TMF HOLDINGS LIMITED

Consolidated Financial Statements for year ended March 31, 2023

Along with Independent Auditors Report

Independent Auditor's Report
To the Members of TMF Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of TMF Holdings Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated 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 Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the "ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated 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 Consolidated Financial Statements.

Key Audit Matters

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

We have determined the matters described below to be the key matters to be communicated in our report.

Description of Key Audit Matter

Key audit matter	**How the matter was addressed in our audit**
Information technology	
Information Technology ('IT') systems and controls: The Group's key financial accounting and reporting processes are highly dependent on the automated controls in information systems,	• We tested a sample of key controls operating over the information technology in relation to the financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access

such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. We have focused on user access management, change management, interface controls and system application controls over key financial accounting and reporting systems.	rights, new user creation, modification, removal of user rights, user access review and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting systems, we independently performed procedures to determine the operating effectiveness of application controls. For those controls that were changed during the year, we tested the change management process. • We evaluated the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and that business users and developers did not have access to migrate changes in the production environment and the privileged access to applications, operating system and databases is restricted to authorized personnel. • For system implemented/ modified, we evaluated the program development/ modification related controls to determine whether adequate controls have been established to ensure that system implemented/ modification was authorized, tested, approved. Also, we evaluated the IT audit report in order to understand the steps taken by the management's towards rectification of the identified issues.

1. Impairment of Loans to Customers in Tata Motors Finance Limited	
Subjective estimate Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ("ECL") estimation model. The estimation of ECL on loan to customers involves significant judgements and estimates. The key areas where we identified greater levels of management judgement and therefore, increase level of audit focus in the Company's estimation of ECL's are: • Staging of loans [i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories] • Model estimations – the most significant judgement aspects is determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD")	The key audit procedures performed by the auditors of the subsidiary included: • Review of the Company's accounting policies for impairment of loan assets in terms of accounting principles laid down in Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued from time to time. • Understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation. So as to evaluate the reasonableness of the Management estimates. • Assessed the criteria for staging of loans based on their past due status. Tested a sample of performing (stage 1) loans to assess whether any indicators were present requiring them to be classified under higher stages.

• Grouping of borrowers based on homogeneity by using appropriate statistical techniques • Determining macro-economic factors impacting credit quality of receivables • Estimation of losses for loan assets with no/ minimal historical defaults ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecast of future economic conditions which could impact the credit quality of the Company's loans and advances. In view of such high degree of Management's judgement involved in estimation of ECL, it is a key audit matter. (Refer note 3(xvii)(A)(III), note 3(iii) and note 9 of the Consolidated Financial Statements)	• Performed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures. • Assessed the additional considerations applied by the Management for staging of loans as SICR or default categories. • Tested the ECL model, including assumptions and underlying computation. • Tested assumptions used by the Management in determining the overlay for macro-economic factors. • Assessed disclosures included in the standalone financial statements in respect of expected credit losses.
2. IT systems and controls in Tata Motors Finance Limited	
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. Accordingly, we identified IT systems and controls over financial reporting as a key audit matter for the Company.	The auditors of the subsidiary performed the below procedures: • Tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • Review of internal reports and sample used for testing of IT related general controls. • Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized. • Tested requests of changes to systems for approval and authorization. We also tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. • Reviewed the report obtained of independent professional firm for review of matters relating to IT systems and have considered their observations.

<table>
<tr><td colspan="2">1. Impairment of Loans to Customers in Tata Motors Finance Solutions Limited
Gross loans: INR 996,455.10 lakhs for year ended March 31, 2023
Provision: INR 19,227.42 lakhs as at March 31, 2023</td></tr>
<tr><td>Subjective estimate:

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

• Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.

• Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("'LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.

• Qualitative adjustments - Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 27 % of ECL balances as at March 31, 2022. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts.

The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Group. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.</td>
<td>Key audit procedures included:

Design/Controls
The auditors of the subsidiary performed end to end process walkthroughs to identify the key systems, applications and controls used in ECL processes. Tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in ECL process.

Key aspects of controls testing involved the following:

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

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

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

• Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights.

• Testing management's controls over authorisation and calculation of post model adjustments and management overlays.

• Testing management's controls on compliance with Ind AS 109 disclosures related to ECL.

•Testing key controls operating over the information technology system in relation to loan impairment including system access and system change management, program development and computer operations.

Test of details
Key aspects of testing included:

• Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of</td></tr>
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<tr><td>Disclosures

The disclosures regarding the Group's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.

(Refer note 3(xvii)(A)(III), note 3(iii) and note 9 of the Consolidated Financial Statements)</td><td>economic forecasts, weights, and model assumptions applied.

• Model calculations testing through re-performance, where possible.

• Test of details of post model adjustments, considering the size and complexity of management overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data.

• Assessing disclosures - Assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining ECL. In addition, the auditors assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.</td></tr>
<tr><td colspan="2">2. Information technology in Tata Motors Finance Solutions Limited</td></tr>
<tr><td>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 auditors of the subsidiary have focused on user access management, change management, interface controls and system application controls over key financial accounting and reporting systems.</td><td>Audit procedures performed by the auditors of the subsidiary to assess the IT system access management included the following:

General IT controls and application controls and user access management

• The auditors tested a sample of key controls operating over the information technology in relation to the financial accounting and reporting systems, including system access and system change management, program development and computer operations.

• The auditors 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, the auditors independently performed procedures to determine the operating effectiveness of application controls. For those controls that were changed during the year, the auditors tested the change management process.

• The auditors 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.</td></tr>
</table>

	• 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 and databases is restricted to authorized personnel. • For system implemented, the auditors evaluated the program development related controls to determine whether adequate controls have been established to ensure that system implemented was authorized, tested, approved. Also, evaluated the SOCl Type2 report to determine the scope covered and controls associated with processes at Service Organisation.

Other Information

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

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

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

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

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

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

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, have adequate internal financial control system with reference to the Consolidated 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 Consolidated Financial Statement made by management and the Board of Directors.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements.

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

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

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

Other Matters

The Consolidated Financial Statements include the audited Financial Statements of two subsidiaries i.e. Tata Motors Finance Limited and Tata Motors Finance Solutions Limited, whose Financial Statements reflect Group's share of total assets of Rs. 42,13,112.15 lakhs as at March 31, 2023, Group's share of total revenue of Rs. 5,01,089.49 lakhs, Group's share of total net loss after tax of Rs. 95,684.16 lakhs and Group's share of total comprehensive income (loss) of (Rs. 86,669.44) lakhs for the period from April 1, 2022 to March 31, 2023, and cash outflow (net) of Rs. 27,659.77 lakhs for the year ended March 31, 2023, as considered in the Consolidated Financial Statements, which have been audited by their respective independent auditors. The independent auditors' reports on Financial Statements of these entities have been furnished to us and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Statements certified by the respective Board of Directors.

Report on Other Legal and Regulatory Requirements

1) 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 of the aforesaid Consolidated Financial Statements.

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

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

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act, and rules made thereunder, as applicable.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

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

g) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Group has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements – Refer Note 34 to the Consolidated Financial Statements.

ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There were no amounts due to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India except in case of one of the subsidiaries Tata Motors Finance Limited wherein there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund.

iv. a) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, other than as those disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, other than as those disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or any of such subsidiaries from any person or entity, including foreign entities ("Funding Parties"), other than as disclosed in the notes to the accounts, with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. a) The Group has not declared or paid dividend during the year. Hence, compliance with section 123 of the Act is not applicable.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014, in respect of maintenance of books of accounts in electronic mode using accounting software having audit trail feature, shall be applicable for the group with effect from April 1, 2023, we shall not be able to report as per the requirements of clause (g) of the above referred Rule.

2) 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 provided to us, the remuneration paid by the Holding Company and its subsidiaries incorporated in India to its directors during the year is in accordance with the provisions of 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.

With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by the Holding Company and by the independent statutory auditors of its subsidiaries included in the Consolidated Financial Statements of the Holding Company, to which reporting under CARO is applicable, we give below matters specified in paragraphs 3 and 4 of the Order, to the extent applicable:

Independent Auditor's Report (Continued)

TMF Holdings Limited

Sr. No.	Name	CIN	Holding Company / Subsidiary / Associate / Joint Venture	Clause Number of the CARO report which is qualified or adverse.
1	Tata Motors Finance Solutions Limited	U65910MH1992PLC187184	Subsidiary	Clause (iii)(c)
2	Tata Motors Finance Solutions Limited	U65910MH1992PLC187184	Subsidiary	Clause (xi)(a)
3	Tata Motors Finance Limited	U45200MH1989PLC050444	Subsidiary	Clause (iii)(c)
4	Tata Motors Finance Limited	U45200MH1989PLC050444	Subsidiary	Clause (xi)(a)

For **Sudit K. Parekh & Co. LLP**
Chartered Accountants
Firm Registration No: 110512W/W100378

Nemish Kapadia
Partner
Membership No: 111929
ICAI UDIN No: 23111929BGQNXU7815
Place: Mumbai
Date: May 02, 2023

Annexure "B" to the Independent Auditors' Report
(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of the Company)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 (the "Act")

Opinion

In conjunction with our audit of the Consolidated Financial Statements of TMF Holdings Limited (the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to the Consolidated Financial Statements of the Holding Company and its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date.

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal controls with reference to the Consolidated Financial Statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI").

Management and Board of Director's Responsibility for Internal Financial Controls

The respective management and Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control established by the respective Companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI. 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 respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, assessing

Annexure "B" to the Independent Auditors' Report (Continued)

TMF Holdings Limited

the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to the Consolidated Financial Statements

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

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

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

For **Sudit K. Parekh & Co. LLP**
Chartered Accountants
Firm Registration No. 110512W/W100378

Nemish Kapadia
Partner
Membership No. 111929
ICAI UDIN No: 23111929BGQNXU7815
Place: Mumbai
Date: May 02, 2023

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Consolidated Balance Sheet as at March 31, 2023

(₹ in lakhs)

	Particulars	Notes	As at March 31 2023	As at March 31 2022
I	**ASSETS**			
1	**Financial assets**			
(a)	Cash and cash equivalents	**5**	4159,98.74	5278,00.18
(b)	Bank balance other than cash and cash equivalents	**6**	161,41.91	534,22.56
(c)	Derivative financial instruments	**16**	110,39.49	87,64.13
(d)	Receivables			
	i. Trade receivables	**7**	30,08.66	30,24.31
	ii. Other receivables	**8**	3,99.40	2,52.04
(e)	Loans	**9**	34312,46.74	36288,86.47
(f)	Investments	**10**	2040,44.82	1595,82.75
(g)	Other financial assets	**11**	936,64.57	751,92.89
			41755,44.33	**44569,25.33**
2	**Non-financial assets**			
(a)	Current tax assets (net)		348,52.36	234,14.54
(b)	Deferred tax assets (net)	**12**	167,90.80	203,25.67
(c)	Property, plant and equipment	**13**	221,33.61	229,95.22
(d)	Goodwill	**14A**	205,18.53	205,18.53
(e)	Other intangible assets	**14B**	2,24.55	3,40.54
(f)	Other non-financial assets	**15**	189,43.61	144,36.03
			1134,63.46	**1020,30.53**
3	**Assets held for sale**		192,01.23	449,90.13
	Total assets		**43082,09.02**	**46039,45.99**
II	**LIABILITIES AND EQUITY**			
1	**Financial liabilities**			
(a)	Derivative financial instruments	**16**	14,86.64	19,79.51
(b)	Payables	**17**		
	(i) Trade payables			
	- total outstanding dues of micro enterprises and small enterprises		13,54.76	10,01.23
	- total outstanding dues of creditors other than micro enterprises and small enterprises		229,85.23	195,19.45
	(ii) Other payables			
	- total outstanding dues of micro enterprises and small		-	-
	- total outstanding dues of creditors other than micro enterprises and small enterprises		87,45.16	55,28.14
(c)	Debt securities	**18**	11553,87.58	12378,20.06
(d)	Borrowings (Other than debt securities)	**19**	24148,58.39	25224,28.97
(e)	Subordinated liabilities	**20**	713,29.68	902,18.27
(f)	Other financial liabilities	**21**	1028,32.52	1101,37.95
			37789,79.96	**39886,33.58**
2	**Non-financial liabilities**			
(a)	Current tax liabilities (net)		2,36.08	4,02.55
(b)	Provisions	**22**	101,43.57	108,41.70
(c)	Other non-financial liabilities	**23**	80,27.33	82,55.82
			184,06.98	**195,00.07**
3	**Equity**			
(a)	Equity share capital	**24A**	1741,59.34	1648,28.34
(b)	Other equity		(241,37.26)	1061,84.00
Equity attributable to owners			1500,22.08	2710,12.34
Non-controlling interests			3608,00.00	3248,00.00
			5108,22.08	**5958,12.34**
	Total liabilities and equity		**43082,09.02**	**46039,45.99**

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

As per our report of even date attached

For and on behalf of the Board of Directors

For Sudit K. Parekh & Co. LLP
Chartered Accountants
Firm Registration Number: 110512W/W100378

P. S. JAYAKUMAR
Director
(DIN - 01173236)

P.B. BALAJI
Director
(DIN - 02762983)

Nemish Kapadia
Partner
Membership No. 111929

SAMRAT GUPTA
Director
(DIN - 07071479)

ANAND BANG
Manager

RIDHI GANGAR
Chief Financial Officer

VINAY LAVANNIS
Company Secretary
Membership No :- A7911

Place : Mumbai
Date: May 2, 2023

Place: Mumbai
Date: May 2, 2023

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Consolidated Statement of Profit & Loss for the year ended March 31, 2023

(₹ in lakhs)

	Particulars	Notes	For the year ended March 31 2023	For the year ended March 31 2022
	Revenue from operations			
	(a) Interest income	25	4300,83.20	4120,76.50
	(b) Dividend income		3,77.37	1,94.36
	(c) Rental income		49,58.85	60,59.98
	(d) Net gain on fair value changes	26	164,93.69	151,09.81
	(e) Net gain on derecognition of financial instruments		208,31.02	291,84.66
	(f) Other fees and service charges		199,58.23	201,25.37
I	**Total Revenue from operations**		**4927,02.36**	**4827,50.68**
II	Other income	27	130,25.81	149,79.98
III	**Total income (I + II)**		**5057,28.17**	**4977,30.66**
IV	**Expenses:**			
	(a) Finance cost	28	2884,52.47	2718,83.57
	(b) Impairment of financial instruments and other assets	29	2038,94.82	1278,06.65
	(c) Employee benefits expenses	30	386,22.78	312,12.77
	(d) Depreciation, amortization and impairment	13	58,09.15	59,89.69
	(e) Other expenses	31	682,19.75	506,89.27
	Total expenses		**6049,98.97**	**4875,81.95**
V	**Profit/(Loss) before exceptional items and tax (III - IV)**		**(992,70.80)**	**101,48.71**
VI	**Profit/(Loss) for the year before tax**		**(992,70.80)**	**101,48.71**
VII	**Tax expense**	12		
	Current tax		3,51.64	66,16.63
	Deferred tax		16,74.83	(121,06.85)
	Total tax expense		**20,26.47**	**(54,90.22)**
VIII	**Profit/(Loss) for the year after tax (VI - VII)**		**(1012,97.27)**	**156,38.93**
IX	**Other comprehensive income**			
	A i. I Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		5,43.74	1,91.75
	(b) Equity Instruments through Other Comprehensive Income		(3,73.87)	21,17.08
	ii. Income tax relating to items that will not be reclassified to		94.59	(5,32.83)
	Subtotal (A)		**2,64.46**	**17,76.00**
	B i. I Items that will be reclassified to profit or loss			
	(a) Net Gains/(losses) on cash flow hedges		29,38.53	36,38.60
	(b) Debt Instruments through Other Comprehensive Income		77,66.36	198,15.66
	ii. Income tax relating to items that will be reclassified to profit or loss		(19,54.64)	(49,87.21)
	Subtotal (B)		**87,50.25**	**184,67.05**
	Other Comprehensive Income		**90,14.71**	**202,43.05**
X	**Total comprehensive income for the year (VIII + IX)**		**(922,82.56)**	**358,81.98**
XI	**Earnings per equity share of Rs. 100 each**			
	Basic (in Rs.)		**(7.45)**	**(0.30)**
	Diluted (in Rs.)		**(7.45)**	**(0.30)**

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

As per our report of even date attached
For Sudit K. Parekh & Co. LLP
Chartered Accountants
Firm Registration Number: 110512W/W100378

Nemish Kapadia
Partner
Membership No. 111929

Place: Mumbai
Date: May 2, 2023

For and on behalf of the Board of Directors

P. S. JAYAKUMAR
Director
(DIN - 01173236)

P.B. BALAJI
Director
(DIN - 02762983)

SAMRAT GUPTA
Director
(DIN - 07071479)

ANAND BANG
Manager

RIDHI GANGAR
Chief Financial Officer

VINAY LAVANNIS
Company Secretary
Membership No :- A7911

Place: Mumbai
Date: May 2, 2023

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TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Consolidated Statement of Cash Flow for the year ended March 31, 2023

(₹ in lakhs)

