



**Tata Motors Finance Solutions Limited**

**Annual Report F.Y. 2022-23**

# **BOARD OF DIRECTORS**

**Mr. Nasser Munjee,**  
Independent Director & Chairman

**Mrs. Vedika Bhandarkar,**  
Independent Director

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

**Mrs. Varsha Purandare,**  
Independent Director

**Mr. Dhiman Gupta,**  
Non-Executive Director

**Mr. Shyam Mani,**  
Non-Executive Director

**Mr. Alok Chadha,**  
Whole Time Director & KMP  
(Appointed w.e.f. May 01, 2022)

---

## **CHIEF FINANCIAL OFFICER**

Mr. Uday Uchil

## **COMPANY SECRETARY**

Mr. Neeraj Dwivedi

## **STATUTORY AUDITORS**

M/s. B S R & Co. LLP (Resigned w.e.f. October 20, 2021 pursuant to RBI Guidelines)

M/s. Kalyaniwalla and Mistry LLP, Chartered Accountants (appointed w.e.f. Q3 FY 2021-22)  
Esplanade House, 29, Hazarimal Somani Marg, Fort, Mumbai-400001

---

## **CORPORATE IDENTIFICATION NUMBER (CIN)**

U65910MH1992PLC187184

## **REGISTERED OFFICE**

14, 4<sup>th</sup> Floor, Sir H.C. Dinshaw  
Building 16, Horniman Circle, Fort,  
Mumbai-400001

Tel: +91 22 68484900

Website: [www.tmf.co.in](http://www.tmf.co.in)

## **CORPORATE OFFICE**

Tata Motors Finance Solutions Limited,  
I-Think Lodha Techno Campus, Building A,  
2<sup>nd</sup> Floor, Off Pokharan Road 2,

Thane (West)- 400601

Tel: +91 22 6181 5400

Fax: +91 22 6181 5700

## **REGISTRAR AND SHARE TRANSFER AGENT**

TSR Consultants Private Limited  
C-101, 1<sup>st</sup> Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai-400083  
Website: [www.tcplindia.co.in](http://www.tcplindia.co.in)/ E-mail Id: [psampat@tcplindia.co.in](mailto:psampat@tcplindia.co.in)  
Tel: +91 22 6656 8484, Fax: +91 22 6656 8496.

## **BANKERS**

Axis Bank Ltd  
Bank of Baroda  
Bank of Maharashtra  
Bank of India  
Canara Bank  
CITI Bank  
DBS Bank India Ltd  
Deutsche Bank  
HDFC Bank Limited  
ICICI Bank Limited  
ICICI Bank UK PLC  
IDBI Bank Ltd  
IDFC First Bank  
IndusInd Bank  
Indian Bank  
Jammu & Kashmir Bank Ltd  
Punjab National Bank  
Standard Chartered Bank  
State Bank of India  
The South Indian Bank Limited  
UCO Bank  
Union Bank of India

## **DEPOSITORIES**

Central Depository  
Services (India) Limited

National Securities Depository  
Limited

## **DEBENTURE TRUSTEES**

### **Vistra ITCL (India) Limited**

The IL&FS Financial Centre, Plot C-  
22, G Block, BKC Road, Bandra Kurla  
Complex, Bandra East,  
Mumbai-400051 Maharashtra.

Tel: +91 22 2659 3535

Fax: +91 2226533297

e-mail: [sonal.gokhale@vistra.com](mailto:sonal.gokhale@vistra.com)

web: [www.vistraitcl.com](http://www.vistraitcl.com)

### **IDBI Trusteeship Services Limited**

Ground Floor, Asian Building,  
17, R Kamani Road,  
Ballard Estate, Fort,  
Mumbai, Maharashtra  
400001

Tel: +91 22 022 4080 7000;

Fax: +91 22 66311776

e-mail: [gaurav.jeswani@idbitrustee.com](mailto:gaurav.jeswani@idbitrustee.com)

web: [www.idbitrustee.com](http://www.idbitrustee.com)

### **LISTED AT (Debt Securities)**

National Stock Exchange of India Limited  
(NCD and CP Listed)



**TATA MOTORS FINANCE SOLUTIONS LIMITED**

**DIRECTORS' REPORT**  
**MARCH 31, 2023**

To,

**THE MEMBERS**

**TATA MOTORS FINANCE SOLUTIONS LIMITED**

The Directors feel privileged to present the 9<sup>th</sup> Annual Report on the business and operations of the Company and the statement of accounts for the year ended March 31, 2023.

