is disclosed						
(a) Borrowings	23,93.49	23,93.12	-	23,93.12	-	23,93.12
(b) Debt Securities	1958,54.30	2054,14.17	-	2054,14.17	-	2054,14.17
Total	**1982,47.79**	**2078,07.29**	**-**	**2078,07.29**	**-**	**2078,07.29**

(Rs. in Lakhs)

Particulars	As at March 31, 2019					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost for which Fair Value is disclosed						
Loans	267,65.42	271,00.28	-	-	271,00.28	271,00.28
Total	**267,65.42**	**271,00.28**	**-**	**-**	**271,00.28**	**271,00.28**

(Rs. In Lakhs)

Particulars	As at March 31, 2019					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost for which Fair Value is disclosed						
(a) Borrowings	32,68.96	32,37.40	-	32,37.40	-	32,37.40
(b) Debt Securities	902,15.06	902,81.63	-	902,81.63	-	902,81.63
Total	**934,84.02**	**935,19.03**	-	935,19.03	-	935,19.03

The categories used are as follows :

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

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e; derived from prices).
Valuation techniques with significant unobservable Inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.
There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2020, and year ended March 31, 2019.

Valuation technique used to determine fair value of financial instruments

(i) The fair value of loans arising from financing activities has been estimated by discounting expected cash flows using rates at which loans of similar credit quality and maturity would be made and internal assumptions such as expected credit losses and estimated collateral value for repossessed vehicles as at March 31, 2020 and March 31, 2019. Since significant unobservable inputs are applied in measuring the fair value of loans arising from finance activities are classified in Level 3.

(ii) The fair value of borrowings is estimated by discounting expected future cash flows, using a discount rate equivalent to the risk free rate of return, adjusted for the credit spread considered by the lenders for instruments of similar maturity and credit quality are classified in level 2.
Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.
Fair value of financial assets/liabilities measured at amortised cost
The carrying amounts of other financial assets and other financial liabilities other than those disclosed in table above valued at level 2 and level 3 are considered to be the same as their fair values due to the short term maturities of instruments or no material differences in the values.

Note 36

Financial risk management

The Company's activities expose it to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's risk management strategies focus on the un-predictability of these elements and seek to minimise the potential adverse effects on its financial performance. Centralised treasury department and risk management department advises on financial risks and the appropriate financial risk governance framework for the Company and provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

(A) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its
-operating activities, primarily loans arising from financing activities;
- Investing activites, including primarily investments in debt securities, preference shares, equity shares and mutual fund schemes; and
- financing activities, including term deposits and balances with banks and financial institutions and other financial instruments.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure, being the total of the carrying amount of balances with banks, time deposits with banks, loans arisng from financing activities, Investment in debt instruments, derivative instruments, trade receivables and other financial assets excluding equity investments.

Financial assets that are neither past due or impaired

Credit risk on cash and cash equivalents and deposits with banks/financial institutions is generally low as the said deposits have been made with banks/financial institution who have been assigned high credit rating by international/domestic rating agencies. Credit risk on derivative instruments is generally low as the Company enters into derivative contracts with reputed banks.
Investments of surplus funds are made only with internally approved financial institutions/counter party and primarily include investments in mutual funds and bank deposits.
None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding the trade receivables, other receivables, investment in preference shares and other receivables are neither impaired nor past due, there were no indications as at March 31, 2019, that defaults in payment obligations will occur.

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

The carrying amount of loans represent the maximum credit exposure net of provision for impairment. The maximum exposure to credit risk was Rs. Nil as of March 31, 2020 (March 31, 2019 - Rs. 267,65.42 lakhs)
Credit risk for loans is managed by the Company through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which the Company grants credit terms in the normal course of business. Loans are secured and are derived from customers located in India.
On account of adoption of Ind AS 109, the Company uses the 3 staging Expected Credit Loss (ECL) model to assess the impairment gain or loss. The model takes into account a continuing credit evaluation of Company's customers' financial condition; ageing of loans; the value and adequacy of collateral received from the customers; the Company's historical loss experience; and adjusted for forward looking information. The Company defines default as an event when there is no reasonable expectation of recovery.
The Company makes allowances for losses on its portfolio of loans on the basis of expected future collection from receivables. The future collection are estimated on the basis of past collection trend which are adjusted for changes in current circumstances as well as expected changes in collection on account of future with respect to certain macro economic factors

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

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

(Rs. In Lakhs)