Particulars	For the year ended March 31 2023	For the year ended March 31 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the year before tax	**(992,70.80)**	**101,48.64**
Adjustments for:		
Interest income on loans, deposits and investments	(4305,13.37)	(4113,68.99)
Balance (written back) / written off	(15,65.11)	(4,53.85)
Finance costs (other than Interest expense on assets taken on lease)	2877,66.73	2706,68.34
Interest expense on lease liability	6,48.78	5,07.72
Mark-to-market on mutual fund	(10.94)	-
Gain on sale of current investments	(52,76.70)	(19,54.89)
Allowance for loan losses (net of writeoff)	2050,98.10	1255,98.97
Allowance for doubtful loans and advances (others)(net of write off)	(12,08.60)	22,07.71
Gain on sale of investments	(114,45.14)	(78,80.58)
Net loss on fair value changes (unrealised)	(5.01)	-
Net gain on financial instruments at fair value through profit or loss	-	(17,56.78)
Dividend Income	(3,77.37)	(194.36)
Mark-to-market on investments measured at fair value through profit or loss	(5,22.12)	(53,21.89)
Profit on sale of property, plant and equipments (net)	-	(19,94.79)
Depreciation and amortization expense	58,09.16	59,89.68
Loss on sale of property, plant and equipments	22.46	2,98.10
Fair value changes on derivative instruments	10,09.69	11,20.73
Loss on sale of assets held for sale	70,96.38	1.42
Operating cash flow before working capital changes and discounting charges	**(427,43.86)**	**(143,84.82)**
Movements in working capital		
Trade receivables	15,75.71	22,98.19
Other receivables	(1,47.36)	(16,47.47)
Loans	(319,74.59)	(367,23.45)
Other financial assets	(189,40.08)	(151,47.26)
Trade payables	53,84.43	(32,86.51)
Other payables	32,17.02	(4,95.36)
Other non-financial assets	(45,61.95)	11,80.35
Other financial liabilities	(116,71.98)	238,52.94
Provision for expenses	(97.82)	3,74.00
Other non-financial liabilities	(2,90.66)	(6,71.95)
Assets held for sale	186,84.37	(426,50.37)
	(815,66.77)	**(873,01.71)**
Finance costs paid	(2465,33.84)	(2964,06.58)
Interest income received on loans, deposits and investments	4348,31.11	4046,28.21
Current/Income taxes paid (net)	(119,55.91)	(84,06.37)
Net cash generated from/(used in) from operating activities	**947,74.59**	**125,13.55**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments and intangible assets	(37,36.53)	(20,57.56)
Proceeds from sale of property, plant and equipments	13,30.25	57,62.63
Purchase of mutual fund units	(153244,60.78)	(123788,52.12)
Purchase of government securities	(1316,93.25)	(1228,21.49)
Sale of government securities	853,00.00	-
Redemption of mutual fund units	152908,85.12	124709,86.70
Interest on fixed deposit / investments	-	50,00.00
Investment in preference shares of subsidiaries and joint ventures	-	(328,42.24)
Realisation from investment in non-convertible debentures (CLG)	51,50.00	47,00.00

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Consolidated Statement of Cash Flow for the year ended March 31, 2023

(₹ in lakhs)

Particulars	For the year ended March 31 2023	For the year ended March 31 2022
Investment in treasury bills	(1508,06.07)	-
Redemption of treasury bills	2005,00.00	-
Distribution from trust securities	16.54	2,58.66
Deposits/restricted deposits with banks	(45,46.21)	(354,16.51)
Realisation of deposits/restricted deposits with banks	418,26.87	907,64.37
Dividend income	3,77.37	1,94.36
Net cash generated from investing activities	**101,43.31**	**56,76.80**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend payment on compulsory convertible preference shares	-	(13,02.00)
Proceeds from issue of perpetual debt	357,16.07	98,61.32
Increase in cash credit (net)	73,62.79	-
Interest payment on lease liability	(6,48.78)	(5,07.72)
Principal payment of lease liability	(12,59.74)	(10,20.30)
Distributions made to holders of Instruments entirely equity in nature	(284,23.77)	(208,89.39)
Proceeds from issue of Instruments entirely equity in nature (net of issue expenses)	-	788,82.36
Proceeds from debt securities	8297,06.99	11299,33.03
Repayment of debt securities	(9472,50.00)	(12085,59.66)
Repayment of subordinated liabilities	(190,40.00)	(154,45.00)
Proceeds from borrowings (other than debt securities)	20357,41.60	24557,22.43
Repayment of borrowings (other than debt securities)	(21286,24.49)	(24259,60.47)
Net cash (used in) / generated from financing activities	**(2167,19.33)**	**7,14.60**
Net (decrease) / increase in cash and cash equivalents (A + B + C)	**(1118,01.43)**	**189,04.95**

(₹ in lakhs)

Particulars	For the year ended March 31 2023	For the year ended March 31 2022
Cash and cash equivalents at the beginning of the year	5278,00.17	5088,95.22
Cash and cash equivalents at the end of the year	4159,98.74	5278,00.17
Net (decrease) / increase in cash and cash equivalents [Refer: Notes below]	**(1118,01.43)**	**189,04.95**

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

Notes:

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

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

As per our report of even date attached

For Sudit K. Parekh & Co. LLP
Chartered Accountants
Firm Registration Number: 110512W/W100378

Nemish Kapadia
Partner
Membership No. 111929

Place: Mumbai
Date: May 2, 2023

For and on behalf of the Board of Directors

P. S. JAYAKUMAR
Director
(DIN - 01173236)

P.B. BALAJI
Director
(DIN - 02762983)

SAMRAT GUPTA
Director
(DIN - 07071479)

ANAND BANG
Manager

RIDHI GANGAR
Chief Financial Officer

VINAY LAVANNIS
Company Secretary
Membership No :- A7911

Place: Mumbai
Date: May 2, 2023

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Consolidated Statement of Changes in Equity for the year ended March 31, 2023

A Equity share capital

(₹ in lakhs)

	Particulars	As at March 31 2023		As at March 31 2022	
		Number	₹	Number	₹
(a)	Shares outstanding at the beginning of the year	1,64,82,83,442	1648,28.34	1,64,82,83,442	1648,28.34
(b)	Shares issued during the year	9,33,10,000	93,31.00	-	-
(c)	Shares outstanding at the end of the year	**1,74,15,93,442**	**1741,59.34**	**1,64,82,83,442**	**1648,28.34**

B Other equity

(₹ in lakhs)

	Particulars	Equity component of compound financial instrument (Refer Note 24B)	Reserve & surplus				Other components of equity				Total
			Special reserve	Securities Premium Account	Capital reserve	Retained earnings	Equity instruments through OCI	Debt instruments through OCI	Cost of hedging Reserve	Hedging Reserve	
	Balance as at April 1, 2022	370,72.59	508,64.59	1512,91.43	241,72.78	(2029,06.19)	147,44.35	323,23.09	(4,57.04)	(9,21.58)	1061,84.03
(a)	Profit / (Loss) for the year					(1012,97.27)	-	-	-	-	(1012,97.27)
(b)	Other comprehensive income /(loss) for the year					5,43.74	(2,79.31)	58,11.72	(1,78.87)	31,17.40	90,14.68
	Total Comprehensive income/(loss) for the year	-	-	-	-	**(1007,53.53)**	**(2,79.31)**	**58,11.72**	**(1,78.87)**	**31,17.40**	**(922,82.59)**
(c)	Distributions made to holders of instruments entirely equity in nature	-	-	-	-	(284,23.77)	-	-	-	-	(284,23.77)
(d)	Premium on issue of equity shares			277,41.59							277,41.59
(e)	Conversion of CCPS to equity	(370,72.59)				-					(370,72.59)
(f)	Issue expenses on Instruments entirely equity in nature (net of taxes)					(2,83.93)					(2,83.93)
(g)	Transfer to special reserve		15,26.98	-	-	(15,26.98)	-	-	-	-	-
	Balance as at March 31, 2023	**-**	**523,91.57**	**1790,33.02**	**241,72.78**	**(3338,94.40)**	**144,65.04**	**381,34.81**	**(6,35.91)**	**21,95.82**	**(241,37.26)**

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Consolidated Statement of Changes in Equity for the year ended March 31, 2023

(₹ in lakhs)

	Particulars	Equity component of compound financial instrument (Refer Note	Reserve & surplus				Other components of equity				Total
			Special reserve	Securities Premium Account	Capital reserve	Retained earnings	Equity instruments through OCI	Debt instruments through OCI	Cost of hedging Reserve	Hedging Reserve	
	Balance as at April 1, 2021	370,72.59	470,25.80	1512,91.43	241,72.78	(1892,52.43)	49,76.90	256,77.83	90.58	(51,07.80)	959,47.68
(a)	Profit for the year	-	-	-	-	156,39.00	-	-	-	-	156,39.00
(b)	Other comprehensive income /(loss) for the year	-	-	-	-	1,91.75	97,67.45	66,45.26	(5,47.62)	41,86.22	202,43.04
	Total Comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**158,30.75**	**97,67.45**	**66,45.26**	**(5,47.62)**	**41,86.22**	**358,82.04**
(c)	Distributions made to holders of Instruments entirely equity in nature	-	-	-	-	(208,89.40)	-	-	-	-	(208,89.40)
(d)	Share issue expenses and transaction cost incurred on equity instruments	-	-	-	-	(47,56.32)	-	-	-	-	(47,56.32)
(e)	Transfer to special reserve	-	38,38.79	-	-	(38,38.79)	-	-	-	-	-
	Balance as at March 31, 2022	**370,72.59**	**508,64.59**	**1512,91.43**	**241,72.78**	**(2029,06.19)**	**147,44.35**	**323,23.09**	**(4,57.04)**	**(9,21.58)**	**1061,84.00**

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

As per our report of even date attached
For Sudit K. Parekh & Co. LLP
Chartered Accountants
Firm Registration Number: 110512W/W100378

For and on behalf of the Board of Directors

P. S. JAYAKUMAR
Director
(DIN - 01173236)

P.B. BALAJI
Director
(DIN - 02762983)

Nemish Kapadia
Partner
Membership No. 111929

SAMRAT GUPTA
Director
(DIN - 07071479)

ANAND BANG
Manager

Place : Mumbai
Date: May 2, 2023

RIDHI GANGAR
Chief Financial Officer

VINAY LAVANNIS
Company Secretary
Membership No :- A7911

Place: Mumbai
Date: May 2, 2023

1 Background and operations

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

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

The Company and its subsidiaries (collectively referred to as "the Group") is engaged primarily in lending activities providing finance for vehicles and to corporates dealers and vendors of ultimate parent company (referred to as "Tata Motors Limited"), through its PAN India branch network.
The consolidated financial statements were approved by the Board of Directors and authorised for issue on May 2, 2023.

2 Basis of preparation of financial statements

2.1 Statement of compliance

The financial statements of the Group have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Any application guidance/ clarifications/ directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/ applicable.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in para 3(iii) - Use of estimates and judgements.
The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lacs, except when otherwise indicated.

2.2 Historical cost convention

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

2.3 Presentation of financial statements

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

(i) Basis of Consolidation

Subsidiaries

The consolidated financial statements include the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Control exists when the Group

(a) has power over the investee,

(b) it is exposed, or has rights, to variable returns from its involvement with the investee and

(c) has the ability to affect those returns through its power over the investee.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above. In assessing control, potential voting rights that currently are exercisable are taken into account. The results of subsidiaries acquired or disposed off during the year are included in the consolidated financial statements from the effective date of acquisition and up to the effective date of disposal, as appropriate.

The financial statements of the Group and its subsidiary companies have been consolidated on a line-by-line basis by adding together of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India. Accounting policies of the respective subsidiaries entities are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

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

Interest in Joint arrangements- Joint Venture

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

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

Equity method of accounting (equity accounted investees)

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

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

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

(ii) Business Combinations

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

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

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

(iii) Use of estimates and judgments

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

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

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

a) Note 3 (xvii) A- Business model assessment for classififcation and measurement of financial assets
b) Note 3 (xvii) A and 43 - Impairment of financial assets based on the expected credit loss model
c) Note 3(iv) - Recognition of interest income/expenses using Effective Interest Rate (EIR) method.
d) Note 3(ix) and 3(x) - Useful lives of property, plant and equipment and intangible assets.
e) Note 3(xiii) and 35 - Measurement of assets and obligations of defined benefit employee plans.
f) Note 3(vi) and 12 - Recognition of deferred tax assets.
g) Note 3(xiv) - Measurement and recognition of Provisions and Contingencies.
h) Note 3(xix) and 37 - Fair value measurment of Financial Instruments.
i) Note (xvii) A - Effective Interest Rate (EIR) methodology that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments.
j) Note (xi)- Determination of lease term where Group is a lessee
k) Note 3(x) & 14A- Impairment of intangible assets- goodwill

(iv) Revenue recognition

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

(a) Income on loans arising from financing activities

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

The EIR in case of a financial asset is computed

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

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

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

Income from direct assignment

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

(b) Dividend

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

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

(c) Rental Income

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

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

(d) Fees and Commission Income

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

Other Income

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

(v) Foreign currency

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

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

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

(vi) Income Taxes

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

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

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

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

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

(vii) Cash and Cash equivalent

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

(viii) Earning per share

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

(ix) Property,Plant and equipment (PPE)

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

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

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

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

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

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

Type of Asset	Estimated useful life
Building	19 and 60 Years
Data Processing Machines	3 Years
Furniture and Fixture	5 and 10 Years
Office Equipment	2 to 10 Years
Motor Vehicles	4 and 5 Years
Vehicles on Operating Lease	4 and 6 Years

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

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

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

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

(x) Other intangible assets

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

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

Intangible Assets and their Useful Lives are as under

Type of Assets	Estimated useful Life
Software	5 years

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

(xi) Leases

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

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

(i) Right of use of assets

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

(ii) Lease liabilities

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

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

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

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

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

(B) Group as a Lessor

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

Assets given on operating lease

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

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

Assets given on finance lease

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

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

(xii) Impairment of Non financial assets

Goodwill

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

Property, plant and equipment and other intangible assets

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

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

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

(xiii) Employee benefits

(A) Short-term employee benefits

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

(B) Post Employment/retirement benefit Plans

(1) Defined contribution plans

Superannuation fund

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

(2) Defined benefit plans

(a) Provident fund

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

(b) Gratuity

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

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

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

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

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

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

(C) Other long term employee benefit plans

(1) Defined benefit plans

Compensated absences

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

(xiv) Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.
If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to the net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

Claims against the Group, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.
Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements.

(xv) Dividend (including dividend distribution tax)

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

(xvi) Segment reporting

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

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

(xvii) Financial instruments

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

(A) Financial assets

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

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

a. at amortised cost, or

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

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

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

(I) Debt Instruments
initial classification of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

(a) At amortised cost:
A debt instrument is measured at amortised cost, if both the following conditions are satisfied/ fulfilled
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

(c) At FVTPL:
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortized cost or as FVTOCI, is classified as at FVTPL.
In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').
Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated statement of profit and loss.
Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not seperated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(II) Equity Instruments/investments
Investments in equity instruments are measured at fair value. Equity instruments, which are held for trading, are classified as at FVTPL. For equity instruments, other than held for trading, the Group has irrevocable option to present in OCI subsequent changes in the fair value. the Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.
Where the Group classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to consolidated statement of profit and loss, even on sale of investment.
Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the consolidated statement of profit and loss.

(III) Impairment of financial assets

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

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

ECL (both life time and 12 months) are calculated on a collective basis considering the homogeneous nature of the underlying portfolio of financial assets. In case of TMFHL, for stage 1 and stage 2 assets, the company makes provision at higher of requirement as per ECL Model and as per RBI norms.

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

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

- Stage 1: Low credit risk, i.e. 0 to 30 days past due
- Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due
- Stage 3: Credit Impaired assets, i.e. more than 90 days past due or cases where the group suspects fraud and legal proceedings are initiated.

For restructured cases which are not getting covered under any specific regulatory package issued by RBI, as a part of qualitative assessment of whether a customer is in default (i.e. credit impaired), the Company carefully considers and assesses various instances to determine whether the restructuring of a loan or advance should result in treating the customer as defaulted and therefore assessed as stage 3 for ECL calculations.

Definition of default

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

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

PD is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. PD estimation process is done based on historical internal data available with the Group.

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

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

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

Collateral valuation:
The Group creates & secures first and exclusive collateral charge at the time of loan origination on all vehicles for which vehicle financing loans are given. Hypothecation endorsement is obtained in favour of the Group in the Registration Certificate of the Vehicle funded under the vehicle finance category. Any surplus remaining after settlement of outstanding loan by way of sale of vehicle (collateral) is returned to the customer. Also, the Group secures portion of the loss against loans financed to customers by obtaining third party credit guarantees. For the corporate lending loan exposure, wherever required the Group obtains security cover in the form of immoveable properties by creating charge over the collateral.

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

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

ECL on Debt instruments measured at amortised cost

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

ECL on Debt instruments measured at fair value through OCI

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

Write-off

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

(IV) Derecognition of financial assets

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

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

(B) Financial liabilities and equity instruments

Classification as debt or equity

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

(I) Financial liabilities

Initial recognition and measurement

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

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

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

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

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

(b) At amortised cost:

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

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

Derecognition of financial liabilities:
The Group de-recognises financial liabilities when and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in consolidated statement of profit and loss.

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

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

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Notes forming part of Consolidated Financial Statements for the year ended March 31, 2023

4A Group Information

Particulars of subsidiaries and joint venture which have been considered in the preparation of the consolidated financial statements:

Sr.no	Name of the Company	Country of Incorporation	% of holding either directly or through subsidiaries	
			As at March 31 2023	As at March 31 2022
	Subsidiaries			
1	Tata Motors Finance Limited	India	100	100
2	Tata Motors Finance Solutions Limited	India	100	100
	Joint Venture			
1	Loginomic Tech Solutions Private Limited*	India	26	26

*Provision for impairment loss allowance for investments held in joint venture has been recognised as the Group does not expect to recover its cost of investment. No further losses of equity accounting has been taken in the current year considering the investments carrying value under equity accounted investee is fully impaired.