## **1. BACKGROUND**

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

During the year, the Company has also obtained Certificate of Registration from RBI for doing Factoring business vide Certificate No. N-13.02435 dated September 09, 2022.

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

## **2. ECONOMIC AND INDUSTRY OVERVIEW**

### **Economic Overview**

Global economic conditions are surrounded by heightened uncertainty as inflation, interest rates and financial conditions remain volatile and financial markets on the edge. The economists in IMF expect a lower global growth rate in the range of 2.5% to 2.8% in 2023 (down from 3.4% in 2022), before expecting to settle at around 3.0% in 2024. Advanced economies are expected to see an especially pronounced growth slowdown. Global headline inflation is being expected to fall from 8.7% in 2022 to about 7.0% in 2023 on the back of lower commodity prices but underlying core inflation is likely to decline more slowly.

In India, aggregate demand conditions remain resilient, supported by a rebound in contact-intensive services. Expectations of a good rabi harvest, the fiscal thrust on infrastructure, and the revival in corporate investment in select sectors augur well for the economy. In response to monetary policy actions and supply side measures, RBI estimates the headline CPI inflation to have gradually declined from its peak of 7.8% in April 2022 to 5.7% in March 2023 and is projected to ease further to 5.2% by Q4-FY24. Rupee ended the year at Rs 82.22 per USD (Mar-22 exit: Rs 75.81) after hovering between Rs 75 and Rs 83 levels. Forex reserves stood at about Rs 580 bn as at the year end. As far as monsoon

is concerned, both Skymet and IMD has forecasted El-Nino, which in turn translates into sub-par rainfall expectation for the current year.

### **Automotive Industry overview**

The automotive industry in India is one of the main pillars of the economy. Over the past few decades, the India's auto industry has witnessed a remarkable transformation, with the influx of technology playing a pivotal role in its evolution. With both, strong backward and forward linkages, it remains a key driver of growth and GDP. Liberalization and conscious policy interventions over the past few years created a vibrant, competitive market, and brought several new players, resulting in capacity expansion of the automobile industry and generation of huge employment. The contribution of this sector to GDP has risen to about 7.1% now from around 2.8% three decades ago. It also provides direct and indirect employment to about 2 crore people. Indian government targets to grow the industry size to ~Rs. 15 lakh crores by end of year 2024. The sector has drawn FDI inflows worth USD 33.8 billion between April 2000 and September 2022; which is around 5.5% of the total FDI inflows during the same period.

Indian commercial vehicle market is anticipated to grow during FY24 - FY28, on the grounds of surging freight movements and growing production of commercial vehicles. Higher demand from end use industries for transportation and higher prevalence of public transportation for transits are expected to drive growth in the commercial vehicle market over the next five years. Growing investments in the commercial automobile technological advancements is also expected to aid the market growth.

The emergence of EVs and connected cars has created newer avenues for growth and innovation. The government's push towards a sustainable future has also spurred the growth of EVs in the country, with major manufacturers investing heavily in research and development. Use of artificial intelligence and machine learning has revolutionised the industry, with corporates using data analytics to optimise their operations, enhance the customer experience and offer safer driving experience with features like 'advanced driver assistance systems' (ADAS) coming into play. Rise of 'Internet of Things' has also led to the development of connected cars, allowing drivers to access real-time information and control their vehicles remotely.