Loans	As at March 31, 2020			As at March 31, 2019		
	Gross carrying amount	Impairment allowance	Net amount	Gross carrying amount	Impairment allowance	Net amount
Current (not past due)	-	-	-	269,97.26	2,31.84	267,65.42
Total	-	-	-	269,97.26	2,31.84	267,65.42

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

(Rs. in Lakhs)

	For the year ended March 31,	
	2020	2019
Balance at the beginning	2,31.84	1,35.02
Impairment loss recognised/(reversed)	(2,31.84)	96.82
Balance at the end	-	2,31.84

ii) Investments (at amortised cost)

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

(Rs. in Lakhs)

Investments	As at March 31, 2020			As at March 31, 2019		
	Gross carrying amount	Impairment allowance	Net amount	Gross carrying amount	Impairment allowance	Net amount
Current (not past due)	-	-	-	100,00.00	1.30	99,98.70
Total	-	-	-	**100,00.00**	**1.30**	**99,98.70**

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

(Rs. in Lakhs)

	For the year ended March 31,	
	2020	2019
Balance at the beginning	1.30	1.30
Impairment loss recognised/(reversed)	(1.30)	-
Balance at the end	-	1.30

(B) Management of Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as and when required. The Company manages the liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company invests its surplus funds in bank fixed deposit and liquid schemes of mutual funds, which carry no/negligible mark to market risks.

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

(Rs. in Lakhs)

	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contractual cashflows
Non derivatives						
Borrowings	375,93.49	352,96.87	11,09.25	12,01.77	-	376,07.90
Debt securities	2157,63.57	562,03.33	1299,02.56	717,80.11	-	2578,85.00
Trade & Other payables	6,19.60	6,19.60	-	-	-	6,19.60
Other financial liabilities	85,63.52	61,33.10	24,30.42	-	-	85,63.53
Total	**2623,40.18**	**982,52.90**	**1334,42.24**	**729,81.88**	**-**	**3046,77.03**

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

(Rs. in Lakhs)

	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contractual cashflows
Non derivatives						
Borrowings	32,68.96	13,02.00	13,02.00	26,04.00	-	52,08.00
Debt securities	2782,88.23	2512,95.29	362,03.33	-	-	2874,98.62
Trade & Other payables	7,43.24	7,43.24	-	-	-	7,43.24
Other financial liabilities	49,87.86	0.64	39,25.63	10,61.58	-	49,87.85
Total	2872,88.29	2533,41.17	414,30.96	36,65.58	-	2984,37.71

(C) Management of Market Risk

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

Foreign currency risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's borrowings with floating/variable interest rates. The Company borrow through various instruments which has floating rate/ interest rate reset clause which is exposed to interest rate risk.

As at March 31, 2020 and March 2019, borrowings of Rs. Nil and Rs. Nil respectively, was subject to variable interest rates. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact (decrease/increase) of profit/(loss) before tax of Rs. Nil and Rs. Nil on income for the year ended March 31, 2020 and 2019 respectively.

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

Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, convertible and non-convertible debt securities and other long-term/short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings.

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

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

Total debt includes all long and short-term borrowings as disclosed in notes 14 and 15 to the financial statements.

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

Particulars	As at March 31, 2020	As at March 31, 2019
CRAR (%)	64.47%	62.17%
CRAR - Tier I capital (%)	64.35%	62.14%
CRAR - Tier II capital (%)	0.12%	0.03%

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

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Note 37
Maturity Analysis of Assets and Liabilities