4B Additional information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary /Joint Ventures

(₹ in lakhs)

Sr. No	Name of the Company	As % of consolidated net assets	Net Assets (total assets minus total liabilities)	As % of consolidated profit / (loss)	Share of profit / (loss)	As % of other comprehensive income	Share of OCI	As % of total comprehensive income	Share of total comprehensive income
	Parent								
1	TMF Holdings Limited	110%	5625,46.74	6%	(62,28.56)	0%	-	7%	(62,28.56)
	Subsidiaries								
1	Tata Motors Finance Limited	87%	4430,11.94	102%	(1033,19.07)	-35%	(31,81.75)	115%	(1065,00.82)
2	Tata Motors Finance Solutions Limited	48%	2448,26.13	-8%	76,34.90	135%	121,96.46	-21%	198,31.37
	Adjustments arising out of consolidation	-145%	(7395,62.73)	-1%	6,15.46	0%	0	-1%	6,15.45
		100%	**5108,22.08**	**100%**	**(1012,97.27)**	**100%**	**90,14.71**	**100%**	**(922,82.56)**

5 Cash and cash equivalents

(₹ in lakhs)

	Particulars	As at March 31 2023	As at March 31 2022
(a)	Cash on hand	7,57.60	11,37.05
(b)	Balance with banks (refer note (i))	380,25.98	1630,44.89
(c)	Cheques, drafts on hand	14,15.16	25,62.12
(d)	Bank deposit with original maturity of less than 3 months	3758,00.00	3610,56.12
	Total	**4159,98.74**	**5278,00.18**

(i) Includes ₹ 0.23 lacs towards unpaid dividend.

6 Bank Balance other than cash and cash equivalents

(₹ in lakhs)

	Particulars	As at March 31 2023	As at March 31 2022
(a)	Deposits with banks	108,23.14	170,29.86
(b)	Earmarked balances with banks (Refer note i)	36.35	31.90
(c)	Margin money / cash collateral with banks (Refer note ii)	52,82.42	363,60.80
	Total	**161,41.91**	**534,22.56**

Note :-

(i) Earmarked balances with banks on account of unclaimed interest on debt securities.

(ii) Margin money / cash collateral with banks acting as credit enhancement in respect of securitisation transactions.

7 Trade Receivables

(₹ in lakhs)

	Particulars	As at March 31 2023	As at March 31 2022
(a)	Receivables considered good - Unsecured	32,52.36	48,28.07
	Impairment loss allowance-Trade Receivable	(2,43.70)	(18,03.76)
	Total	**30,08.66**	**30,24.31**

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

Ageing of trade receivable at March 31, 2023 is given below-

(₹ in lakhs)

Particulars	As at March 31, 2023							
	Outstanding for following periods from due date of payment							Total
	Not due	Unbilled	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) Undisputed Trade receivables – considered good	13,56.97	-	13,16.72	1,92.79	1,20.77	15.39	-	30,02.64
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	21.07	-	-	-	-	21.07
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	17.40	-	-	-	-	-	-	17.40
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	78.31	-	-	-	-	78.31
(vi) Disputed Trade Receivables – credit impaired	-	-	85.23	42.03	5.68	-	-	1,32.94
Total	**13,74.37**	**-**	**15,01.33**	**2,34.82**	**1,26.45**	**15.39**	**-**	**32,52.36**

Ageing of trade receivable at March 31, 2022 is given below-

(₹ in lakhs)

Particulars	As at March 31, 2022							
	Outstanding for following periods from due date of payment							Total
	Not due	Unbilled	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) Undisputed Trade receivables – considered good	12,55.83	-	9,97.70	5,35.60	1,02.17	1,45.10	0.76	30,37.16
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	1,69.55	-	-	-	-	1,69.55
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	9.83	-	-	-	-	-	-	9.83
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	2,88.84	-	-	-	-	-	2,88.84
(vi) Disputed Trade Receivables – credit impaired	-	-	2,57.38	5,25.55	3,71.27	1,68.49	-	13,22.69
Total	**12,65.66**	**2,88.84**	**14,24.63**	**10,61.15**	**4,73.44**	**3,13.59**	**0.76**	**48,28.07**

8 Other Receivables

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Other Receivables considered good - Unsecured	3,99.40	2,52.04
Total	**3,99.40**	**2,52.04**

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

9 Loans (at amortised cost)

(₹ in lakhs)

	Particulars	As at March 31 2023	As at March 31 2022
(A)	**At Amortised Cost**		
	From Financing Activities		
(a)	Term loans	15076,24.32	21716,71.46
(b)	Finance Lease receivables	81,54.50	73,94.55
(c)	Factoring	60,45.85	-
(d)	Channel Financing	1919,56.03	1302,68.13
(e)	Credit substitutes	1804,87.97	837,54.94
	(Refer note (i) below)		
	From other than financing activities		
(a)	Inter corporate deposits (repayable on demand)	50.02	50.02
	Total (A) - Gross	**18943,18.69**	**23931,39.10**
Less:	Impairment loss allowance	(1603,56.85)	(1732,81.56)
	Total (A) - Net	**17339,61.84**	**22198,57.54**
(B)	**At fair value through Other comprehensive income (FVOCI)**		
	From Financing Activities		
(a)	Term loans	17314,08.87	14228,68.02
Less:	Impairment loss allowance	(341,23.97)	(138,39.15)
	Total (B) - Net	**16972,84.90**	**14090,28.87**
(C)			
(a)	Secured by tangible assets	31664,42.28	34552,65.23
	(refer note (ii) & (iii))		
(b)	Covered by government guarantees	2470,66.99	2031,58.03
	(refer note (iv))		
(c)	Unsecured	2122,18.29	1575,83.92
	Total (C) - Gross	**36257,27.56**	**38160,07.18**
Less:	Impairment loss allowance	(1944,80.82)	(1871,20.71)
	Total (C) - Net	**34312,46.74**	**36288,86.47**
(D)			
	Loans in India		
(a)	Public Sector	-	-
(b)	Others	36257,27.56	38160,07.18
	Loans outside India		
(a)	Public Sector	-	-
(b)	Others	-	-
	Total (D) - Gross	36257,27.56	38160,07.18
Less:	Impairment loss allowance	(1944,80.82)	(1871,20.71)
	Total (D) - Net	**34312,46.74**	**36288,86.47**

Notes

(i) Investments in bonds, debentures and other financial instruments which, in substance, form a part of the Group's financing activities ("Credit

(ii) Group covers/secures the credit risk associated with the loans lended to customers by creating an exclusive charge/ hypotheciation/ security on the assets/vehicles as mentioned/sepecified in the loan agreement wih the customers. This includes vehicle term loan lending done to Micro and Small Enterprises, for which the Group has availed the benefit of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme to secure credit default risk.

(iii) For loans secured against underlying vehicle, security is created by way of borrower signing and executing hypothecation Agreement before disbursement of loan. Borrower ensures endorsement of hypothecation in Registration Certificate of underlying vehicle in favour of the Company. However, in certain cases the Company is in the process of endorsing the hypothecation in Registration Certificate book of underlying vehicle. This does not impact the Company's right as security holder over the asset under finance in the court of law, in case of default by borrower.

(iv) Fully backed by guarantee of Central Government of India under the emergency credit Line guarantee scheme (ECLGS).

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Notes forming part of Consolidated Financial Statements for the year ended March 31, 2023

10 Investments

(₹ in lakhs)

Particulars	As at March 31 2023						As at March 31 2022					
		At fair value						At fair value				
	Amortised cost	Through OCI	Through profit or loss	Sub total	Others (at Cost)	Total	Amortised cost	Through OCI	Through profit or loss	Sub total	Others (at Cost)	Total
	(1)	(2)	(3)	(4=2+3)	(5)	(6=1+4+5)	(7)	(8)	(9)	(10=8+9)	(11)	(12=7+10+11)
i. Mutual funds	-	-	503,27.14	503,27.14	-	503,27.14	-	-	51,50.00	51,50.00	-	51,50.00
ii Government Securities	1210,44.44	-	9,49.10	9,49.10	-	1219,93.54	1228,21.49	-	-	-	-	1228,21.49
iii Debt securities	8,35.00		-	-	-	8,35.00	8,35.00	-	-	-	-	8,35.00
iii Equity instruments*	-	134,16.52	180,48.28	314,64.80	2,65.87	317,30.67	-	137,90.40	175,11.24	313,01.64	2,65.87	315,67.51
iv Preference Shares	1,90.00	-	-	-	-	1,90.00	1,90.00	-	-	-	-	1,90.00
v Trust Securities	-	-	4,89.34	4,89.34	-	4,89.34	-	-	5,39.62	5,39.62	-	5,39.62
Total (A) - Gross	**1220,69.44**	**134,16.52**	**698,13.86**	**832,30.38**	**2,65.87**	**2055,65.69**	**1238,46.49**	**137,90.40**	**232,00.86**	**369,91.26**	**2,65.87**	**1611,03.62**
i. Investments outside India	-	-	-	-		-	-	-	-	-		-
ii. Investments in India	1220,69.44	134,16.52	698,13.86	832,30.38	-	2055,65.69	1238,46.49	137,90.40	232,00.86	369,91.26	-	1611,03.62
Total (B)	**1220,69.44**	**134,16.52**	**698,13.86**	**832,30.38**	**-**	**2055,65.69**	**1238,46.49**	**137,90.40**	**232,00.86**	**369,91.26**	**-**	**1611,03.62**
Less: Allowance for impairment loss **(C)**	(8,35.00)	(4,20.00)	-	(4,20.00)	(2,65.87)	(15,20.87)	(8,35.00)	(4,20.00)	-	(4,20.00)	(2,65.87)	(15,20.87)
Total (D) = (A + C)	**1212,34.44**	**129,96.52**	**698,13.86**	**828,10.38**	**-**	**2040,44.82**	**1230,11.49**	**133,70.40**	**232,00.86**	**365,71.26**	**0.00**	**1595,82.75**

* Includes amount of Rs. 20,50.00 lakhs (March 31, 2022 Rs. 20,50.00 lakhs) pertaining to certain unquoted equity instruments for which cost has been considered as an appropriate estimate of fair value in the previous year because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2023

Annexure to Note 10 - Details of investments

(₹ in lakhs)

Face Value per unit (in ₹)		Description	Quantity (in nos.) as at March 31 2023	As at March 31 2023	Quantity (in nos.) as at March 31 2022	As at March 31 2022
	(a)	**Investments measured at fair value other comprehensive income**				
		Investment in equity shares				
	(i)	**Quoted**				
1		Tata Steel Limited (face value reduced from Rs. 10 per share to Re.1 per share)	60,95,110	63,69.39	6,09,511	79,67.53
10		Tata Chemicals Limited	10,060	97.83	10,060	98.02
1		Tata Power Limited	9,120	17.35	9,120	21.76
1		Tata Consumer Products Limited (pursuant to Scheme of Arrangement wherein 100 shares held in Tata Chemicals Limited	11,468	81.29	11,468	89.15
10		NTPC Limited	1,56,000	2,73.16	1,56,000	2,10.60
1		NMDC Limited	20,000	22.31	20,000	32.51
10		NMDC Steel Limited ((pursuant to Scheme of Arrangement,1 shares were alloted for every 1 shares held in NMDC Limited)	20,000	6.21	-	-
10		Coal India Limited	11,904	25.43	11,904	21.79
	(ii)	**Unquoted - Group Companies**				
10		Taj Air Limited	42,00,000	4,20.00	42,00,000	4,20.00
		Less: Allowance for impairment loss		(4,20.00)		(4,20.00)
				-		-
1000		Tata International Limited	19,350	41,94.55	19,350	28,79.04
100		Tata Industries Limited	9,93,753	19,09.00	9,93,753	20,50.00
		Less: Allowance for impairment loss				
		Subtotal (a)		**129,96.52**		**133,70.40**
	(b)	**Investments measured at fair value through profit and loss**				
		Investment in equity shares				
	(i)	**Quoted**				
10		Automobile Corporation of Goa Limited	48,315	3,46.85	48,315	4,51.29
	(ii)	**Unquoted**				
2		Tata Technologies Limited (Note 1)	81,19,920	177,01.43	8,11,992	170,59.95
10		Tata Hitachi Construction Machinery Company Private Limited	2,85,714	-	2,85,714	-
				180,48.28		**175,11.24**
				-		-
		Investment in trust securities (partly paid)				
10		SBI Macquarie Infrastructure Trust	1,50,00,000	4,89.34	1,50,00,000	5,39.62
				4,89.34		**5,39.62**
		Investment in government securities (Quoted)				
		Government securities bonds		9,49.10		-
				9,49.10		**-**
		Investment in mutual funds		503,27.14		51,50.00
				503,27.14		**51,50.00**
		Subtotal (b)		**698,13.86**		**232,00.86**

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2023

Annexure to Note 10 - Details of investments

(₹ in lakhs)

Face Value per unit (in ₹)		Description	Quantity (in nos.) as at March 31 2023	As at March 31 2023	Quantity (in nos.) as at March 31 2022	As at March 31 2022
	(c)	**Investments measured at Amortised cost**				
		Investment in Preference shares				
	(i)	**Fully Paid Non - Cumulative Redeemable Preference shares (Unquoted)**				
100		6% Tata Precision Industries (India) Limited, 2025	40,000	40.00	40,000	40.00
	(ii)	**Fully Paid Cumulative Redeemable Preference shares (Unquoted)**				
100		8.50% Tata Precision Industries (India) Limited, 2023	1,50,000	1,50.00	1,50,000	1,50.00
	(iii)	**Fully Paid Cumulative Redeemable Non Participating Preference shares (unquoted)**				
1000		12.50% Tata Capital Limited	-	-	-	-
				1,90.00		**1,90.00**
		Investments in Debentures and Bonds measured at Amortised Cost				
		Fully Paid Secured, Non - Cumulative, Non - Convertible, Redeemable Debentures (quoted)				
12.50		8.49% NTPC Limited (issued as bonus)	2,75,752	-		-
				-		-
	(ii)	**Investment in government securities (Quoted)**				
		Treasury bills		134,44.04		685,61.74
		Government securities bonds		1076,00.40		542,59.75
				1210,44.44		**1,22,821.49**
	(iii)	**Fully paid unsecured optionally convertible zero coupon debentures**				
				8,35.00		8,35.00
100		Loginomic Tech Solutions Private Limited ("TruckEasy")	8,35,000		8,35,000	
		Less: Allowance for impairment loss (refer note 3)	-	(8,35.00)	-	(8,35.00)
				-		-
		Subtotal (c)		**1212,34.44**		**1230,11.49**
	(d)	**Equity instruments**				
		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)		(2,65.87)
		Subtotal (d)		-		0.00
		Total (a + b + c + d)		**2040,44.82**		**1595,82.75**

Note 1

During the financial year ened March 31, 2023 Tata Technologies has reduced face value from Rs. 10 per share to Rs. 2 per share and issued bonus shares @ 1: 1 basis after such reduction in face value.

11 Other financial assets

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
(a) Deposits (Net of provision ₹ 62.25 lakhs; March 31, 2022 ₹ 30.01 lakhs)	30,98.19	92,54.35
(b) Interest accrued on investments	20,93.58	9,17.63
(c) Interest accrued on deposits	8,73.98	22,62.50
(d) Application money receivable towards securities	46,65.68	28,56.69
(e) Others (Net of provision of ₹ 2741.49 lakhs; March 31, 2022 ₹ 25,07.03 lakhs)	829,33.14	599,01.72
Total	**936,64.57**	**751,92.89**

12 Income taxes

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

(₹ in lakhs)

Particulars	For the year ended March 31 2023	For the year ended March 31 2022
Income tax expense		
Current tax		
Current tax on profits for the year	3,54.09	66,16.63
MAT credit (recognised)/written off for the year	-	-
Adjustments for current tax of prior years	(2.45)	-
Total current tax expense	**3,51.64**	**66,16.63**
Deferred tax		
Decrease (increase) in deferred tax assets	(4,36.05)	(122,13.32)
(Decrease) increase in deferred tax liabilities	21,10.88	1,06.47
Total deferred tax expense/(benefit)	**16,74.83**	**(121,06.85)**
Income Tax expense	**20,26.47**	**(54,90.22)**

b) Reconciliation of the income tax expenses and accounting profit

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

(₹ in lakhs)

Particulars	For the year ended March 31 2023	For the year ended March 31 2022
Profit/(Loss) before taxes	(998,86.21)	101,48.79
Income tax expense at statutory tax rates applicable to individual respective entities	**(251,39.38)**	**49,20.23**
Tax effect of the amount which are not taxable in calculating taxable income :		
- Effect of income that is exempt from taxation	-	-
- Effect of expenses not deductible for tax computation	5,17.07	3,57.58
- Utilisation/credit of unrecognised tax losses, unabsorbed depreciation and other tax benefits		(22,34.84)
- Dividend from subsidiaries, joint operations, equity accounted investees and available-for-sale investments		
- Taxes paid at lower rate		
- Impact of change in statutory tax rates		
- Deferred tax assets not recognised because realization is not probable (incl. reversal of MAT credit)	267,45.79	(5,62.44)
- Previously unrecognised and unused tax losses now utilised		
- Deferred tax asset now created on previously unrecognised and unused tax losses		
- Adjustments recognised in relation to the current tax of prior years	(97.01)	
-Tax impact of Dividend from subsidiary comapanies		
- Taxes on income at different rates		
- Deferred tax liability on undistributable earnings of subsidiaries		(31,58.93)
- Others	-	(48,11.82)
Income tax expense/(credit) recognised for the year at effective tax rate	**20,26.47**	**(54,90.22)**

c) Deferred tax assets/liabilities (net)

Significant components of deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:

(₹ in lakhs)