### **NBFC Sector Overview**

Over the years, the NBFC sector has made rapid strides, furthering financial inclusion by offering tailor-made financial products to segments underserved by banks. In recent years, however, quite a few NBFCs have assumed a larger systemic significance with inter-linkages across the financial system, prompting a regulatory overhaul. As a result, RBI introduced scale based regulations in October 2022 wherein NBFCs have been segregated into four layers, viz., Base Layer (NBFC-BL), Middle Layer (NBFC-ML), Upper Layer (NBFC-UL) and Top Layer (NBFC-TL); based on their size, activity, and perceived level of riskiness. RBI has also extended its Prompt Corrective Action (PCA) framework, akin to that applicable to banks, to NBFCs in the middle and upper layers so as to undertake remedial

measures in a timely manner if vital financial parameters like capital adequacy, Tier- I capital and NNPA breach the prescribed thresholds.

Auto NBFCs have been playing a key role in the economy, as it extends access to credit to large strata of population who wish to own a vehicle. The sector has been witnessing both opportunities and challenges. Its performance has been impacted by various factors, including economic conditions, regulatory changes etc. Increasing competition from banks and new-age fintech companies is another major challenge faced by the sector. While banks have been increasingly offering auto loans at competitive rates, fintech companies are disrupting the traditional auto financing model by offering innovative digital solutions to consumers. To remain competitive and grow, auto NBFCs need to adopt digital technologies to offer innovative solutions to consumers. Many auto NBFCs are already offering online loan applications, digital documentation, and other services to provide a seamless experience to consumers.

Despite these challenges and various adverse economic conditions, the sectoral growth remained resilient. Both, regulator and the Indian government have extended several measures to support the growth of the sector like 'Pradhan Mantri Mudra Yojana' to provide affordable finance to small businesses, including auto dealerships. As a part of government's focus on promoting electric vehicles, GST on EVs has been reduced; making them more affordable and accessible to consumers. Additionally, increasing demand for commercial vehicles due to economic growth and rising aspirations of consumers to own a vehicle are some of the factors that is expected to drive growth. Auto NBFCs will have to however, embrace the swift adoption of digital technologies and offer innovative solutions to remain relevant, competitive and grow in the future.

### 3. FINANCIAL RESULTS

(Rs in crore)

Particulars	2022-23	2021-22
Total Income	1342.66	1048.34
Less:		
Finance Costs	678.37	498.80
Impairment of financial instruments and other assets	347.00	166.73
Employee benefits expenses	82.31	50.92
Other Expenses	131.90	91.71
Depreciation / Amortization	0.91	1.39
<b>Profit Before Exceptional and Extraordinary Items and Tax</b>	<b>102.17</b>	<b>238.79</b>
Exceptional items	-	-
<b>Profit before tax</b>	<b>102.17</b>	<b>238.79</b>
Less: Tax expense / (income)	25.82	46.85
<b>Profit after tax</b>	<b>76.35</b>	<b>191.94</b>

Other comprehensive income forming part of retained earnings	0.21	0.01
<b>Total comprehensive income for the year forming part of retained earnings</b>	76.56	191.95
Balance brought forward from previous year (distributable)	-48.85	(201.02)
<b>Amount available for appropriations</b>	<b>27.71</b>	<b>(9.07)</b>
<b>Appropriations</b>		
Special Reserve*	15.27	38.38
Distributions made to holders of Instruments entirely equity in nature (net of taxes)	8.40	-
Issuance expenses for instruments entirely equity in nature (net of taxes)	2.84	1.39
<b>Surplus carried to Balance Sheet</b>	<b>1.20</b>	<b>(48.84)</b>

\*The Company has transferred 20% of the Net profit after taxes i.e., Rs. 15.27 crore to Statutory Reserve created pursuant to the provisions of the RBI Act, 1934.

#### 4. DIVIDEND

The Board of Directors has not recommended dividend for the FY 2022-23 in view of Company's planned growth.

#### 5. TRANSFER TO RESERVES

The Board of Directors has decided to retain the entire amount of profit for financial year 2022-23 in the statement of profit and loss except the mandatory transfer to statutory reserves pursuant to the provisions of the RBI Act, 1934.

#### 6. OPERATIONS

The Company earned a total income of Rs. 1,342.66 crores with a profit before tax of Rs. 102.17 crores for the year ended March 31, 2023; as compared with a total income of Rs. 1,048.34 crores and profit before tax of Rs 238.79 crores in FY 2021-22. Net interest income for the year grew by 21% year on year.