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

(Rs. in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Current	Non-Current	Total	Current	Non-Current	Total
ASSETS						
Financial assets						
Cash and cash equivalents	116,22.11	-	116,22.11	159,90.60	-	159,90.60
Bank balance other than cash and cash equivalents	1.87	-	1.87	0.18	-	0.18
Receivables						
Trade receivables	14,75.63	-	14,75.63	257,07.60	-	257,07.60
Other receivables	57.45	-	57.45	0.05	-	0.05
Loans	-	-	-	231,84.23	35,81.19	267,65.42
Investments	53,02.00	6578,58.09	6631,60.09	-	6237,87.67	6237,87.67
Other financial assets	31,48.30	18.95	31,67.25	10,74.25	10,60.50	21,34.75
Non-financial assets						
Current tax assets (net)	-	68,81.34	68,81.34	-	99,58.35	99,58.35
Deferred tax assets - (net) and MAT Credit	-	17,37.83	17,37.83	-	17,37.83	17,37.83
Property, plant and equipment	-	36,60.30	36,60.30	-	39,14.03	39,14.03
Other non-financial assets	12.01	9.48	21.49	6.35	9.48	15.83
Total assets	216,19.37	6721,65.99	6937,85.36	659,63.26	6440,49.05	7100,12.31
LIABILITIES AND EQUITY						
Financial liabilities						
Payables						
Trade payables						
total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	1,19.65	-	119.65	55.90	-	55.90
Other payables						
total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	4,99.55	-	4,99.55	5,87.34	-	5,87.34
Debt securities	559,06.37	1556,57.20	2115,63.57	2452,22.37	330,65.85	2782,88.22
Borrowings (Other than debt securities)	350,00.00	23,93.49	373,93.49	-	32,68.96	32,68.96
Other financials liabilities	61,33.18	24,30.42	85,63.60	-	49,87.86	49,87.86
Non-financial liabilities	-	-	-			
Current tax liabilities (net)	-	2,18.77	218.77	-	11,76.44	11,76.44
Provisions	20.97	0.00	20.97	24.54	1.54	26.08
Other non-financial liabilities	2,92.13	-	292.13	1,43.36	-	1,43.36
Total liabilities	979,72.17	1648,59.88	2628,72.05	2461,33.51	425,00.66	2886,34.17
Net Liabilities	(763,52.80)	5072,66.11	4309,13.30	(1801,70.25)	6015,48.38	4213,78.14

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

Note 38

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)

(A)

Core Investment Company (CIC) Compliance Ratios

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Investments & loans to group companies as a proportion of Net Assets (%)	98.74%	99.11%
2	Investments in equity shares and compulsorily convertible instruments of group companies as a proportion of Net Assets (%)	87.48%	83.26%
3	Capital Adequacy Ratio (%) [Adjusted Net Worth / Risk Weighted Assets]	64.47%	62.17%
4	Leverage Ratio (times) [Outside liabilities / Adjusted Net worth]	0.60	0.67

(B)

Asset Liability Maturity Pattern of certain Items of assets and liabilities

(Rs. In lakhs)

S. No.	Particulars	Period	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 month & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
1	Deposits	March 31, 2020	-	-	-	-	-	-	-	-	
		March 31, 2019	-	-	-	-	-	-	-	-	-
2	Advances	March 31, 2020	-	-	-	-	-	-	-	-	
		March 31, 2019	1,22.56	1,11.33	221,12.54	3,45 09	7,24.61	32,57.68	91.66	-	267,65 41
3	Investments	March 31, 2020	53,02.00	-	-	-	-	-	-	6578,58.09	6631,60.09
		March 31, 2019	-	-	-	-	-	99,98 70	-	6137,88.97	6237,87.67
4	Borrowings from banks / financial institutions	March 31, 2020	-	-	-	-	-	-	-	-	
		March 31, 2019	-	-	-	-	-	-	-	-	-
5	Market borrowings	March 31, 2020	429,06.94	129,99.43	-	82.45	-	1621,68.23	-	-	2181,57.05
		March 31, 2019	500,00.00	700,00.00	700,00.00	-	612,95 29	362,03.33	-	-	2874,98.62

Notes:

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

(C)

Break up of 'Provisions and Contingencies' shown under the head 'Expenditure' in the statement of profit and loss

(Rs. in lakhs)

S. No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1	Allowances for loan losses	(2,31.84)	96.82
2	Allowances for losses on investment	8,33.70	-
3	Provision for diminution in the value of investment	2,65.87	-
	Total	8,67.73	96.82

(D)

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-20	N.A	N.A	CRISIL AA-/ NEGATIVE	N.A	CRISIL A1+	N.A
		31-Mar-19	N.A	N.A	CRISIL AA/ Negative	N.A	CRISIL A1+	N.A
2	ICRA	31-Mar-20	ICRA AA- / NEGATIVE	N.A	ICRA AA- / NEGATIVE	N.A	ICRA A1+	N.A
		31-Mar-19	ICRA AA / Negative	N.A	ICRA AA / Negative	N.A	ICRA A1+	N.A
3	CARE	31-Mar-20	CARE AA-/ NEGATIVE	CARE A1+	CARE AA-/ NEGATIVE	N.A	CARE A1+	N.A
		31-Mar-19	CARE AA/ Stable	CARE A1+	CARE AA/ Stable	N.A	CARE A1+	N.A

Note:

1) CARE has revised its ratings on Long Term Debt and Long Term Bank Lines from CARE AA/Stable to CARE AA-/Negative w.e.f August 26, 2019.