Particulars	As at April 01, 2022	Through profit and loss	Through other comprehensive income	As at March 31, 2023
Deferred tax liabilities :				
- Property, plant & equipment & Intangible assets- Accumulated depreciation/Amortisation	-			-
- Intangible assets- Accumulated amortisation	-			-
- Fair Valuation of financial assets measured at FVTOCI and FVTPL	163,46.93	1,31.41	18,60.05	183,38.39
- Fair Valuation of Mutual Funds measured at FVTPL				-
- Income to be taxed on actual receipt basis	61,14.95	16,36.36	-	77,51.31
- Sourcing commission claimed on incurrence basis	37,34.75	3,43.13	-	40,77.88
- Undistributable earnings in subsidiaries	-			-
Total deferred tax liabilities	**261,96.63**	**21,10.90**	**18,60.05**	**301,67.58**
Deferred tax asset :				
- Property, plant & equipment & Intangible assets- Accumulated depreciation/Amortisation	3,91.86	4,30.03		8,21.89
- Expenses deductible in future years:				
Provisions for impairment allowances on financial assets	455,93.91	3,81.04		459,74.95
Compensated absences and retirement benefits allowable on payment basis	5,16.75	(7.59)		5,09.16
- Others	19.75	(3,67.40)		(3,47.65)
Total deferred tax assets	**465,22.27**	**4,36.08**	**-**	**469,58.35**
Net deferred tax asset/(liabilities)	**203,25.64**	**(16,74.82)**	**(18,60.05)**	**167,90.77**
- Minimum alternate tax (MAT) entitlement				
Deferred tax assets/(liabilities) (net)	**203,25.63**	**(16,74.81)**	**(18,60.05)**	**167,90.77**

Significant components of deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

(₹ in lakhs)

Particulars	As at April 01, 2021	Through profit and loss	Through other comprehensive income	As at March 31, 2022
Deferred tax liabilities :				
- Property, plant & equipment & Intangible assets- Accumulated depreciation/Amortisation	-			-
- Income to be taxed on actual receipt basis	-			-
- Fair Valuation of financial assets measured at FVTOCI and FVTPL	94,91.64	13,35.22	55,20.04	163,46.90
- Fair Valuation of Equity Instruments measured at FVTOCI and FVTPL				-
- Income to be taxed on actual receipt basis	31,67.77	29,47.19	-	61,14.96
- Sourcing commission claimed on incurrence basis	36,90.97	43.79	-	37,34.76
- Undistributable earnings in subsidiaries	31,58.93	(31,58.93)	-	-
Total deferred tax liabilities	**195,09.31**	**11,67.27**	**55,20.04**	**261,96.62**
Deferred tax asset :				
- Property, plant & equipment & Intangible assets- Accumulated depre	(9,46.82)	13,38.68		3,91.86
- Expenses deductible in future years:				-
Provisions for impairment allowances on financial assets	328,56.82	127,37.12		455,93.94
Compensated absences and retirement benefits allowable on payment basis	5,11.81	4.94		5,16.75
- Others	8,26.36	(8,06.62)		19.74
Total deferred tax assets	**332,48.17**	**132,74.12**	**-**	**465,22.29**
Net deferred tax asset/(liabilities)	**137,38.86**	**121,06.85**	**(55,20.04)**	**203,25.67**

d) Amounts recognised directly in equity

Tax impact of ₹ 3,78.01 lakhs (FY 21-22- ₹ 52.57 lakhs) on distribution to instrument entirely equity in nature has been routed through reserve.

e) Tax losses

As at March 31, 2023, unrecognized deferred tax assets amount to Rs. 102,37.41 lakhs (As at March 31, 2022 - Rs.93,73.26 lakhs) and Rs. 468,13.15 lakhs (As at March 31, 2022 - Rs.141,67.63 lakhs) which can be carried forward indefinitely and up to a specified period, respectively. These relate primarily to business losses, depreciation carry forwards and other deductible temporary differences. The deferred tax asset has not been recognized on the basis that its recovery is not probable in the foreseeable future.

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

March 31,	Rs. In lakhs
2025	43,63.45
2026	17,94.18
2027	14,22.60
2028	8,17.80
2029	34,15.65
2030	23,45.00
2031	326,54.47
Total	**468,13.15**

13 Property, plant and equipment

(₹ in lakhs)

	Particulars	Gross Block				Accumulated Depreciation				Net Block
		Balance as at April 1, 2022	Additions	Deletions	Balance as at March 31, 2023	Balance as at April 1, 2022	Depreciation for the year	Deletions	Balance as at March 31, 2023	Balance as at March 31, 2023
(a)	Building (Refer Notes below)	24,02.37	-	-	24,02.37	4,67.34	40.76	-	5,08.11	18,94.26
(b)	Data processing machines	15,39.20	5,09.99	(1,63.85)	18,85.34	10,54.81	3,01.43	(1,55.40)	12,00.84	6,84.49
(c)	Furniture and fixtures	40,51.29	1,43.93	(2,82.94)	39,12.28	36,99.02	1,08.28	(2,67.65)	35,39.65	3,72.63
(d)	Vehicles	7,42.70	2,76.61	(2,52.58)	7,66.72	3,50.38	1,59.54	(2,04.14)	3,05.78	4,60.95
(e)	Office equipments	23,29.48	1,71.29	(,88.96)	24,11.81	19,92.44	1,10.90	(,83.39)	20,19.95	3,91.86
(f)	RTU	88,29.74	26,37.48	(5,71.44)	108,95.78	22,12.21	15,51.46	(3,97.69)	33,65.98	75,29.80
(g)	Vehicles - given on lease	210,94.69	25,22.58	(37,63.01)	198,54.26	84,51.45	33,46.38	(24,72.05)	93,25.77	105,28.48
(h)	Leasehold improvements	2,97.61	1,12.14	-	4,09.75	64.21	74.41	-	1,38.62	2,71.14
	Total	**412,87.08**	**63,74.02**	**(51,22.78)**	**425,38.31**	**182,91.86**	**56,93.16**	**(35,80.32)**	**204,04.70**	**221,33.61**

Note 1 : Building includes nominal value of investment in Sim Tools Private Limited

Note 2 : Building includes Rs. 1,000/- being value of investment in 20 shares of Rs. 50/- each in Nilgiri Upvan Co-operative Housing Society Limited.

Note 3 : Secured Non-convertible debentures (NCDs) have an exclusive pari-passu charges on Company's residential flat.

(₹ in lakhs)

	Particulars	Gross Block				Accumulated Depreciation				Net Block
		Balance as at April 1, 2021	Additions	Deletions	Balance as at March 31, 2022	Balance as at April 1, 2021	Depreciation for the year	Deletions	Balance as at March 31, 2022	Balance as at March 31, 2022
(a)	Building (Refer Notes below)	41,36.68	-	17,34.31	24,02.37	6,37.68	54.53	2,24.87	4,67.34	19,35.03
(b)	Right of Use Assets	59,44.20	36,31.11	7,45.57	88,29.74	15,81.64	12,47.73	6,17.16	22,12.21	66,17.53
(c)	Furniture and fixtures	48,31.55	32.98	8,13.24	40,51.29	43,41.85	1,24.69	7,67.52	36,99.02	3,52.27
(d)	Vehicles	6,79.69	2,07.32	1,44.31	7,42.70	3,24.35	1,55.42	1,29.39	3,50.38	3,92.32
(e)	Vehicles - given on lease	239,54.72	13,84.47	42,44.50	210,94.69	64,55.85	37,43.59	17,47.99	84,51.45	126,43.24
(f)	Office equipments	22,95.50	82.44	48.46	23,29.48	18,93.09	1,45.28	45.93	19,92.44	3,37.04
(g)	Data processing machines	13,51.28	1,93.79	5.87	15,39.20	8,54.53	2,05.79	5.51	10,54.81	4,84.39
(h)	Leasehold improvements	2,09.80	87.81	-	2,97.61	16.40	47.81	-	64.21	2,33.40
	Total	**434,03.42**	**56,19.92**	**77,36.26**	**412,87.08**	**161,05.39**	**57,24.84**	**35,38.37**	**182,91.86**	**229,95.22**

Note 1 : Building includes nominal value of investment in Sim Tools Private Limited

Note 2 : Building includes Rs. 1,000/- being value of investment in 20 shares of Rs. 50/- each in Nilgiri Upvan Co-operative Housing Society Limited.

14A Goodwill

(₹ in lakhs)

	Particulars	Balance as at April 1, 2022	Impairment charge/(reversal)	Balance as at March 31, 2023
(a)	Goodwill	205,18.53	-	205,18.53
	Total	**205,18.53**	**-**	**205,18.53**

(₹ in lakhs)

	Particulars	Balance as at April 1, 2021	Impairment charge/(reversal)	Balance as at March 31, 2022
(a)	Goodwill	205,18.53	-	205,18.53
	Total	**205,18.53**	**-**	**205,18.53**

As at March 31, 2023 and 2022, goodwill of Rs. 205,18.53 lakhs has been allocated to the busines acquisition made of Sheba Properties Limited (now known as Tata Motors Finance Limited) which is the Cash Generating Unit (referred to as "CGU"). The recoverable amount of the cash generating unit has been determined based on value in use. Value in use has been determined based on future cash flows, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.

There is no revaluation or any other adjustment conducted in the reporting period and corresponding previous year. Hence, there will be no additional disclosure required.

14B Intangible Assets

(₹ in lakhs)

		Gross Block				Accumulated Amortisation				Net Block
	Particulars	Balance as at April 1, 2022	Additions	Deletions	Balance as at March 31, 2023	Balance as at April 1, 2022	Amortisation during the year	Deletions	Balance as at March 31, 2023	Balance as at March 31, 2023
(a)	Computer Software	29,29.44	-	-	29,29.44	25,88.90	1,15.99	-	27,04.89	2,24.55
	Total	**29,29.44**	**-**	**-**	**29,29.44**	**25,88.90**	**1,15.99**	**-**	**27,04.89**	**2,24.55**

(₹ in lakhs)

		Gross Block				Accumulated Amortisation				Net Block
	Particulars	Balance as at April 1, 2021	Additions	Deletions	Balance as at March 31, 2022	Balance as at April 1, 2021	Amortisation during the year	Deletions	Balance as at March 31, 2022	Balance as at March 31, 2022
(a)	Computer Software	28,60.69	68.75		29,29.44	23,24.05	2,64.85	-	25,88.90	3,40.54
	Total	**28,60.69**	**68.75**	**-**	**29,29.44**	**23,24.05**	**2,64.85**	**-**	**25,88.90**	**3,40.54**

15 Other non-financial assets

(₹ in lakhs)

	Particulars	As at March 31 2023	As at March 31 2022
(a)	Capital advances	7,92.31	10,90.30
(b)	Deposits with statutory authorities	75.05	83.34
	(Net of provision ₹ 87.92 lakhs; March 31, 2022 ₹ 87.92 lakhs)		
(c)	Deposits paid under protest	11,82.51	11,12.73
(d)	Prepaid expenses	62,55.60	34,84.19
(e)	Taxes recoverable and dues from government	78,64.60	74,32.22
	(Net of provision of ₹ 3,03.69 lakhs; March 31, 2022 ₹ 3,03.69 lakhs)		
(f)	Stamp papers	11,30.71	9,51.67
(g)	Others non-financial assets	16,42.83	2,81.58
	(Net of provision of ₹ 2,34.16 lakhs; March 31, 2022 ₹ 1,43.73 lakhs)		
	Total	**189,43.61**	**144,36.03**

16 Derivative financial instruments as at March 31, 2023

(₹ in lakhs)

Particulars	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
Currency derivatives				
Forward exchange contracts			179,63.75	14,86.64
Currency Swaps				
Subtotal	**-**	**-**	**179,63.75**	**14,86.64**
Interest rate derivatives				
Interest Rate Swaps	179,63.75	11,06.20		
Subtotal	**179,63.75**	**1,106.20**	**-**	**-**
Other derivatives				
Cross currency interest rate swaps	649,67.75	99,33.29		
Subtotal	649,67.75	99,33.29	-	-
Total Derivative Financial Instruments	**829,31.50**	**110,39.49**	**179,63.75**	**14,86.64**
Derivative designated as hedge				
Cash flow hedging:				
Forward exchange contracts			179,63.75	14,86.64
Cross currency interest rate swaps	649,67.75	99,33.29		
Interest rate swaps	179,63.75	11,06.20		
Subtotal	**82,931.50**	**11,039.49**	**17,963.75**	**1,486.64**
Undesignated Derivatives				
Interest Rate Swaps		-		-
Subtotal	-	-	-	-
Total Derivative Financial Instruments	**829,31.50**	**110,39.49**	**179,63.75**	**14,86.64**

Refer Note 43 on Financial Risk Manangement for maturity analysis of Derivative financial liabilities at March 31, 2023.

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2023

Derivative financial instruments as at March 31, 2022

(₹ in lakhs)

Particulars	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
Currency derivatives				
Forward exchange contracts	-	-	179,63.75	19,79.51
Currency Swaps				
Subtotal		**-**	**179,63.75**	**19,79.51**
Interest rate derivatives				
Interest Rate Swaps	179,63.75	3,06.97		-
Subtotal	**179,63.75**	**3,06.97**	**-**	**-**
Other derivatives				
Cross currency interest rate swaps	1606,10.75	84,57.16		-
Subtotal	**1606,10.75**	**84,57.16**	**-**	**-**
Total Derivative Financial Instruments	**1785,74.50**	**87,64.13**	**179,63.75**	**19,79.51**
Derivative designated as hedge				
Cash flow hedging:				
Forward exchange contracts			179,63.75	19,79.51
Cross currency interest rate swaps	1606,10.75	84,57.16		
Interest rate swaps	179,63.75	3,06.97		
Fair value hedging:				
Interest Rate Derivative				
Subtotal	**1785,74.50**	**87,64.13**	**179,63.75**	**19,79.51**
Undesignated Derivatives				
Interest Rate Swaps		-		
Subtotal	**-**	**-**	**-**	**-**
Total Derivative Financial Instruments	**1785,74.50**	**87,64.13**	**179,63.75**	**19,79.51**

17 Payables

(₹ in lakhs)

	Particulars	As at March 31 2023	As at March 31 2022
(a)	**Trade Payables**		
	(i) total outstanding dues of creditors other than micro enterprises and small enterprises	13,54.76	10,01.23
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	229,85.23	195,19.45
	Total (A)	**243,39.99**	**205,20.68**
(b)	**Other Payables**		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	87,45.16	55,28.14
	Total (B)	**87,45.16**	**55,28.14**
	Total (A+B)	**330,85.15**	**260,48.82**

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

Note: According to the information available with the management, on the basis of intimation received from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has amounts due to micro and small enterprises under the said Act as at March 31, 2023 as follows :

(₹ in lakhs)

	Particulars	As at March 31 2023	As at March 31 2022
(a)	Principal amount due	13,54.76	10,01.23
(b)	Interest due on above	-	-
(c)	Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d)	Amount of interest due and payable for the period of delay	-	-
(e)	Amount of interest accrued and remaining unpaid as at year end	-	-
(f)	Amount of further remaining due and payable in the succeeding year	-	-

17 Payables

Trade Payables aging schedule

Ageing of trade payable at March 31, 2023 is given below-

(₹ in lakhs)

	As at March 31, 2023							
	Particulars	**Not due**	**Unbilled**	**Less than 1 Year**	**1-2 Years**	**2-3 Years**	**More than 3 Years**	**Total**
(i)	MSME	10,66.67	2,83.20	4.89	-	-	-	13,54.76
(ii)	Others	176,52.16	24,72.10	24,86.72	1,59.74	61.30	1,53.21	229,85.23
(iii)	Disputed dues – MSME	-	-	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	-	-	-	-	-
	Total	**187,18.83**	**27,55.30**	**24,91.61**	**1,59.74**	**61.30**	**1,53.21**	**243,39.99**

Ageing of trade payable at March 31, 2022 is given below-

(₹ in lakhs)

	As at March 31, 2022							
	Particulars	**Not due**	**Unbilled**	**Less than 1 Year**	**1-2 Years**	**2-3 Years**	**More than 3 Years**	**Total**
(i)	MSME	-	7,63.46	2,37.77	-	-	-	10,01.23
(ii)	Others	26,58.30	70,43.12	69,88.11	20,64.82	2,64.17	5,00.94	195,19.45
(iii)	Disputed dues – MSME	-	-	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	-	-	-	-	-
	Total	**26,58.30**	**78,06.58**	**72,25.88**	**20,64.82**	**2,64.17**	**5,00.94**	**205,20.68**

18 Debt securities (at amortised cost)

(₹ in lakhs)

	Particulars	As at March 31 2023 (4=1+2+3)	As at March 31 2022 (8=5+6+7)
(a)	Privately placed non-convertible debentures		
	(i) Secured (Refer Note #)	998,95.45	1774,66.97
	(ii) Unsecured	5708,30.04	5641,37.41
(b)	Commercial Paper		
	(i) Unsecured	4846,62.09	4962,15.68
	(net of unamortised discounting charges and borrowing cost of ₹207,37.91 lakhs; March 31, 2022 ₹137,84.33 lakhs)		
	Total (A)	**11553,87.58**	**12378,20.06**
i.	Debt securities in India	11553,87.58	12378,20.06
ii.	Debt securities outside India	-	-
	Total (B)	**11553,87.58**	**12378,20.06**

 # Nature of security for secured borrowings outstanding

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

1(A) Nature

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

i) One of the Group's residential flat and

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

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

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

1(B) Extent

The minimum security of 100 % for the Non convertible debentures outstanding has been maintained.