Overall used vehicle disbursements in the current year stood at Rs 5,170 crores (39,747 units) against Rs 3,843 crores (31,784 units) in the corresponding period last year. Overall IRR in the current year came in line with the previous year at about 14.51% (FY22: 14.54%). Continuous efforts were made to scale up business through non-DSA and non-Dealer channels along with attractive incentive schemes which acted as a catalyst for improved performance during the year.

Corporate Lending Group (CLG) book of the Company grew from Rs. 2,385 crores in March-2022 to Rs 2,713 crores in March-2023. As compared to the previous year, short term book grew by 28% and stood at Rs 2,072 crores, primarily driven by enhanced inventory funding for off-take of vehicles and traction gained in invoice financing facility for vendors of Tata Motors and Tata Marcopolo. Long term book stood at Rs 641 crores in March-2023 as against Rs 771 crores in March-2022.

## 7. SUBSIDIARY/ JOINT VENTURES/ ASSOCIATE COMPANIES

During the year under review and as on the date of this Report, your Company does not have any Subsidiary and/or Associate Company / Joint Venture.

## 8. FINANCE

During FY 2022-23, the Company met its funding requirements through a combination of short-term debt (comprising Commercial Papers, Bank borrowings) and long term debt (comprising Non-Convertible Debentures (“NCDs”), External Commercial Borrowings Bank Loans). The total borrowings as of March 31, 2023 stood at Rs. 8978.65 crore comprising mainly of Bank Borrowings (including ECBs) of Rs. 7330.32. crore, Commercial Papers of Rs. 346.00 crore, and Non-Convertible Debentures of Rs. 1302.33 crores. The weighted average cost of borrowings for the year ended March 31, 2023 was 7.75% per annum on average borrowings of Rs. 8614 crore. The Debt / Equity ratio as on March 31, 2023 was 3.67 times. The Company has been regular in servicing all its debt obligations.

The Company has issued 2000 (Two Thousand) perpetual, subordinated, unlisted, unsecured Non – Convertible Debentures of the Face Value of Rs. 10,00,000/- each on a private placement basis on June 03, 2022.

Further, the Company has also issued 1600 (One Thousand Six Hundred) perpetual, subordinated, unlisted, unsecured Non – Convertible Debentures of the Face Value of Rs. 10,00,000/- each on a private placement basis on July 22, 2022.

## 9. CREDIT RATING

As on March 31, 2023, the ratings assigned to the Company in respect of borrowings are as follows:

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

5	Subordinated Tier II Debenture	CRISIL AA-/ Stable	ICRA AA-/ Positive	CARE AA-/ Stable
6	Perpetual Debt	CRISIL A/Stable	ICRA A/ Positive	CARE A /Stable

@ “OUTLOOK on long term debt instruments revised from STABLE to POSITIVE and rating of short term debt instrument reaffirmed at A1+, w.e.f. March 02, 2023.”

## 10. CAPITAL ADEQUACY

The Company’s Capital adequacy as of March 31, 2023 is 23.16% (March 31, 2022: 20.39%), which is higher than the RBIs mandated level of 15.0%.

## 11. LIQUIDITY COVERAGE RATIO

Tata Motors Finance Solutions Limited (TMFSL) has constituted an Asset Liability Supervisory Committee (ALCO) to oversee liquidity risk management. ALCO consists of Whole Time/ Executive Director, Non-Executive Director, Group Chief Financial Officer, Chief Financial Officer, Chief Digital and Marketing Officer, Chief Credit Officer, Chief Risk Officer and Head – Treasury. The ALCO meetings are held every quarter. TMFSL has a Risk Management Committee (RMC), a sub-committee of the Board, which oversees overall risks to which the Company is exposed including liquidity risk management (LRM). ALCO’s views on liquidity and asset liability management are presented to RMC for its independent review on a regular basis. The ALCO and RMC also updates the Board at regular intervals.

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

The LCR is calculated by dividing a TMFSLs` stock of HQLA by its total stressed net cash outflows over next 30-day period.

RBI has mandated a minimum LCR of 70% and TMFSL's LCR stood at 181% for the quarter ended March 31, 2023.