2) ICRA has revised its ratings on Long Term Debt and Long Term Bank Lines from ICRA AA/Negative to ICRA AA-/Negative w.e.f July 30, 2019

3) CRISIL has revised its ratings on Long Term Debt and Long Term Bank Lines from CRISIL AA/Negative to CRISIL AA-/Negative w.e.f August 16, 2019.

E). Disclosure on liquidity risk under RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

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

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

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

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

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

(iv) Funding Concentration based on significant instrument / product

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

(v) Stock Ratios

(Rs in lakhs)

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

Note:

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

(vi) Institutional set-up for liquidity risk management

TMF Holdings Limited (TMFHL) has an Asset Liability Supervisory Committee (ALCO), a Board level Sub committee to oversee liquidity risk management. ALCO consists of Independent Director, Managing Director and Group Chief Financial Officer. The ALCO meetings are held once in 3 months. TMFHL has a Risk Management Committee (RMC), a sub-committee of the Board, which oversees overall risks to which the Company is exposed including liquidity risk management. ALCO's views on liquidity and asset liability management are presented to RMC for its independent review on a quarterly basis. The ALCO and RMC also updates the Board at regular intervals.

(F)

Other disclosures

1. No penalties were imposed by RBI and other regulators during the financial year 2019-20. (financial year 2018-19: Nil)
2. The Company does not have any exposure in real estate sector during the financial year 2019-20. (financial year 2018-19: Nil)
3. The Company being CIC, the prudential exposure limits in respect to single borrower limit / group borrower limit is not applicable.
4. The Company is only registered with Reserve Bank of India as a Systemically Important Non Deposit Taking Non Banking Financial Company as Core Investment Company (CIC).
5. The Company has not entered in to any derivative contracts during the financial year 2019-20 or holds any exposure in respect of derivative transactions as on March 31, 2020. (financial year 2018-19: Nil)
6. The Company has not drawn down any amounts from the reserves during the financial year 2019-20 except as disclosed in Statement of Changes in Equity. (financial year 2018-19: Nil)
7. The Company has not sold any Financial Assets to Securitisation / Reconstruction Company for Asset Reconstruction during financial year 2019-20. (financial year 2018-19: Nil)
8. The Company has not purchased any non-performing financial assets during the financial year 2019-20. (financial year 2018-19: Nil)
9. Overseas assets (for those with joint ventures and subsidiaries abroad)
   The Company does not have any joint venture or subsidiary abroad, hence not applicable
10. The amount of unsecured advances stood at Rs. Nil Lakhs (March 31, 2019: Rs.220.00 Lakhs)
   Further, the Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or
11. The Company does not have any loans and advances and hence, the disclosure on Asset Classification and Provisions as per RBI notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 is not applicable.

Note 39

Since early 2020, the COVID-19 pandemic has impacted several countries across the globe, including India. This resulted in countries announcing lockdown and quarantine measures that sharply stalled economic activity. The Government of India initiated a nation-wide lockdown from March 22, 2020 for three weeks which has since been extended until May 31, 2020. There has been no significant impact on the Company due to the impact of the COVID-19 pandemic. The Company's capital and liquidity position is strong and would continue to be the focus area for the Company.

As per our report of even date attached

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

Vaibhav Shah
Partner
Membership No. 117377
UDIN - 20117377AAAAGF4618
Place : Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

VEDIKA BHANDARKAR
Director
(DIN - 00033808)

P. B. BALAJI
Director
(DIN - 02762983)

SHYAM MANI
Managing Director
(DIN - 00273598)

ANAND BANG
Chief Financial Officer

VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: May 29, 2020

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of standalone financial statements for the year ended March 31, 2020

Schedule to the Balance Sheet as at March 31, 2020 of a non-deposit taking non-banking financial Company
(Disclosure as per Annexure 1 of Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016)

(Rs. in lakhs)