Details of non-cumulative debentures (secured)

(₹ in lakhs)

From Balance sheet Date	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Issued on private placement basis				
Repayable on Maturity:				
Maturing within 1 Year	8.75% to 8.50%	1000,00.00	6.75% to 8.65%	780,00.00
Maturing between 1 year to 3 Years		-	8.50% to 8.75%	1000,00.00
Total Face Value		**1000,00.00**		**1780,00.00**
Less: Unamortised borrowing cost		1,04.55		5,33.03
Total Amortised cost		**998,95.45**		**1774,66.97**

Details of non cumulative debentures (unsecured)

(₹ in lakhs)

From Balance sheet Date	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Issued on private placement basis				
Repayable on Maturity:				
Maturing within 1 Year	7.97% to 7.97%	600,00.00	11.00% to 6.30%	1410,30.10
Maturing between 1 year to 3 Years	9.49% to 7.02%	3904,34.65	7.97% to 6.08%	4115,02.50
Maturing between 3 Years to 5 Years	8.53% to 8.40%	1797,64.58	7.69%	389,32.14
Total Face Value		**6301,99.23**		**5914,64.74**
Less: Unamortised borrowing cost		593,69.19		273,27.33
Total Amortised cost		**5708,30.04**		**5641,37.41**

Details of commercial papers (unsecured)

-

From Balance sheet Date	As at March 31, 2023		As at March 31, 2022	
	Interest Rate	Amount	Interest Rate	Amount
Repayable on Maturity:				
Maturing within 1 Year	7.30% to 6.70%	5054,00.00	5.50% to 4.15%	5100,00.00
Total Face Value		**5054,00.00**		**5100,00.00**
Less: Unamortised discounting charges		207,37.91		137,84.32
Total Amortised cost		**4846,62.09**		**4962,15.68**

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

(₹ in lakhs)

	Particulars	As at March 31 2023	As at March 31 2022
		(4=1+2+3)	(8=5+6+7)
(a)	Term loans from banks		
	(i) Secured	18396,27.81	16561,79.60
	(iii) Unsecured	3692,45.33	3208,92.24
(b)	Inter corporate deposits from related parties (unsecured)	-	150,00.00
(c)	Liability component of compound financial instruments	-	15,23.20
(d)	Loans repayable on demand from banks		
	(i) Secured (refer note i)	1910,00.00	3730,00.00
	(ii) Unsecured	-	374,90.00
(e)	Cash credit from banks (secured) (refer note ii)	74,98.01	1,35.21
(f)	Collateralised debt obligation (secured) (refer note (iii) below)	74,87.24	1182,08.72
	Total (A)	**24148,58.39**	**25224,28.97**
i.	Borrowings in India	23206,10.50	23225,64.69
ii.	Borrowings outside India	942,47.89	1998,64.28
	Total (B)	**24148,58.39**	**25224,28.97**

Note (i)

Nature of Security for secured term loans from banks:

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

a) All receivables of the Group arising out of loan, lease transactions and trade advances.

b) All other book debts.

c) Receivables from factoring in which Group has invested.

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

e) External Commercial borrowings of USD 100 Million from IFC is secured by way of first parri passu charge in favour of IFC on receivables of the Company.

Note (ii)

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

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

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

b) All other book debts;

c) Receivables from factoring in which Group has invested; and

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

Note (iii)

Collateralised debt obligation represent amount received against loans securitised, which does not qualify for derecognition.

Note (iv)

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

Note (v)

The Company has utilized all it's borrowings from Banks & Financial Institutions for the purpose they have been borrowed.

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Details of term loans from banks (secured)

(₹ in lakhs)

	Particulars	As at March 31, 2023		As at March 31, 2022	
		Interest Rate Range	Amount	Interest Rate Range	Amount
1	**Repayable on Maturity:**				
	Maturing within 1 Year	8.97% to 7.77%	2825,00.00	6.65% to 7.30%	550,00.00
	Maturing between 1 year to 3 Years	8.88% to 7.40%	875,00.00	7.75% to 6.00%	2130,00.00
	Total repayable on maturiy (A)		**3700,00.00**		**2680,00.00**
2	**Repayable in Installments:**				
i.	**On quarterly basis**				
	Maturing within 1 Year	9.15% to 7.40%	3596,51.45	8.20% to 6.95%	2725,65.52
	Maturing between 1 year to 3 Years	10.00% to 7.71%	5198,29.76	8.20% to 6.95%	5630,63.93
	Maturing between 3 Years to 5 Years	8.95% to 7.50%	1222,35.72	7.70% to 7.10%	783,63.27
	Subtotal (B)		**10017,16.93**		**9139,92.72**
ii.	**On half yearly basis**				
	Maturing within 1 Year	8.80% to 7.75%	883,75.00	8.10% to 7.25%	1158,15.48
	Maturing between 1 year to 3 Years	8.80% to 7.25%	1218,54.17	8.10% to 7.25%	1056,87.50
	Maturing between 3 Years to 5 Years	8.95% to 7.40%	883,33.33	7.70% to 7.35%	85,00.00
	Subtotal (C)		**2985,62.50**		**2300,02.98**
iii.	**On yearly basis**				
	Maturing within 1 Year	8.80% to 7.60%	266,66.67	7.35% to 8.20%	200,00.00
	Maturing between 1 year to 3 Years	8.70% to 7.60%	300,00.00	8.20% to 6.50%	266,66.64
	Maturing between 3 Years to 5 Years	8.70% to 8.70%	200,00.00		-
	Subtotal (D)		**766,66.67**		**466,66.64**
	Total repayable on installments (E = B+C+D)		**13769,46.10**		**11906,62.34**
	Total term loans as per contractual terms (F = A+E)		**17469,46.10**		**14586,62.34**
	Less: Unamortised borrowing costs	-	15,66.18	-	23,47.01
	Total Amortised cost		**17453,79.92**		**14563,15.33**

Details of external commercial borrowings (USD)

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Repayable on Maturity:				
Maturing within 1 Year	7.90% to 7.90%	12,325.50	8.11% to 8.88%	1,13,626.95
Maturing between 1 year to 3 Years	8.97% to 10.07%	822,19.37	9.03% to 7.70%	868,00.25
Total repayable on maturiy		**945,44.87**		**2004,27.20**
Less: Unamortised borrowing costs		2,96.98		5,62.92
Net		**942,47.89**		**1998,64.28**

Details of collateralised debt obligation

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing within 1 Year	6.40% to 8.00%	74,87.24	6.40% to 9.20%	850,21.02
Maturing between 1 year to 3 Years		-	6.40% to 9.20%	332,33.40
Total		**74,87.24**		**1182,54.42**
Less: Unamortised borrowing costs		-		45.70
Net		**74,87.24**		**1182,08.72**

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Details of term loans from banks (unsecured)

(₹ in lakhs)

	Particulars	As at March 31, 2023		As at March 31, 2022	
		Interest Rate Range	Amount	Interest Rate Range	Amount
1	**Repayable on Maturity:**				
	Maturing within 1 Year			7.30% to 7.30%	130,00.00
	Maturing between 1 year to 3 Years	8.40% to 8.40%	210,00.00		
	Maturing between 3 Years to 5 Years	8.65% to 8.25%	400,00.00	7.55% to 7.55%	370,00.00
	Total repayable on maturiy (A)		**610,00.00**		**500,00.00**
2	**Repayable in Installments:**				
i.	**On quarterly basis**				
	Maturing within 1 Year	8.60% to 8.60%	62,50.00	7.50% to 7.50%	42,00.00
	Maturing between 1 year to 3 Years	8.60% to 8.60%	125,00.00	7.45% to 7.50%	293,00.00
	Maturing between 3 Years to 5 Years	8.60% to 8.60%	62,50.00	7.45% to 7.45%	125,00.00
	Subtotal (B)		**250,00.00**		**460,00.00**
ii.	**On half yearly basis**				
	Maturing within 1 Year	8.85% to 7.80%	416,66.67	7.65% to 7.65%	166,66.67
	Maturing between 1 year to 3 Years	8.85% to 7.80%	916,66.67	7.65% to 7.65%	333,33.33
	Subtotal (C)		**1333,33.34**		**500,00.00**
iii.	**On yearly basis**				
	Maturing within 1 Year	8.10% to 7.95%	750,00.00	7.12% to 7.12%	250,00.00
	Maturing between 1 year to 3 Years	8.10% to 7.95%	750,00.00	7.12% to 6.25%	1500,00.00
	Subtotal (D)		**1500,00.00**		**1750,00.00**
	Total repayable on installments (E = B+C+D)		**3083,33.34**		**2710,00.00**
	Total term loans as per contractual terms (G = A+F)		**3693,33.34**		**3210,00.00**
	Less: Unamortised borrowing costs		88.01		1,07.76
	Total Amortised cost		**3692,45.33**		**3208,92.24**

Details of inter corporate deposits (ICDs)

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing within 1 Year		-	5.20% to 5.20%	150,00.00
Total		**-**		**15,000.00**
Less: Unamortised borrowing costs		-		-
Net		**-**		**15,000.00**

Details of loans repayable on demand from banks (secured)

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing within 1 Year	8.30% to 7.50%	1910,00.00	7.40% to 4.50%	3730,00.00
Total		**1,91,000.00**		**3,73,000.00**
Less: Unamortised borrowing costs		-		-
Net		**1,91,000.00**		**3,73,000.00**

Details of loans repayable on demand from banks (unsecured)

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing within 1 Year	-	-	6.85% to 6.25%	374,90.00
Total		**-**		**37,490.00**
Less: Unamortised borrowing costs		-		-
Net		**-**		**37,490.00**

Details of cash credit facilities (secured)

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Maturing within 1 Year	7.95% to 7.95%	74,98.04	7.95% to 7.95%	1,35.21
Total		**7,498.04**		**135.21**
Less: Unamortised borrowing costs		-		-
Net		**7,498.04**		**135.21**

20 Subordinated Liabilities (at amortised cost)

(₹ in lakhs)

	Particulars	As at March 31 2023	As at March 31 2022
(a)	Perpetual Debt Instruments to the extent that do not qualify as equity (unsecured)	124,81.59	224,35.50
(b)	Privately placed subordinated unsecured redeemable, non-convertible debentures	588,48.09	677,82.77
	Total (A)	**713,29.68**	**902,18.27**
i.	Debt securities in India	713,29.68	902,18.27
ii.	Debt securities outside India	-	-
	Total (B)	**713,29.68**	**902,18.27**

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

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Issued on private placement basis				
Repayable on Maturity:				
Maturing within 1 Year	10.15% to 9.85%	155,10.00	10.25% to 8.35%	200,00.00
Maturing between 1 year to 3 Years	10.60% to 9.70%	235,00.00		-
Maturing between 3 Years to 5 Years	8.35% to 8.35%	50,00.00	10.60% to 9.70%	390,10.00
Maturing beyond 5 Years	10.00% to 10.00%	150,00.00	11.00% to 10.46%	90,40.00
Total Face Value		**590,10.00**		**680,50.00**
Less: Unamortised borrowing cost		2,07.43		2,67.23
Total Amortised cost		**588,02.57**		**677,82.77**

Particulars	2023		2022	
	₹ in Lakhs	Face Value (₹)	₹ in Lakhs	Face Value (₹)
11.50% TMFL Perpetual "A" FY 2012-13	-	-	26,90.00	5 Lakhs
11.25% TMFL Perpetual "B" FY 2012-13	-	-	73,10.00	5 Lakhs
11.03% TMFL Perpetual "A" FY 2013-14 (Refer note 1)	52,70.00	5 Lakhs	52,70.00	10 Lakhs
11.33% TMFL Perpetual "B" FY 2013-14 (Refer note 1)	22,30.00	10 Lakhs	22,30.00	10 Lakhs
11.10% TMFL Perpetual "A" FY 2014-15	50,30.00	10 Lakhs	50,30.00	10 Lakhs
	125,30.00		**225,30.00**	
Less : Unamortised Borrowing Cost	48.41		94.50	
Total	**124,81.59**		**224,35.50**	

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

Note 1 - The Company has received approval from Reserve Bank of India for exercise of call option for Series 'A' and series 'B' falling due on May 28, 2023 and May 23, 2023 respectively.

21 Other financials liabilities

(₹ in lakhs)

	Particulars	As at March 31 2023	As at March 31 2022
(a)	Interest accrued on borrowings	232,44.04	293,07.40
(b)	Unpaid dividends	0.23	-
(c)	Accrual for Compulsorily Convertible Preference Shares	26,04.00	-
(d)	Lease liability for right of use assets	83,89.28	72,09.09
(e)	Payable for assigned receivables	446,57.38	381,07.74
(f)	Deposits	16,05.47	13,02.12
(g)	Others	223,32.12	342,11.60
	Total	**1028,32.52**	**1101,37.95**

22 Provisions

(₹ in lakhs)

	Particulars	As at March 31 2023	As at March 31 2022
(a)	Provision for leave encashment	10,32.41	10,58.50
(b)	Provision for grauity	1.00	5,45.84
(c)	Provision for indirect taxes	68,92.43	66,26.52
(d)	Provision for consumer disputes	1,19.55	72.54
(e)	Provision for expenses	20,98.18	25,38.30
	Total	**101,43.57**	**108,41.70**

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

(a) Provision for indirect taxes

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Opening balance	66,26.52	66,26.52
Add : Provision during the year	2,65.91	-
Less : Utilisation/reversal during the year	-	-
Closing balance	**68,92.43**	**66,26.52**

(b) Provision for consumer disputes

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Opening balance	72.54	1,05.08
Add : Provision during the year	1,07.93	2,56.50
Less : Utilisation/reversal during the year	60.92	2,89.04
Closing balance	**119.55**	**72.54**

23 Other non-financial liabilities

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Statutory dues	54,61.60	50,77.69
Others	25,65.73	31,78.13
Total	**80,27.33**	**82,55.82**

24A Equity Share Capital

(₹ in lakhs)

	Particulars	As at March 31 2023		As at March 31 2022	
		No. of shares	₹	No. of shares	₹
A	**Authorised**				
	Equity Shares of Rs.10 each with voting rights	2,50,00,00,000	2500,00.00	2,50,00,00,000	2500,00.00
			2500,00.00		**2500,00.00**
B	**Issued, Subscribed and Fully Paid up**				
	Equity shares of Rs. 10 each	1,74,15,93,442	1741,59.34	1,64,82,83,442	1648,28.34
	Total		**1741,59.34**		**1648,28.34**

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

(₹ in lakhs)

	Particulars	As at March 31 2023		As at March 31 2022	
		No. of shares	₹	No. of shares	₹
(a)	Shares outstanding at the beginning of the year	1,64,82,83,442	1648,28.34	1,64,82,83,442	1648,28.34
(b)	Equity Shares Issued on conversion of CCPS during the year (Refer Note 1 below)	9,33,10,000	93,31.00	-	-
	Shares outstanding at the end of the year	**1,74,15,93,442**	**1741,59.34**	**1,64,82,83,442**	**1648,28.34**

Note 1:- During the financial year 2022-23, the Company has converted the outstanding Compulsorily Convertible Preference Share (CCPS) at pre-determined conversion ratio. On conversion of CCPS, the Company has issued 9,33,10,000 equity shares of face value of Rs. 100 each against 4,34,00,000 no. of CCPS of face value of Rs. 100 each.

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

Particulars	As at March 31 2023		As at March 31 2022	
	No. of shares	% of Issued Share Capital	No. of shares	% of Issued Share Capital
Equity shares with voting rights				
Tata Motors Limited	1,74,15,93,442	100%	1,64,82,83,442	100%

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

Particulars	As at March 31 2023		As at March 31 2022	
	No. of shares	% of Issued Share Capital	No. of shares	% of Issued Share Capital
Equity Share with voting rights				
Tata Motors Limited	1,74,15,93,442	100%	1,64,82,83,442	100%

d) Terms / rights attached to equity shares:

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

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

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

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

The company has not declared dividends during the financial year ended March 31, 2023.

24B Equity Component of Compound Financial Instrument

(₹ in lakhs)

	Particulars	As at March 31 2023		As at March 31 2022	
		No. of shares	₹	No. of shares	₹
A	**Authorised**				
	Preference shares of ₹ 100 each	7,50,00,000	750,00.00	7,50,00,000	750,00.00
			750,00.00		**750,00.00**
B	**Issued, Subscribed and Fully Paid up**				
	Equity portion of cumulative, non-participating Compulsorily convertible preference share (CCPS) of ₹ 100 each	-	-	4,34,00,000	370,72.59
	Total		**-**		**370,72.59**

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

(₹ in lakhs)

	Particulars	As at March 31 2023		As at March 31 2022	
		No. of shares	₹	No. of shares	₹
(a)	Shares outstanding at the beginning of the year	4,34,00,000	370,72.59	4,34,00,000	370,72.59
(b)	Shares converted into equity during the year (Refer note (c) below)	(4,34,00,000)	(37,072.59)	-	-
	Shares outstanding at the end of the year	**-**	**-**	**4,34,00,000**	**370,72.59**

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

(₹ in lakhs)

Particulars	As at March 31 2023		As at March 31 2022	
	No. of shares	% of holding	No. of shares	% of holding
Tata Motors Limited	-	-	4,34,00,000	100%

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.

However, during the finanance year ended March 31, 2023, the Company has converted the outstanding Compulsorily convertible preference share (CCPS) at pre-determined conversion ratio. On conversion of CCPS, the Company has issued 9,33,10,000 equity shares of face value of Rs. 100 each against 4,34,00,000 no. of CCPS of face value of Rs. 100 each.