## **12. SECURITISATION / DIRECT ASSIGNMENT**

During the year, the Company also concluded 6 direct assignment transactions by assigning future loan receivables including future interest in the pool, aggregating to Rs. 1819.36 crore (Principal Outstanding Rs. 1,512.92 crore). As the transactions were par structures, the Company received the amount equal to investor share in principal outstanding against assigned contracts, the balance share (Minimum 10%) was retained by the Company in complying with the minimum retention requirement (MRR) as prescribed by RBI. Unlike securitisation, the company is not required to offer credit enhancements in any form and retain any exposures other than the stipulated MRR.

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

## **13. SHARE CAPITAL**

### **A. AUTHORISED AND PAID UP SHARE CAPITAL**

The Company is a wholly owned subsidiary of TMF Holdings Limited. As on date of the report, the Authorised Share Capital of the Company is Rs. 6500,00,00,000/- (Rupees Six Thousand Five Hundred Crore) and the paid-up Share Capital of the Company is Rs. 1700,49,73,500/- (Rupees One Thousand Seven Hundred Crore Forty-Nine Lakhs Seventy Three Thousand Five Hundred only) consisting of 1700,49,735 equity shares of Rs. 100/- each.

### **B. INCREASE IN AUTHORISED SHARE CAPITAL**

The Company has increased its Authorised Share Capital from Rs. 2000,00,00,000/- (Rupees Two thousand Crore) to Rs. 5500,00,00,000/- (Rupees Five Thousand Five Hundred Crore only) vide special resolution passed by the members of the Company at the Extra Ordinary General Meeting held on October 13, 2022.

As on the date of this report, the Company has further increased its Authorised Share Capital from Rs. 5500,00,00,000/- (Rupees Five Thousand Five Hundred Crore) to Rs. 6500,00,00,000/- (Rupees Six Thousand Five Hundred Crore only) vide special resolution passed by the members of the Company at the Extra Ordinary General Meeting held on May 25, 2023.

#### **14. NUMBER OF MEETINGS OF THE BOARD**

Twelve (12) meetings of the Board were held during the year under review. For details of meetings of the Board, please refer to the Corporate Governance Report, which forms part of this report.

#### **15. COMMITTEES OF THE BOARD**

The Company has constituted following Committees of the Board of Directors:

- a. Audit Committee;
- b. Nomination and Remuneration Committee;
- c. Corporate Social Responsibility Committee;
- d. Risk Management Committee;
- e. Assets and Liability Supervisory Committee;
- f. Stakeholders Relationship Committee;
- g. IT Strategy Committee

The details including the composition of the committee (terms of reference, attendance) are included in the Corporate Governance Report, which is a part of this report.

#### **16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The Company, being a Non-Banking Finance Company is exempt from the provisions as applicable to loans, guarantees, security and investments under Section 186 of the Act. Therefore, no details are provided.

#### **17. INFORMATION TECHNOLOGY/ DIGITAL STRATEGY**

The Company's comprehensive digital strategy encompasses improving customer experience, engaging channel partners and dealers, collaborating with new age product companies, and supporting customers in their growth journey. By leveraging digital technologies, we aim to transform our value chain and establish ourselves as a preferred and trusted financing partner.

While we aggressively digitize, we are committed to mitigate any organizational risks by prioritizing cybercrime prevention and bolstering information protection measures.

## 18. HUMAN RESOURCES (HR)

Human resources continued to play an integral role to drive a performance-oriented work culture and improve organizational effectiveness while helping to align strategy and achieve business success. Key focused interventions / initiatives implemented during FY 22-23 are:

- TMF has pushed the **Talent Management strategy** strongly this year given the high attrition for last few quarters. We understood and benchmarked talent management with other large leading NBFCs and based on the learnings, TMF's talent management strategy was formulated. It aims at establishing a learning culture which will help us create future ready workforce & create succession pipeline for critical roles. We have curated few flagship programs which are a part of our talent management strategy –
  - The Complete Banker Program (N-3 Roles) - The Complete Banker Program is one of TMF leadership's flagship initiative partnered with IIM -A. The comprehensive year long program broadly phased upon enhancing financial proficiency, processes, customer centricity, and leadership skills of around 38 employees. The program majorly focused on blending classroom learnings with real-world scenarios, the learning from the IIM – A lessons were assimilated with 6 Action Learning Projects mentored by Management Committee leaders.
  - The Young Banker Program (N-4 Roles) - The curation of Young Banker Program for N-4 critical roles has started & this program aims at imparting critical competencies like Execution Excellence, enhancing financial proficiency, Customer centricity & people leadership skills. We will likely partner with a Mumbai / Pune based Top B school on this initiative.
  - Aspiring Leaders Program (N-5 Roles)– This is an inhouse curated program by the internal L&OD team. The program focusses on building critical competencies which will help our first line managers to focus on developing self & managing their teams better. The 6 – 8 months learning journey will also have few domain learnings by our Super Drona's & Leadership Learning Series by RBH'S / BH's. We have already delivered 10 -15 sessions & the program is found to be quite effective.
  - Digital Learning – We have purchased 100 licenses from LinkedIn Learning to meet the learning needs of our support group employees. This enables the support teams to gain knowledge and build skills specific to their domain / learning needs.
- TMF strongly advocates fitness under the CARE theme devised as a part of **Engagement Strategy**. We have embraced Cricket as a sport which binds us together & also promotes fitness amongst employees. Next year we are planning to launch TMF – IPL to promote the spirit of fitness in our DNA.
- To align **TMF Employee Benefits Policies** with the market and with the new age requirements, we benchmarked our People Policies with peers' companies and took feedback from

employees. All internal and external inputs were analyzed by Core Cross Functional teams and required changes were proposed to Management Committee. 15-plus New Age TMF Policies were launched over the year for employees.

- There was pressure on talent side given the high attrition witnessed across the industry which impacted TMF also, but we were able to maintain the **Fill Rate** of more than 80% across the year. Additionally, the talent acquisition team helped ramp up digital team which needed different hiring vendors, different hiring titles / role descriptions, etc.
- **Employee safety** continuous to be the priority. Various safety initiatives were undertaken including periodic health check-ups, reinforcing strict road safety guidelines, fire safety training, etc.
- HR team conducted a comprehensive **Compensation Benchmarking** and giving employees compensation increases based on market pay for their role – did for both supervisory and feet-on-street manpower
- TMF seamlessly converted 900 **off-roll employees to on-roll** to help retain good junior employees
- Internal coaches provided **tailored coaching** to a number of high-potential mid-level employees to groom them for the next level role.
- **Career development opportunities** were widened for employees. Publishing the vacancy on internal job posting “Aspire” was made mandatory for all N-3 (three levels below MD&CEO) roles before hiring externally.

## 19. COMPLIANCE & REGULATORY FRAMEWORK

The Company has complied with all applicable laws, rules, regulations, guidelines, including the regulations and it does not carry on any business or activity other than as permitted by RBI. Company has neither accepted, nor will it accept any public deposits during the financial year 2022-23.

The Company is registered with the RBI as a CIC. The RBI vide its notification dated October 22, 2021 has introduced an integrated regulatory framework for NBFCs under “Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs”. The SBR framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation, etc. Under SBR, NBFCs are divided into four layers viz., top layer, upper layer, middle layer and base layer based on the size, activity, and perceived riskiness. The Company is in the middle layer (NBFC-ML).

The Company shall continue to ensure compliance with all the requirements applicable to NBFC-ML under SBR within the prescribed timelines. Further, the Company has complied with and continues to comply with all applicable laws, rules, circulars and regulations, including the Master Direction – Core Investment Companies (Reserve Bank) Directions, 2016 (“RBI

Directions”), as amended from time to time, and it does not carry on any activity other than those permitted by the RBI for CICs.

The compliance requirements across various department are communicated comprehensively to all through regular communications. The company uses web-based tool as a repository of compliance tasks which are updated as an when new compliances are announced by regulators. The compilations of these reports are reviewed by the Audit Committee/Board. Besides, the internal auditors verify the compliances as part of their audit process.

There were no instances of non-compliance by the Company for which any penalties or strictures were imposed by the Stock Exchanges and SEBI, or any statutory authority on any matter.