	Particulars		
Liabilities side:		**Amount outstanding**	**Amount overdue**
(1)	Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid: *		
	(a) Debentures : Secured		-
	: Unsecured (Note 1)	2044,17.18	-
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans	-	-
	(d) Inter-corporate loans and borrowings	350,00.00	-
	(e) Commercial Papers (Note 2)	199,39.27	-
	(f) Other Loans		
	- Working capital demand loan	-	-
	- Cash Credit		
	- From banks	-	-
	- From others	-	
	- Liability Component of compound financial instruments	23,93.49	-
Assets side:			**Amount Outstanding**
(2)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured		-
	(b) Unsecured		-
(3)	**Break up of Leased Assets and stock on hire and other assets towards AFC activities**		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease		-
	(b) Operating lease		18.58
	(ii) Stock on hire including hire charges under sundry debtors :		
	(a) Assets on hire		-
	(b) Repossessed Assets		-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above (refer note 1 & note 2 below)		-
(4)	**Break-up of Investments:**		
	Current Investments:		
	1 Quoted :		
	(i) Shares : (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of mutual funds		53,02.00
	(iv) Government Securities		-
	(v) Others		-
	2 Unquoted:		
	(i) Shares : (a) Equity		
	(b) Preference		
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		-
	(iv) Government Securities		-
	(v) Others		-
	Long Term Investments:		
	1 Quoted :		
	(i) Shares : (a) Equity (Investment in subsidiary)		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of mutual funds		-
	(iv) Government Securities		-
	(v) Others		-
	2 Unquoted:		
	(i) Shares : (a) Equity (Investment in subsidiaries)		5152,59.10
	(b) Preference		670,00.00
	(ii) Debentures and Bonds		750,00.00
	(iii) Units of mutual funds		-
	(iv) Government Securities		-
	(v) Others		-

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of standalone financial statements for the year ended March 31, 2020

Schedule to the Balance Sheet as at March 31, 2020 of a non-deposit taking non-banking financial Company
(Disclosure as per Annexure 1 of Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016)

(5) Borrower group-wise classification of assets financed as in (2) and (3) above :

Category		Amount net of provisions		
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	-		-
	(b) Companies in the same group	-	0.63	0.63
	(c) Other related parties	-	-	-
2	Other than Related Parties			
	Total:	-	0.63	0.63

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category		Market Value/ Break up or fair value or NAV	Book Value (Net of Provision)
1	Related Parties		
	(a) Subsidiaries	6578,58.09	6578,58.09
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2	Other than Related Parties	-	-
	Total	6578,58.09	6578,58.09

(7) Other information

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

Note 1: Represents Zero coupon debentures which are gross of accredited value of premium on redemption of Rs 423,31.63 lakhs

Note 2: Commercial Paper are net of unamortised discounting charges amounting to Rs. 90 73 lakhs.

For and on behalf of the Board of Directors

Vedika B

VEDIKA BHANDARKAR
Director
(DIN - 00033808)

P. B. BALAJI
Director
(DIN - 02762983)

SHYAM MANI
Managing Director
(DIN - 00273598)

Anand Bang
ANAND BANG
Chief Financial Officer

VINAY LAVANNIS
Company Secretary

Place: Mumbai
Date: May 29, 2020

Annexure “1”

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN: U65923MH2006PLC162503

ii) Registration Date: 01/06/2006

iii) Name of the Company: **TMF HOLDINGS LIMITED** (Formerly Known as Tata Motors Finance Limited)

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

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

vi) Whether listed company Yes / No: No

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr . No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Tata Motors Limited	L28920MH1945PLC004520	HOLDING	100	2(87)
2	Tata Motors Finance Solutions Limited	U65910MH1992PLC187184	SUBSIDIARY	100	2(84)
3	Tata Motors Finance Limited (Formerly Sheba Properties Limited)	U45200MH1989PLC050444	SUBSIDIARY	97	2(84)

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	Nil	6	6	-	Nil	6	6	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	1,59,82,83,436	Nil	1,59,82,83,436	100	1,648,283,436	-	1,648,283,436	100	3.13
e) Banks / FI									
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**1,59,82,83,436**	**6**	**1,59,82,83,442**	**100**	**1,648,283,436**	**6**	**1,648,283,442**	**100**	**3.13**
(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)	**1,59,82,83,436**	**6**	**1,59,82,83,442**	**100**	**1,648,283,436**	**6**	**1,648,283,442**	**100**	**3.13**
B.**Public Shareholding**									
1. **Institutions**									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-

i)Individual shareholders holding nominal share capital upto Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh c) Others (specify) **Sub-total (B)(2):-** Total Public Shareholding (B)=(B)(1)+ (B)(2)	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1,59,82,83,436**	**6**	**1,59,82,83,442**	**100**	**1,648,283,436**	**6**	**1,648,283,442**	**100**	**3.13**