24C (I) Other components of equity

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

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning of the year	**147,44.35**	**49,76.89**
Other comprehensive income for the year	(2,79.31)	97,67.47
Income tax relating to gain/loss arising on other comprehensive income where applicable	-	-
Profit on sale of equity investment reclassified to retained earnings	-	-
Balance at the end of the year	**144,65.04**	**147,44.35**

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

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning of the year	**(9,21.58)**	**(51,07.80)**
Gain/(loss) recognised on cash flow hedges	31,17.40	41,86.22
Income tax relating to gain/loss recognised on cash flow hedges	-	-
Gain/(loss) reclassified to profit or loss	-	-
Income tax relating to gain/loss recognised to profit or loss	-	-
Balance at the end of the year	**21,95.82**	**(9,21.58)**

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

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning of the year	**(4,57.04)**	**90.58**
Gain/(loss) recognised on cash flow hedges - Gain/(Loss)	(1,78.87)	(5,47.62)
Income tax relating to Gain/(loss) recognised on cash flow hedges - Gain/(Loss)	-	-
Gain/(loss) reclassified to profit or loss	-	-
Income tax relating to gain/loss recognised to profit or loss	-	-
Balance at the end of the year	**(6,35.91)**	**(4,57.04)**

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

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning of the year	**323,23.09**	**256,77.83**
Gain/(loss) on fair value of Debt instruments (net of ECL and tax effects)	58,11.72	66,45.26
Balance at the end of the year	**381,34.81**	**323,23.09**

(5) Summary of Other components of equity :-

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Equity instruments through other comprehensive income	144,65.04	147,44.35
Hedging Reserve	21,95.82	(9,21.58)
Cost of hedging reserve	(6,35.91)	(4,57.06)
Debt instruments through other comprehensive income	381,34.81	323,23.09
Total	**541,59.76**	**456,88.80**

(II) Notes to reserves

a) Special reserve

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

b) Capital redemption reserve

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

c) Securities Premium Account

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

d) Capital Reserve

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

e) General reserve

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

f) Retained earnings

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

g) Equity Instrument through OCI

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

h) Hedging Reserve through OCI

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

(i) Cost of hedge reserve

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

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25 Interest Income

(₹ in lakhs)

	Particulars	For the year ended March 31 2023	For the year ended March 31 2022
	On Financial Assets measured at Amortised Cost		
(a)	Interest on loans	2741,53.92	3145,26.83
(b)	Interest income from investments	71,78.88	16,87.32
(c)	Interest on deposits with banks	70,03.19	84,53.63
(d)	Other interest income	15,54.05	6.00
	On Financial Assets measured at Fair Value through Other Comprehensive Income		
(a)	Interest on loans	1400,30.18	865,92.66
	On Financial Assets measured at Fair Value through Profit & Loss		
(a)	Interest income from investments	1,62.98	8,10.06
	Total	**4300,83.20**	**4120,76.50**

26 Net gain on fair value changes

(₹ in lakhs)

	Particulars	For the year ended March 31 2023	For the year ended March 31 2022
(a)	Net gain on financial instruments at fair value through profit or loss	164,93.69	151,09.81
	Total	**164,93.69**	**151,09.81**
	Fair value changes:		
(a)	Realised	159,55.62	97,87.92
(b)	Unrealised	5,38.07	53,21.89
	Total	**164,93.69**	**151,09.81**

27 Other Income

(₹ in lakhs)

	Particulars	For the year ended March 31 2023	For the year ended March 31 2022
(a)	Support services income	110,71.62	121,36.88
(b)	Balances written back	15,65.11	4,63.67
(c)	Net gain on derecognition of property, plant and equipment	0.00	19,94.79
(d)	Miscellaneous income	3,89.08	3,84.64
	Total	**130,25.81**	**149,79.98**

28 Finance Costs (on financial liabilities measured at amortised cost)

(₹ in lakhs)

	Particulars	For the year ended March 31 2023	For the year ended March 31 2022
(a)	Interest on borrowings	1886,98.04	1720,03.37
(b)	Interest on debt securities	910,38.05	891,10.19
(c)	Interest on subordinated liabilities	79,60.07	101,49.65
(d)	Interest expense on lease liability	6,48.78	5,07.72
(e)	Other finance charges	1,07.53	1,12.64
	Total	**2884,52.47**	**2718,83.57**

29 Impairment on financial instruments

(₹ in lakhs)

	Particulars	For the year ended March 31 2023	For the year ended March 31 2022
	Loans (at amortised cost)		
(a)	Allowance for loan losses	(184,51.72)	417,17.21
(b)	Loans written off (net of recoveries of ₹ 171,85.85 lakhs for the year ended March 31, 2023; ₹ 80,24.00 lakhs for year ended March 31, 2022)	2032,55.63	771,98.37
	Loans (at FVOCI)		
(a)	Allowance for loan losses	202,84.81	66,83.36
	Other financial assets		
(a)	Allowance for doubtful assets	(12,02.92)	22,07.71
(b)	Balances written off	9.02	-
	Total	**2038,94.82**	**1278,06.65**

30 Employee Benefits Expenses

(₹ in lakhs)

	Particulars	For the year ended March 31 2023	For the year ended March 31 2022
(a)	Salaries	348,21.07	276,55.23
(b)	Contribution to provident and other funds	19,26.70	18,34.80
(c)	Staff welfare expenses	18,75.01	17,22.74
	Total	**386,22.78**	**312,12.77**

31 Other expenses

(₹ in lakhs)

	Particulars	For the year ended March 31 2023	For the year ended March 31 2022
(a)	Rent, taxes and energy costs	10,62.80	8,45.45
(b)	Repairs and maintenance	4,01.88	4,19.28
(c)	CSR expense	4,77.63	4,72.27
(d)	Communication Costs	5,93.24	5,28.12
(e)	Printing and stationery	2,68.05	1,86.42
(f)	Advertisement and publicity	6,75.48	1,91.78
(g)	Director's fees, allowances and expenses	3,99.30	2,80.00
(h)	Auditor's fees and expenses (refer note (i))	1,87.77	3,40.35
(i)	Legal and Professional charges	65,55.92	56,25.91
(j)	Insurance	61,50.63	38,04.20
(k)	Commission	70,84.24	65,80.27
(l)	Cenvat credit reversal	66,05.93	53,54.75
(m)	Service Provider Fees	242,84.98	195,36.97
(n)	Net loss on derecognition of property, plant and equipment	,30.92	2,99.53
(o)	Travelling and Conveyance	14,52.51	6,78.27
(p)	Loss on assets held for sale	71,04.53	-
(q)	Others expenses	48,83.94	55,45.70
	Total	**682,19.75**	**506,89.27**

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

(₹ in lakhs)

	Particulars	For the year ended March 31 2023	For the year ended March 31 2022
(a)	As auditors - statutory audit	1,22.14	2,94.14
(b)	Tax audit	14.90	10.01
(c)	For other services	43.85	27.70
(d)	Reimbursement of out of pocket expenses	6.88	8.50
	Total	**1,87.77**	**3,40.35**

32A Earnings per share

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

Diluted EPS is calculated by dividing the net profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.
The following table sets forth, for the years indicated, the computation of earnings per share.

Particulars	For the year ended March 31 2023	For the year ended March 31 2022
Basic		
Weighted average no. of equity shares outstanding	1,74,15,93,442	1,74,15,93,442
Net profit attributable to equity share holders	(1297,21.04)	(52,50.40)
Basic earnings per share (Rs.)	(7.45)	(0.30)
Diluted		
Weighted average no. of equity shares outstanding	1,74,15,93,442	1,74,15,93,442
Net profit	(1297,21.04)	(52,50.40)
Diluted earnings per share (Rs.)	(7.45)	(0.30)
Face value per share (Rs.)	10	10
Note 1 - Calculation of net profit attributable to equity share holders		
Profit after tax as per statement of profit and loss	(1012,97.27)	156,38.93
Less - Distribution made to holders of perpetual instruments	(284,23.77)	(208,89.33)
Net profit/ (Loss) attributable to equity share holders	(1297,21.04)	(52,50.40)

32B The Board of Directors of Tata Motors Finance Limited (TMFL) and Tata Motors Finance Solutions Limited (TMFSL), wholly owned subsidiaries of the Company, at their respective meeting held on October 3, 2022, approved a Scheme of Arrangement (“the Scheme”) under Section 230 to Section 232 read with Section 66 of the Companies Act, 2013 as amended between TMFL and TMFSL and their respective shareholders for demerger of the Non-Banking Finance related business (“NBFC Undertaking”) of TMFL into the TMFSL through the Scheme. Appointed date for the scheme is April 1, 2023. The Reserve Bank of India has given its no-objection certificate for the Scheme. The Scheme is subject to approvals of the National Company Law Tribunal and other regulatory authorities.

33 Segment reporting

The Group primarily operates in one reportable segment of financing and hence there are no separate reportable operating segments to be reported as per the IndAS 108 - Segment Reporting.

34 Contingent liabilities and commitments :-

1 Contingent liabilities to the extent not provided for:

A Claims against the group not acknowledged as debts:

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
In respect of consumer disputes	32,16.17	37,07.80
In respect of bonus under the Payment of Bonus (Amendment) Act, 2015	-	26.15
Total	**32,16.17**	**37,33.95**

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

B Bank guarantee for which the Group is contingently liable:

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
In respect of guarantees given by banks for Income tax matters	99.00	99.00

2 Commitments:

A Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 80.85 lakhs (as at March 31, 2022: Rs. 4,35.08 lakhs)

B Other commitments

a) Loan commitment towards vehicle financing Rs. 14,82.53 lakhs (as at March 31, 2022: Rs. 20,38.42 lakhs)

35 Employee benefit obligations

a) Super annuation plan

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

On account of the above contribution plans, a sum of Rs. 1,05.00 lakhs (previous year Rs. 1,13.35 lakhs) has been recognised in the Consolidated Statement of Profit and Loss.

Gratuity plan

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

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

a) Changes in defined benefit obligations

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Defined benefit obligation, beginning of the year	53,61.38	48,88.53
Current service cost	5,25.35	4,77.42
Interest cost	3,57.30	3,17.42
Remeasurement (gains) / losses		
Actuarial (gain) /losses arising from change in financial assumptions	11.08	(34.81)
Actuarial (gain) /losses arising from change in demographic assumptions	(63.89)	69.90
Actuarial (gain) /losses arising from change in experience adjustments	(3,42.22)	60.19
Past service cost	-	
Transfer between Subsidiaries	-	
Benefits paid from plan assets	(6,58.22)	(4,17.27)
Benefits paid directly by the employer	-	-
Defined benefit obligation, end of the year	**51,90.78**	**53,61.38**

b) Changes in plan assets

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Fair value of plan assets, beginning of the year	48,15.53	43,25.35
Interest cost	3,37.91	2,98.02
Remeasurement (gains) / losses		
Return on plan assets, (excluding amount included in net Interest expense)	1,48.71	38.61
Transfer in/(out) of assets	-	-
Employer's contribution	5,45.85	5,70.82
Benefits paid	(6,58.22)	(4,17.27)
Fair value of plan assets, end of the year	**51,89.78**	**48,15.53**

c) Amount recognised in balance sheet consist off

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Present value of defined benefit obligation	(51,90.78)	(53,61.38)
Fair value of plan assets	51,89.78	48,15.53
Net (Liability) / Assets	**(1.00)**	**(5,45.85)**

d) Amount recognised in the Statement of Profit and Loss:

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Current Service Cost	5,25.35	4,77.42
Interest on Defined Benefit Obligations (Net)	19.39	19.40
Net Charge to the Statement of Profit and Loss	**5,44.74**	**4,96.82**

e) Amount recognised in Other Comprehensive Income(OCI) for the Year:

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	(1,48.71)	(38.61)
Actuarial gains/(losses) arising from changes in demographic assumptions	(63.89)	69.90
Actuarial gains/(losses) arising from changes in financial assumptions	11.08	(34.81)
Actuarial gains/(losses) arising from changes in experience adjustments on plan liabilities	(3,42.22)	60.19
Net impact on the other comprehensive income before tax	**(5,43.74)**	**56.67**

f) The fair value of Company's Gratuity plan asset by category

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Asset Category		
Insurer managed funds		
- Insurer Managed Funds (unquoted)	100%	100%

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

g) The assumptions used in accounting for the gratuity plans are set out below:

Particulars	As at March 31 2023	As at March 31 2022
Discount rate	7.20%	7.10%
Expected return on plan assets	7.10%	7.10%
Salary Escalation rate	8% for first Year , 7% thereafter	8% for first Year , 7% thereafter
Mortality Tables	Indian Assured Lives mortality (2006-08) Ult	

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

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

h) The maturity profile of defined benefit obligation are set out below:

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Within next 12 months (next annual reporting period)	6,06.02	4,68.35
Between 1 and 5 years	26,40.90	23,77.87
Between 5 and 9 years	39,09.36	37,73.94
10 years and above	-	-

i) Quantitative sensitivity analysis for significant assumptions:

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
100 bps increase in discount rate	(3,13.13)	(3,81.58)
100 bps decrease in discount rate	3,51.05	4,33.79
100 bps increase in salary escalation rate	3,47.61	4,29.46
100 bps decrease in salary escalation rate	(3,15.47)	(3,84.64)

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:

Particulars	As at March 31 2023	As at March 31 2022
The weighted average duration of the defined benefit obligation	6.63 years	7.89 years

k) The best estimate of the expected Contribution for the next year:

(₹ in lakhs)

Particulars	As at March 31 2023
The Group expected contribution to the funded gratuity plans in FY 2023-24	2,11.08

l) Risk Exposure

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

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

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

36 Related party disclosures

(A) Related parties and their relationship

(I) Parties where the control exists:

Holding Company: Tata Motors Limited

(II) Subsidiaries

Tata Motors Finance Limited
Tata Motors Finance Solutions Limited

(III) Joint ventures

Loginomic Tech Solutions Private limited

(IV) Other related parties with whom transactions have taken place

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

TML Business Services Limited
Tata Technologies Limited
TML Distribution Company Limited
Tata Motors Passenger Vehicle Limited
Tata Motors Insurance Broking And Advisory Services Limited
Tata Motors Finance Limited Employees Gratuity Scheme Trust
Tata Precision Industries (India) Limited
Automobile Corporation of Goa Limited
Tata Marcopolo Motors Limited
Tata Cummins Private Limited
Tata International DLT Private Limited
Tata Hitachi Construction Machinery Company Private Limited

(ii) Tata Sons and its subsidiaries and Joint arrangements

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

(iii) Relatives of Key Management personnel

Ms. Sonu Mani - Non-Executive Director's Spouse

(iv) Post Employment Benefit Plans

Tata Motors Finance Limited Employees Gratuity Trust

36 Related party disclosures

(V) Key Management personnel :

Mr. Shyam Mani - Non-Executive Director
Mr. Samrat Gupta - Non-Executive Director
Mr. Nasser Munjee, Independent Director and Chairman
Mr. P. S. Jayakumar, Independent Director
Mr. P. B. Balaji - Non-Executive Director
Ms. Ridhi Gangar - Chief Financial Officer
Mr. Anand Bang, Manager (From May 24, 2022)
Mrs. Varsha Purandare - Independent Director
Mr. Dhiman Gupta - Non Executive Director (from May 30, 2022)
Mr. Vinay Lavannis - Company Secretary

(B) Transactions/Balances with Related parties

The following table summarizes related-party transactions for the year ended and balances as at March 31, 2023

(₹ in lakhs)

Transactions	Holding Company	Joint venture	Other Related parties
a) Transactions during the year			
Purchase of fixed assets	9,74.65	-	-
Loans and advances given	2246,52.66	-	3871,79.84
Factoring transaction	678,47.34	-	-
Recoveries from employee benefit trust	-	-	5,47.11
Recovery against corporate guarantee			8,03.08
Contributions paid to employee benefit trust	-	-	5,45.85
Loans and advances recovered	2199,86.98	-	3025,60.13
Expenses for other services (incl. reimbursement of expenses)	3,44.32	-	46,50.87
Rent Expenses	23.15	-	-
Other Expenses	-	-	3,03.89
Income related to financing activities	2,39.68	-	-
Interest income from assets given on finance lease	0.01		-
Dividend income	-	-	49.58
Rent Income		-	3,58.12
Other Income	39.00	-	6.60
Interest income on loans and investments	15,68.94	-	7.32
Service charges income		-	25,00.00
Interest income on channel financing / Loan			35,35.43
b) Balances as at			
Receivable - loans and Advances	-	8,35.00	832,68.71
Other Receivables	47,82.77	-	1,48.12
Accrued Interest income - Finance lease	0.01		-
Other Payables	2,41.03	-	6,86.39
Provision on doubtful loans and investments	-	8,35.00	-

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.

36 Related party disclosures

The following table summarizes related-party transactions for the year ended and balances as at March 31, 2022

(₹ in lakhs)

Transactions	Holding Company	Joint venture	Other Related parties
a) Transactions during the year			
Deposit received	3,36.00	-	-
Deposit repaid	3,36.00	-	-
Expenses for support services (incl. reimbursement of expenses)	1,42.42	-	8,96.85
Rent Expenses	31.07	-	-
Dividend paid	13,02.00	-	24.19
Interest Expenses	-	-	25.47
Other Expenses	-	-	24,47.28
Income related to financing activities	74,34.71	-	-
Dividend income	-	-	-
Rent Income	7.46	-	67.32
Other Income	-	-	1.29
Interest income on loans and investments	9,51.51	-	3,53.21
Service charges income	75.00	-	12,38.12
b) Balances as at			
Receivable - loans and Advances	-	-	50.00
Other Receivables	9,71.90	95.00	62.41
Debt investments	-	8,35.00	-
Other Payables	49.24	-	5,47.04
Provision on doubtful loans and investments	-	9,30.00	-

Note:

1. Provision for doubtful debts based on expected credit losses was recognised on the receivables owed by related parties amounting to Rs 9,30.00 lakhs.