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding 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 share holding during the year
1	Tata Motors Limited	1,598,283,436	100	NIL	1,648,283,436	100	NIL	3.13
2	Tata Motors Limited jointly with P.B. Balaji	1	--	NIL	1	--	NIL	NIL
3	Tata Motors Limited jointly with Girish Wagh	1	--	NIL	1	--	NIL	NIL
4	Tata Motors Limited jointly with Vispi Patel	1	--	NIL	1	--	NIL	NIL
5	Tata Motors Limited jointly with Ashok Kumar Koyari	1	--	NIL	1	--	NIL	NIL
6	Tata Motors Limited jointly with Asim Mukopadhyay	1	--	NIL	1	--	NIL	NIL
7	Tata Motors Limited jointly	1	--	NIL	1	--	NIL	NIL

	with H.K. Sethna							

iii) Change in Promoters' Shareholding (TML)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	**1,598,283,436**		1,598,283,436	100
	Date wise Increase / Decrease in Promoters Share Holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	June 29, 2019 – Allotment of 5,00,00,000 Equity shares to Tata Motors Limited	3.03	1,648,283,436	100
	At the End of the year			**1,648,283,436**	**100%**

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

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

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		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 Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

					Rs lakhs
	PARTICULARS	**SECURED LOANS**	**UNSECURED**	**DEBT PORTION**	**TOTAL**
			LOANS	**OF CCPS**	**BORROWINGS**
	Indebtedness at the beginning of the financial year				
i)	Principal Amount	-	278,288.22	3,268.96	**281,557.18**
ii)	Interest due but not paid	-	-	-	**-**
iii)	Interest accrued but not due	-	-	-	**-**
	Total (i+ii+iii)	**-**	**278,288.22**	**3,268.96**	**281,557.18**
	<u>Change in Indebtedness during the year</u>				
	· Addition	-	805,495.28	296.33	**805,791.60**
	· Reduction	-	-833,019.93	-1,171.80	**-834,191.73**
		-	-	-	**-**
	Net Change	**-**	**-27,524.65**	**-875.47**	**-28,400.13**
	Indebtedness at the end of the financial year				
i)	Principal Amount	**-**	**250,763.57**	2,393.49	**253,157.05**
ii)	Interest due but not paid	**-**	**-**	-	**-**

iii)	Interest accrued but not due	**-**	**-**	-	**-**
	Total (i+ii+iii)	**-**	**250,763.57**	**2,393.49**	**253,157.05**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director:

Sl. No.	**Particulars of Remuneration**	*Shyam Mani, Managing Director*			**Total Amount**
		Shyam Mani	NA	NA	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,51,01,486	Nil	Nil	7,51,01,486
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,50,600	Nil	Nil	3,50,600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify…	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	**7,54,52,086**	**Nil**	**Nil**	**7,54,52,086**
	Ceiling as per the Act	Within the statutory limits under the Companies Act, 2013 and Rules made thereunder	Nil	Nil	Within the statutory limits under the Companies Act, 2013 and Rules made thereunder

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

Sl. No.	**Particulars of Remuneration**	**Name of Directors**			**Total Amount**
		Vedika Bhandarkar	**Hoshang Sinor**	**P D Karkaria**	
	1. Independent Directors ➢ Fee for attending board / committee meetings ➢ Commission ➢ Others, please specify	6,90,000 - -	4,30,000 - -	7,90,000 - -	**19,10,000** - -
	Total (1)	6,90,000	4,30,000	7,90,000	**19,10,000**
	2. Other Non-Executive Directors ➢ Fee for attending board / committee meetings ➢ Commission ➢ Others, please specify	- - -	- - -	- - -	- -
	Total (2)	**-**	**-**	**-**	
	Total (B)=(1+2)	6,90,000	4,30,000	7,90,000	**19,10,000**

	Total Managerial Remuneration	6,90,000	4,30,000	7,90,000	**19,10,000**
	Overall Ceiling as per the Act	**-**	**-**	**-**	**Rs. 100000 per meeting**

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

Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**		
		CFO Anand Bang	**Company Secretary-Vinay Lavannis**	**Total**
1	Gross salary	-	-	**-**
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	**-**
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit	-	-	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: **NIL**

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

On behalf of the Board of Directors of

TMF HOLDINGS LIMITED
(Formerly known as Tata Motors Finance Limited)

GUENTER BUTSCHEK

Chairman

DIN: 07427375

May 29, 2020, Mumbai