2. Group has entered into various lease rent agreement with Ultimate Holding Company as a lessee which meets the Lease definition as per Ind AS 116. Accordingly, the Group has recognized the Right of use assets and corresponding lease liability on date of transition i.e April 01, 2019. Rent expenses includes Rs. 23.15 lakhs (Rs. 28.72 lakhs for the year ended March 31, 2022) which has been adjusted against the outstanding lease liability in accordance with Ind AS 116.

Transactions and balances with Key management personnel and their relatives

(₹ in lakhs)

Particulars	For the year ended March 31 2023	For the year ended March 31 2022
a) Transactions		
Interest paid on unsecured perpetual debentures	2.91	13.65
Distributions made for instruments entirely equity in	10.25	
Issue of perpetual debentures	-	-
Repayment of perpetual debentures	-	-
b) Balances		
Net payable - unsecured perpetual debentures	1,30.00	1,30.00

36 Related party disclosures

Key management personnel remuneration

(₹ in lakhs)

Particulars	For the year ended March 31 2023	For the year ended March 31 2022
Short term employee benefits (refer note below)	13,36.71	16,22.61

Note:

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

2) Includes sitting fees paid to non-executive directors is Rs. 399.30 lakhs and Rs. 2,80.00 lakhs for the year ended March 31, 2023 and 2022, respectively.

In view of inadequate profit for the year, the remuneration paid to the Managing Director of Tata Motors Finance Limited for the year ended March 31, 2022 was higher by Rs. ₹ 2,23.69 lakhs as compared to limits prescribed under section 197 read with Schedule V to the Companies Act, 2013. The Company has obtained shareholder's approval by passing a special resolution in the ensuing general meeting as at 17 January 2023.

Terms and conditions of transaction with related parties:

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

37 Fair value measurements

Financial Instruments by categories

The following table presents the carrying amounts of each category of financial assets and liabilities as at March 31, 2023:

(₹ in lakhs)

	Financial assets	Amortised cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a)	Investments	1212,34.46	129,96.52	698,13.86	-	-	2040,44.84
(b)	Loans	17339,61.84	16972,84.90	-	-	-	34312,46.74
(c)	Trade & other receivables	34,08.06	-	-	-	-	34,08.06
(d)	Cash and cash equivalents	4159,98.74	-	-	-	-	4159,98.74
(e)	Other bank balances	161,41.91	-	-	-	-	161,41.91
(f)	Other financial assets	936,64.57	-	-	-	-	936,64.57
(g)	Derivative financial instruments	-	-	-	110,39.49	-	110,39.49
	Total	**23844,09.58**	**17102,81.42**	**698,13.86**	**110,39.49**	**-**	**41755,44.35**

(₹ in lakhs)

	Financial liabilities	Amortised Cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a)	Borrowings	24148,58.39	-	-	-	-	24148,58.39
(b)	Debt securities	11553,87.58	-	-	-	-	11553,87.58
(c)	Trade & other payables	330,85.15	-	-	-	-	330,85.15
(d)	Subordinated liabilities	713,29.68	-	-	-	-	713,29.68
(e)	Derivative financial instruments	-	-	-	14,86.64	-	14,86.64
(f)	Other financial liabilities	1028,32.52	-	-	-	-	1028,32.52
	Total	**37774,93.32**	**-**	**-**	**14,86.64**	**-**	**37789,79.96**

The following table presents the carrying amounts of each category of financial assets and liabilities as at March 31, 2022:

(₹ in lakhs)

	Financial assets	Amortised cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a)	Investments	1230,11.49	133,70.40	232,00.86	-	-	1595,82.75
(b)	Loans	22198,57.54	14090,28.87	-	-	-	36288,86.42
(c)	Trade & other receivables	32,76.35	-	-	-	-	32,76.35
(d)	Cash and cash equivalents	5278,00.18	-	-	-	-	5278,00.18
(e)	Other bank balances	534,22.56	-	-	-	-	534,22.56
(f)	Other financial assets	751,92.89	-	-	-	-	751,92.89
(g)	Derivative financial instruments	-	-	-	87,64.13	-	87,64.13
	Total	**30025,61.01**	**14223,99.27**	**232,00.86**	**87,64.13**	**-**	**44569,25.28**

TMF HOLDINGS LIMITED (CIN - U65923MH2006PLC162503)
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2023

(₹ in lakhs)

	Financial liabilities	Amortised cost	FVTOCI	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a)	Borrowings	25224,28.97	-	-	-	-	25224,28.97
(b)	Debt securities	12378,20.06	-	-	-	-	12378,20.06
(c)	Trade & other payables	260,48.82	-	-	-	-	260,48.82
(d)	Subordinated liabilities	902,18.27	-	-	-	-	902,18.27
(e)	Derivative financial instruments	-	-	-	19,79.51	-	19,79.51
(f)	Other financial liabilities	1101,37.95	-	-	-	-	1101,37.95
	Total	**39866,54.07**	**-**	**-**	**19,79.51**	**-**	**39886,33.58**

Fair value hierarchy

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

(₹ in lakhs)

	Particulars	As at March 31, 2023					
		Carrying value	Fair value	Level 1	Level 2	Level 3	Total
	Financial assets measured at fair value						
(a)	Investments	828,10.38	828,10.38	590,05.40	-	238,04.98	828,10.38
(b)	Derivative instruments	110,39.49	110,39.49	-	110,39.49	-	110,39.49
(c)	Loans	16972,84.90	16972,84.90	-	-	16972,84.90	16972,84.90
	Total	**17911,34.77**	**17911,34.77**	**590,05.40**	**110,39.49**	**17210,89.88**	**17911,34.77**

(₹ in lakhs)

	Particulars	As at March 31, 2023					
		Carrying value	Fair value	Level 1	Level 2	Level 3	Total
	Financial assets measured at amortised cost for which fair value is disclosed						
(a)	Loans	17339,61.84	17390,27.24	-	-	17390,27.24	17390,27.24
	Total	**17339,61.84**	**17390,27.24**	**-**	**-**	**17390,27.24**	**17390,27.24**

(₹ in lakhs)

	Particulars	As at March 31, 2023					
		Carrying value	Fair value	Level 1	Level 2	Level 3	Total
	Financial liabilities measured at fair value						
(a)	Derivative instruments	14,86.64	14,86.64	-	14,86.64	-	14,86.64
	Total	**14,86.64**	**14,86.64**	**-**	**14,86.64**	**-**	**14,86.64**

(₹ in lakhs)

	Particulars	As at March 31, 2023					
		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	74,87.24	75,12.72	-	75,12.72	-	75,12.72
(b)	Debt securities	6707,25.49	6614,53.16	-	6614,53.16	-	6614,53.16
(c)	Subordinated liabilities	713,29.68	722,22.86	-	722,22.86	-	722,22.86
	Total	**7495,42.41**	**7411,88.74**	**-**	**7411,88.74**	**-**	**7411,88.74**

Fair valuation of financial liabilities that are of short term in nature is equal to it's carrying value

The following table presents the carrying amounts of each category of financial assets and liabilities as at March 31, 2022:

(₹ in lakhs)

	Particulars	As at March 31, 2022					
		Carrying value	Fair value	Level 1	Level 2	Level 3	Total
	Financial assets measured at fair value						
(a)	Investments	365,71.26	365,71.26	94,32.28	51,50.00	219,88.98	365,71.26
(b)	Derivative instruments	87,64.13	87,64.13	-	87,64.13	-	87,64.13
(c)	Loans	14090,28.87	14090,28.87	-	-	14090,28.87	14090,28.87
	Total	**14543,64.26**	**14543,64.26**	**94,32.28**	**139,14.13**	**14310,17.85**	**14543,64.26**

(₹ in lakhs)

	Particulars	As at March 31, 2022					
		Carrying value	Fair value	Level 1	Level 2	Level 3	Total
	Financial assets measured at amortised cost for which fair value is disclosed						
(a)	Loans	22198,57.63	22602,64.95	-	-	22602,64.95	22602,64.95
	Total	**22198,57.63**	**22602,64.95**	**-**	**-**	**22602,64.95**	**22602,64.95**

(₹ in lakhs)

	Particulars	As at March 31, 2022					
		Carrying value	Fair value	Level 1	Level 2	Level 3	Total
	Financial liabilities measured at fair value						
(a)	Derivative instruments	19,79.51	19,79.51	-	19,79.51	-	19,79.51
	Total	**19,79.51**	**19,79.51**	**-**	**19,79.51**	**-**	**19,79.51**

(₹ in lakhs)

	Particulars	As at March 31, 2022					
		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	1194,85.26	1220,38.39	-	1220,38.39	-	1220,38.39
(b)	Debt securities	7416,04.39	7670,77.61	-	7670,77.61	-	7670,77.61
(c)	Subordinated liabilities	902,18.27	995,09.48	-	995,09.48	-	995,09.48
	Total	**9513,07.92**	**9886,25.48**	**-**	**9886,25.48**	**-**	**9886,25.48**

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

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

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

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2023 and March 31, 2022

Valuation technique used to determine fair value of financial instruments

(a) Derivatives instruments are fair valued using market observable rates and published prices together with forecast cash flow information where applicable are classified in level 2. The fair value (i.e. Market to Market) of the derivative instruments is provided by independent third party external valuer (i.e. reputed banks/financial institution).

(b) The fair value of loans arising from financing activities has been estimated by discounting expected cash flows using rates at which loans of similar credit quality and maturity would be made and internal assumptions such as expected credit losses and estimated collateral value as at March 31, 2023 and 2022. Since significant unobservable inputs are applied in measuring the fair value of loans arising from finance activities are classified in Level 3.

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

(d) The fair value of the long term borrowings carrying floating-rate of interest is not impacted due to interest rate changes and will not be significantly different from their carrying amounts.

(e) Costs of certain unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. These investments in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose. Upon the application of Ind AS 109, the Group has chosen to designate these investments in equity instruments at FVTOCI as the directors believes this provides a more meaningful presentation for medium or long term strategic investments, than reflecting changes in fair value immediately in profit or loss.

Certain unquoted equity instruments clasified as Level 3 are fair valued by independent third party valuer using the Comparable Company Method/Approach (CCM). Since significant unobservable inputs are applied in measuring the fair value they are classified in Level 3. Increase or decrease in multiple will result in increase or decrease in valuation.

(f) Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Group could have realised or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

Fair value of financial assets/liabilities measured at amortised cost

The carrying amounts of other financial assets and other financial liabilities other than those disclosed in table above valued at level 2 and level 3 are considered to be the same as their fair values due to the short term maturities of instruments and no material differences in the values.

Reconciliation of level 3 fair value measurement is as below :

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	14310,17.85	8093,97.08
Additions during the year	6768,77.83	10116,50.40
MTM gain/(loss) recognized in OCI	(113,43.93)	121,23.47
MTM gain/(loss) recognized in P&L	6,41.47	53,33.97
Realised during the year	(3761,03.34)	(4074,87.07)
Balance at the end of the year	**17210,89.88**	**14310,17.85**

38 Group as a Lessee

The Group has leases for the office premises at its PAN India branches, rented yards for repossessed vehicles and for other equipments like Gensets. With the exception of short term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of revenue) are excluded from the initial measurement of the lease liability and asset.

The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (refer Note 14)

Leases of rented offices are generally limited to a lease term of 2 to 12 years. Leases of rented yards generally have a lease term ranging from 5 years to 9 years. Lease payments are generally fixed however the Group has one lease where rentals are linked to outstanding Loan and the number of employees

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group.

Refer Note 14 for details of right-of-use asset recognized.

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Right-of-use assets	Borrowings	Right-of-use assets	Borrowings
	Buildings	Lease Liabilities	Buildings	Lease Liabilities
Balance at the beginning of the year	66,17.53	72,09.09	43,62.54	47,31.60
Additions	26,37.48	26,37.47	36,31.13	36,31.77
Deletions	(1,73.74)	(56.62)	(1,28.41)	(1,34.04)
Depreciation expense	(15,51.46)	-	(12,47.73)	-
Interest expense	-	6,48.78	-	5,07.72
Payments	-	(20,49.44)	-	(15,27.96)
Total	**75,29.80**	**83,89.28**	**66,17.53**	**72,09.09**

When measuring the lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate.

Refer Note 43 on Financial Risk Manangement for maturity analysis of lease liabilities at March 31, 2023

(₹ in lakhs)

Set out below, are the amounts recognised in profit and loss	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expense of right-of-use assets	15,51.46	12,47.73
Interest expense on lease liabilities	6,48.78	5,07.72
Rent expense- Short term leases	6,57.42	8,52.57
Leases of low value assets	3.68	5.12

39 Group as a Lessor

The Group has given passenger and commercial vehicles under operating lease.

The Group has recognised lease rental income from leasing of these assets amounting to Rs. 49,58.85 lakhs (Previous year: 60,59.98 lakhs) in the Consolidated Statement of Profit and Loss. There are no variable lease rentals recognized during the year.

Although the risks associated with rights that the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Group when a property has been subjected to excess wear-and-tear during the lease term.

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

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Within 1 year	31,17.15	44,16.64
1-2 years	16,83.83	33,71.23
2-3 years	6,71.64	12,30.72
3-4 years	4,72.27	87.71
4-5 years	1,07.34	-
Above 5 years	-	-
Total	**60,52.23**	**91,06.30**

40 Finance Lease receivables

The Group has entered into lease arrangements as a lessor that are considered to be finance leases. The Group leases vehicles and as it transfer's substantially all of the risks and rewards of ownership of the assets they are classified as finance leases. The lease term for these leases ranges from 2 to 7 years.

The maturity analysis of lease receivables, including the undiscounted lease payments to be received are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than 1 year	35,14.04	35,54.33
1-2 years	25,60.94	19,74.13
2-3 years	17,99.03	14,98.26
3-4 years	14,94.96	9,29.94
4-5 years	3,72.91	8,22.64
more than 5 years	-	1,25.99
Total undiscounted lease payments	**97,41.88**	**89,05.29**
Unearned finance income	(15,87.38)	(15,10.74)
Net investment in the lease	**81,54.50**	**73,94.55**

Further, Group has recognized following amounts in consolidated statement of profit and loss during the year:

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Finance income on the net investment in the lease	8,31.00	4,03.11

41 Assets held for sale

Tata Motors Finance Limited and Tata Motors Finance Solutions Limited has acquired underlying collateral in satisfaction of its receivable from certain borrowers and has classified those assets as held for sale. As at March 31, 2023 assets held for sale amounted to Rs. 192,01.23 lakhs (as at March 31, 2022 Rs. 449,90.13 lakhs). Subsidaries expect to dispose off these assets in open market within next 1 year.

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Notes forming part of Consolidated Financial Statements for the year ended March 31, 2023

42 Maturity Analysis of Assets and Liabilities

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

(₹ in lakhs)

	Particulars	As at March 31, 2023			As at March 31, 2022		
		Current	Non current	Total	Current	Non current	Total
I	**ASSETS**						
1	**Financial assets**						
(a)	Cash and cash equivalents	4159,98.74	-	4159,98.74	5278,00.18	-	5278,00.18
(b)	Bank Balance other than cash and cash equivalents	108,23.14	53,18.77	161,41.91	170,29.86	363,92.70	534,22.56
(c)	Derivative financial instruments	-	110,39.49	110,39.49	-	87,64.13	87,64.13
(d)	Receivables						-
i.	Trade receivables	30,08.66	-	30,08.66	30,24.31	-	30,24.31
ii.	Other receivables	3,99.40	-	3,99.40	2,52.04	-	2,52.04
(e)	Loans	26271,98.29	8040,48.45	34312,46.74	24340,11.43	11948,75.04	36288,86.47
(f)	Investments	647,20.26	1393,24.56	2040,44.82	1000,97.14	594,85.61	1595,82.75
(g)	Other financial assets	905,94.86	30,69.71	936,64.57	661,51.35	90,41.54	751,92.89
2	**Non-financial assets**						
(a)	Current tax assets (net)	-	348,52.36	348,52.36	-	234,14.54	234,14.54
(b)	Deferred tax assets (net)	-	167,90.80	167,90.80	-	203,25.67	203,25.67
(c)	Property, plant and equipment	-	221,33.61	221,33.61	-	229,95.22	229,95.22
(d)	Goodwill	-	205,18.53	205,18.53	-	205,18.53	205,18.53
(e)	Other intangible assets	-	2,24.55	2,24.55	-	3,40.54	3,40.54
(f)	Other non-financial assets	168,91.22	20,52.39	189,43.61	121,47.14	22,88.89	144,36.03
3	**Assets held for sale**	192,01.23	-	192,01.23	449,90.13	-	449,90.13
	Total assets	**32488,35.81**	**10593,73.21**	**43082,09.02**	**32055,03.58**	**13984,42.41**	**46039,45.99**
II	**LIABILITIES**						
1	**Financial liabilities**						
(a)	Derivative financial instruments-FL	-	14,86.64	14,86.64	-	19,79.51	19,79.51
(b)	Payables						
i.	Trade payables						
	- total outstanding dues of micro enterprises and small enterprises	13,54.76	-	13,54.76	10,01.23	-	10,01.23
	- total outstanding dues of creditors other than micro enterprises and small enterprises	229,85.23	-	229,85.23	195,19.45	-	195,19.45
ii.	Other payables						-
	- total outstanding dues of micro enterprises and small enterprises	-	-		-	-	-
	- total outstanding dues of creditors other than micro enterprises and small enterprises	87,45.16	-	87,45.16	55,28.14	-	55,28.14
(c)	Debt securities	6445,18.80	5108,68.78	11553,87.58	7105,26.44	5272,93.62	12378,20.06
(d)	Borrowings (Other than debt securities)	10860,68.74	13287,89.65	24148,58.39	10327,60.20	14896,68.77	25224,28.97
(e)	Subordinated liabilities	229,80.77	483,48.91	713,29.68	190,04.74	712,13.53	902,18.27
(f)	Other financials liabilities	905,01.04	123,31.48	1028,32.52	1010,48.52	90,89.43	1101,37.95
2	**Non-financial liabilities**						
(a)	Current tax liabilities (net)	2,36.08	-	2,36.08	4,02.55	-	4,02.55
(b)	Provisions	23,76.33	77,67.24	101,43.57	26,82.93	81,58.77	108,41.70
(c)	Other non-financial liabilities	80,27.33	-	80,27.33	82,55.82	-	82,55.82
	Total liabilities	**18877,94.24**	**19095,92.70**	**37973,86.94**	**19007,30.02**	**21074,03.63**	**40081,33.65**
	Net	**13610,41.57**	**(8502,19.47)**	**5108,22.08**	**13047,73.56**	**(7089,61.22)**	**5958,12.34**

43 Financial risk management

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

All hedging activities are carried out by Centralised treasury department possessing the appropriate skills, experience and supervision. The Group's policy is to hedge the exposure by taking derivative instruments and not to trade in derivatives for speculative purposes.

(A) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its

-operating activities, primarily loans arising from financing activities;
- Investing activites, including primarily investments in debt securities, preference shares, equity shares and mutual fund schemes; and
- financing activities, including term deposits and balances with banks and financial institutions and other financial instruments.

Exposure to Credit Risk

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

Financial assets that are neither past due or impaired

Credit risk on cash and cash equivalents and deposits with banks/financial institutions is generally low as the said deposits have been made with banks/financial institution who have been assigned high credit rating by international/domestic rating agencies.

Credit risk on derivative instruments is generally low as The Group enters into derivative contracts with reputed banks.

Investments of surplus funds are made only with internally approved financial institutions/counter party and primarily include investments in mutual funds and bank deposits.

None of the Group's cash equivalents, including time deposits with banks, are past due or impaired. Regarding the derivative contracts, trade receivables and other financial assets are neither impaired nor past due, there were no indications as at March 31, 2023, that defaults in payment obligations will occur.

The Group exposure to market risk is a function of asset liability management activities. The Company continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee (ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the Company's risk management framework. ALCO activities are in turn monitored and reviewed by a board sub-committee.

i) <u>Loans arising from financing activities - Credit quality of financial assets and impairment loss</u>

Loans from financing activities to customers. Credit risk for loans is managed by the Group's through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which The Group's grants credit terms in the normal course of business. Credik risk is monitored by the credit risk department of The Group's independent Risk department/function who have the responsibility for reviewing and managing credit risk.

The Group creates & secures first and exclusive collateral charge at the time of loan origination on all vehicles for which vehicle financing loans are given. Hypothecation endorsement is obtained in favour of the Group in the Registration Certificate of the Vehicle funded under the vehicle finance category. Any surplus remaining after settlement of outstanding loan by way of sale of vehicle (collateral) is returned to the customer. Also, the Group secures portion of the loss against loans financed to customers by obtaining third party credit guarantees. For the corporate lending loan exposure, wherever required the Group obtains security cover in the form of immoveable properties by creating charge over the collateral.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group is in retail & corporate lending business on pan India basis. Vehicle Finance consists of lending for purchase of new and used Commercial Vehicles and Passenger Vehicles against security. Hypothecation endorsement is made in favour of the Group in the Registration Certificate in respect of all registerable collateral. Portfolio is reasonably well diversified across South, North, East and Western parts of the country. Similarly, sub segments within Used Vehicle Finance like refinance against existing vehicles and repurchase vehicles (first time buyers), leading to well diversified into sub product mix.

The maximum credit exposure to any individual customer from the financing business as of March 31, 2023 was Rs. 303,92.92 lakhs (March 31, 2022: Rs. 294,12.46 lakhs).

On account of adoption of Ind AS 109, The Group's uses the 3 staging Expected Credit Loss (ECL) model to assess the provision for impairment loss allowance. The model takes into account a continuing credit evaluation of Group's customers' financial condition; ageing of loans; the value and adequacy of collateral received from the customers; The Group's's historical loss experience; and adjusted for forward looking information. The Group's defines default as an event when there is no reasonable expectation of recovery.

The Group's makes allowances for losses on its portfolio of loans on the basis of expected future collection from receivables. The future collection are estimated on the basis of past collection trend which are adjusted for changes in current circumstances as well as expected changes in collection on account of future with respect to certain macro economic factor. The Group's impairment assessment and measurement approach is set out in Note 3(xvii) A - Accounting policies.

43 Financial risk management

(₹ in lakhs)

Particulars	Stage-1		Stage-2		Stage-3		Total	
	Loans (Gross)	Impairment loss allowance	Loans (Gross)	Impairment loss allowance	Loans (Gross)	Impairment loss allowance	Loans (Gross)	Impairment loss allowance
As at March 31, 2022	27938,43.00	99,86.98	6545,31.96	200,89.77	3676,32.20	1570,43.93	38160,07.16	1871,20.68
Transfers during the year								
Transfer to Stage-1	1980,37.62	116,77.48	(1773,57.75)	(43,93.87)	(206,79.86)	(72,83.61)	-	-
Transfer to Stage-2	(1754,34.35)	(8,72.09)	1796,57.05	24,85.76	(42,22.69)	(16,13.68)	-	-
Transfer to Stage-3	(502,24.93)	(2,86.87)	(1204,33.48)	(41,59.54)	1706,58.41	44,46.41	-	-
	(276,21.66)	**105,18.52**	**(1181,34.18)**	**(60,67.65)**	**1457,55.85**	**(44,50.88)**	**-**	**-**
Impact of change in credit risk on account	-	(81,91.96)	-	73,75.22	-	2087,11.09	-	2078,94.35
Changes in Opening Credit Exposure	(29319,59.06)	3,47.39	(2985,09.93)	(75,74.99)	108,56.41	(22,75.60)	(32196,12.58)	(95,03.20)
New Credit Exposure during the year (net of	32025,01.20	85,47.63	228,97.68	12,82.83	71,90.02	23,94.19	32325,88.61	122,24.64
Amount Written off During the year	-	-	-	-	(2032,55.63)	(2032,55.65)	(2032,55.63)	(2032,55.65)
As at March 31, 2023	**30367,63.47**	**212,08.56**	**2607,85.54**	**151,05.18**	**3281,78.85**	**1581,67.08**	**36257,27.56**	**1944,80.82**

(₹ in lakhs)

Particulars	Stage-1		Stage-2		Stage-3		Total	
	Loans (Gross)	Impairment loss allowance	Loans (Gross)	Impairment loss allowance	Loans (Gross)	Impairment loss allowance	Loans (Gross)	Impairment loss allowance
As at 31st March 2021	29164,76.44	187,19.88	6991,68.50	529,21.00	1985,22.93	565,30.11	38141,67.87	1281,70.99
Transfers during the year								
Transfer to Stage-1	1019,89.46	55,29.83	(962,16.69)	(47,67.21)	(57,72.77)	(7,62.62)	-	-
Transfer to Stage-2	(3455,10.34)	(22,73.31)	3485,72.67	32,94.55	(30,62.32)	(10,21.24)	0.00	-
Transfer to Stage-3	(771,30.67)	(9,05.74)	(1216,94.41)	(138,26.48)	1988,25.08	147,32.21	-	-
	(3206,51.55)	**23,50.79**	**1306,61.57**	**(152,99.14)**	**1899,89.98**	**129,48.35**	**0.00**	**-**
Impact of change in credit risk on account	-	(122,59.47)	-	(49,19.99)	-	1574,70.46	-	1402,91.00
Changes in Opening Credit Exposure	(27284,06.44)	(39,79.47)	(3057,04.22)	(178,12.52)	(212,75.37)	(272,96.74)	(30553,86.02)	(490,88.73)
New Credit Exposure during the year (net of	29264,24.55	51,55.26	1304,06.11	52,00.41	775,93.02	345,90.12	31344,23.68	449,45.79
Amount Written off During the year	-	-	-	-	(771,98.37)	(771,98.37)	(771,98.37)	(771,98.37)
As at March 31, 2022	**27938,43.00**	**99,86.98**	**6545,31.96**	**200,89.77**	**3676,32.20**	**1570,43.93**	**38160,07.16**	**1871,20.68**

43 Financial risk management

(B) Management of Liquidity risk

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

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

The below table analyses The Group's non-derivative and derivative financial liabilities as at the reporting date, into relevant maturity groupings based on the remaining period (as at that date) to the contractual maturity date. The amounts disclosed in the below table are the contractual un-discounted cash flows.

The table below provides details regarding the contractual maturities of financial liabilities, including estimated/contractual interest payments as at March 31, 2023:

(₹ in lakhs)

	Particulars	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						
(a)	Borrowings	24148,58.39	12876,53.82	8426,17.85	6092,89.27	-	27395,60.94
(b)	Trade and other payables	330,85.15	365,90.87	-	-	-	365,90.87
(c)	Debt securities	11553,87.58	6707,85.87	3634,89.86	2186,96.72	-	12529,72.45
(d)	Subordinated liabilities	713,29.68	339,97.99	379,68.98	222,22.80	164,87.67	1106,77.44
(e)	Lease liabilities	83,89.28	20,07.18	19,84.41	44,88.57	21,55.33	106,35.49
(f)	Other financial liabilities	944,43.24	935,64.47	1,75.01	7,90.24	26,04.00	971,33.72
	Derivatives						
(a)	Derivative contracts	14,86.64	-	14,86.64	-	-	14,86.64
	Total	**37789,79.96**	**21246,00.20**	**12477,22.75**	**8554,87.60**	**212,47.00**	**42490,57.55**

Contractual maturities of borrowings includes cash flows relating to collateralized debt obligations. This represents the amount received against the transfer of loans arising from financing activities in securitisation transactions and/or direct assignments, which do not qualify for derecognition. The liability of The Group's in such cases is limited to the extent of credit enhancements provided. The contractual maturities of such collateralized debt obligations are as follows:

(₹ in lakhs)

Particulars	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contractual cashflows
Collateralized debt obligations	74,87.24	74,87.24	-	-	-	74,87.24

The table below provides details regarding the contractual maturities of financial liabilities, including estimated/contractual interest payments as at March 31, 2022:

(₹ in lakhs)

	Particulars	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						
(a)	Borrowings	25224,28.97	13191,03.41	8584,42.03	6237,32.64	-	28012,78.08
(b)	Trade and other payables	260,48.82	300,73.50	1,78.06	1,17.26	-	303,68.82
(c)	Debt securities	12378,20.06	7707,72.18	2164,87.74	3687,80.68	-	13560,40.60
(d)	Subordinated liabilities	902,18.27	278,54.45	291,95.15	389,96.93	329,17.50	1289,64.03
(e)	Lease liabilities	72,09.09	32,76.93	31,59.92	69,99.83	36,10.01	170,46.69
(f)	Other financial liabilities	1029,28.86	1025,52.04	-	8,66.02	-	1034,18.06
	Derivatives						
(a)	Derivative contracts	19,79.51	-	-	19,79.51	-	19,79.51
	Total	**39886,33.58**	**22536,32.51**	**11074,62.90**	**10414,72.87**	**365,27.51**	**44390,95.79**

Contractual maturities of borrowings includes cash flows relating to collateralized debt obligations. This represents the amount received against the transfer of loans arising from financing activities in securitisation transactions and/or direct assignments, which do not qualify for derecognition. The liability of The Group's in such cases is limited to the extent of credit enhancements provided. The contractual maturities of such collateralized debt obligations are as follows:

(₹ in lakhs)

Particulars	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Total contractual cashflows
Collateralized debt obligations	1181,71.75	913,11.77	328,57.91	16,06.22	1257,75.90

43 Financial risk management

(C) Management of Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as equity price risk. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Financial instruments affected by market risk include borrowings, investments and derivative financial instruments.

The Group exposure to market risk is a function of asset liability management activities. The Group continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee (ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the Group's risk management framework. ALCO activities are in turn monitored and reviewed by a board sub-committee.

Foreign currency risk

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

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

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Group's exposure to the risk of changes in market rates relates primarily to the Group's borrowings obligations with floating/variable interest rates.

The Group borrows through various instruments which has interest rate reset clause which is exposed to interest rate risk. For the foreign currency denominated floating interest rate borrowings, the Group manages its interest rate risk by entering into interest rate swap and cross currency interest rate swap derivative instruments in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The interest rate exposure on account of variable/floating rate foreign curreny borrowings is mitigated by some of the derivative contracts entered into by the Group as disclosed in (iv) derivative financial instruments and hedging activities below.

As at the end of reporting period, the Group had following variable interest rate borrowings and derivatives to hedge the interest rate risk:

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Non derivative Financial Liabilities		
Variable rate borrowings *	22922,79.43	23096,52.35
Net Exposure	**22922,79.43**	**23096,52.35**

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

Interest rate sensitivity analysis

Profit or loss is sensitive to interest expense from variable rate borrowings as a result of changes in interest rate. Increase/decrease of 100 basis points in interest rates at the reporting date would result in an impact (decrease/increase in case of profit/(loss) before tax of Rs. 223,22.79 lakhs and Rs. 230,96.52 lakhs on income for the year ended March 31, 2023 and 2022 respectively.

The above sensitivity analysis assumes that all other variables remain constant and the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

43 Financial risk management

Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities.

The fair value of some of the Group's investments measured at fair value through other comprehensive income and fair value through profit and loss exposes the Group to equity price risks. These investments are subject to changes in the market price of securities. The fair value of Group's investment in equity securities as at March 31, 2023 and March 31, 2022 was ₹ 310,44.80 lakhs and ₹ 318,90.47 lakhs respectively.

(₹ in lakhs)

Particulars	Impact on profit for the year		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Equity price Sensitivity				
Increase in equity price by 10 %*	18,04.83	17,51.12	12,99.65	14,37.92
Decrease in equity price by 10 %*	(18,04.83)	(17,51.12)	(12,99.65)	(14,37.92)

(Note: The impact is indicated on equity before consequential tax impact, if any).

Capital management

The capital structure of the Group consists of net debt and total equity of the Group. The Group manages its capital to maximise the return to stakeholders through an optimum mix of debt and equity within the overall capital structure. The Group's risk management committee reviews the capital structure of the Group considering the cost of capital and the risks associated with each class of capital.

In addition the Group has financial covenants relating to the borrowing facilities that it has taken from the lenders which is monitored and complied by the Group.

44 Transfer of financial assets

The Group's transfers loans arising from financing activities through securitisation transactions. In most of these transactions, The Group's also provides credit enhancements to the transferee.

Because of the existence of credit enhancements in such transactions, The Group continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement, even if it does not collect the equivalent amounts from the original asset and continues to retain substantially all risks and rewards associated with the receivables, and hence, such transfer does not meet the derecognition criteria resulting into the transfer not being recorded as sale. Consequently, the proceeds received from the transfer are recorded as collateralized debt obligation.

The carrying amount of loans arising from financing activities along with the associated liabilities is as follows:

(₹ in lakhs)

Nature of Assets	As at March 31, 2023		As at March 31, 2022	
	Carrying amount of asset sold	Carrying amount of associated liabilities	Carrying amount of asset sold	Carrying amount of associated liabilities
Loans	106,90.83	74,87.24	1246,48.08	1181,71.75

Net of provision of Rs. 2,60.36 lakhs and Rs. 23,94.55 lakhs as at March 31, 2023, and March 31, 2022 respectively.

45 Reconciliation of Movement in Borrowings to cash flows from financing activities

(₹ in lakhs)

Particulars	As at April 01, 2022	Cash flows (net)	Exchange difference	Amortisation / EIR adjustments	As at March 31, 2023
Debt securities	12378,20.08	(883,72.22)	-	59,39.72	11553,87.58
Borrowings (Other than debt securities)	25224,28.97	(1081,82.32)	16,75.83	(10,64.09)	24148,58.39
Subordinated liabilities	902,18.27	(190,40.00)	-	1,51.41	713,29.68
Total	**38504,67.32**	**(2155,94.54)**	**16,75.83**	**50,27.04**	**36415,75.65**

Note: Debt securities includes commercial papers for which the discounting charges paid of Rs. 232,05.57 lakhs on the repayment date is shown in the finance cost paid in cash flow statement.

(₹ in lakhs)

Particulars	As at April 01, 2021	Cash flows (net)	Exchange difference	Amortisation / EIR adjustments	As at March 31, 2022
Debt securities	12777,85.53	(402,80.72)	-	3,15.27	12378,20.08
Borrowings (Other than debt securities)	25825,50.94	(390,88.38)	54,41.37	(264,74.96)	25224,28.97
Subordinated liabilities	1008,84.50	(154,45.00)	-	47,78.77	902,18.27
Total	**39612,20.97**	**(948,14.10)**	**54,41.37**	**(213,80.92)**	**38504,67.32**

Note: Debt securities includes commercial papers for which the discounting charges paid of Rs. 308,31.61 lakhs on the repayment date is shown in the finance cost paid in cash flow statement.

46 The Parliament has approved the Code on Social Security, 2020 (the 'Code') which may impact the contribution by the Company towards Provident Fund and Gratuity.The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact, if any, in the financial results following the Code becoming effective and the related rules being framed and notified.

As per our report of even date attached	For and on behalf of the Board of Directors	
For Sudit K. Parekh & Co. LLP Chartered Accountants Firm Registration Number: 110512W/W100378	P. S. JAYAKUMAR Director (DIN - 01173236)	P.B. BALAJI Director (DIN - 02762983)
Nemish Kapadia Partner Membership No. 111929	SAMRAT GUPTA Director (DIN - 07071479)	ANAND BANG Manager
Place : Mumbai Date: May 2, 2023		
	RIDHI GANGAR Chief Financial Officer	VINAY LAVANNIS Company Secretary Membership No :- A7911
	Place: Mumbai Date: May 2, 2023	