The NCDs issued by the Company on a private placement basis are listed on the National Stock Exchange of India Limited. Accordingly, the Company has also complied with and continues to comply with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time. Further, SEBI vide its notification no. SEBI/LAD-NRO/GN/2021/47, issued on September 7, 2021, amended the SEBI Listing Regulations and made Regulations 15 to 27 applicable to the Debt Listed Companies having an outstanding value of listed Non-Convertible debt securities of Rs. 500 crore and above i.e. High Value Debt Listed Entity (“HVDLE”). Accordingly, Company has been classified as a HVDLE and complied with the aforementioned Regulations applicable to the Company.

## **20. REGULATORY ACTION**

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

## **21. DEPOSITS FROM PUBLIC**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

## **22. EXTRACT OF THE ANNUAL RETURN**

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the Annual Return in Form MGT-7 for FY 2022-23 is available on the website of the Company, [www.tmf.co.in/Investor-zone/](http://www.tmf.co.in/Investor-zone/).

### **23. ACCOUNTS AND ACCOUNTING STANDARDS**

The financial statements for the year ended March 31, 2023 are prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act").

### **24. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company being a Non-Banking Finance Company (NBFC) and not being involved in any industrial or manufacturing activities, there is no material information on technology absorption to be furnished. The Company continues to adopt and use the latest technologies to improve the efficiency and effectiveness of its business operations.

Foreign Exchange earned in terms of actual inflows during the year under review was Nil and the Foreign Exchange Outgo during the year under review in terms of actual outflow was INR 8,75,47,480/- (USD 8,47,083.15/-).

### **25. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Company has appointed Mr. Alok Chadha (DIN: 09537539) as a Whole Time Director and Key Managerial Personnel (KMP) of the Company w.e.f. May 01, 2022 based on the recommendations of Nomination & Remuneration Committee. The said appointment has been approved by the shareholders at the Extra- Ordinary General Meeting held on May 24, 2022.

Based on the recommendations of Nomination and Remuneration Committee and Board of Directors, the Company has also appointed Mr. Dhiman Gupta (DIN: 09420213) as an Additional Director designated as Non-Executive Director of the Company with effect from May 24, 2022 which was subsequently approved by the shareholders at their Extra Ordinary General Meeting held on June 02, 2022.

Further, Mr. Anindya Dhar has resigned from the post of Manager and KMP of the Company with effect from May 01, 2022.

The Company has appointed Mr. Uday Uchil as a Chief Financial Officer (CFO) of the Company with effect from September 01, 2022 in place of Mr. Amit Mittal who has resigned as CFO with effect from August 31, 2022.

In accordance with the requirements of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. P. B. Balaji (DIN: 02762983), Non- Executive Director is liable to retire by rotation at ensuing Annual General Meeting and is eligible for re - appointment.

Pursuant to the provisions of Section 149 of the Act, the Independent Directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). There has been no change in the circumstances affecting their status as independent Directors of the Company. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. The Directors have also disclosed their fit and proper status in accordance with the guidelines of RBI. The Board is of the opinion that the independent Directors of the Company has the required integrity, expertise, and experience (including the proficiency).

During the year under review, the non-executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

As on March 31, 2023, the Key Managerial Personnel (KMP) of the Company were Mr. Alok Chadha, Whole Time Director and KMP, Mr. Uday Uchil, Chief Financial Officer and Mr. Neeraj Dwivedi, Company Secretary.

## **26. EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual Directors pursuant to the provisions of the Act and SEBI Listing Regulations. The performance of the board was evaluated by the board after seeking inputs from all the Directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

In a separate meeting of independent Directors, performance of non-independent Directors, the board as a whole and the Chairman of the Company was evaluated, taking into account the views of executive Directors and non-executive Directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

The performance of the Board, its committees, and individual Directors was discussed at the Board Meeting. Performance evaluation of Independent Directors was done by the entire board, excluding the Independent Director.

## **27. POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY OF THE COMPANY**

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

The company has adopted the Remuneration Policy for Directors, Key Managerial Personnel, and other employees of the Company pursuant to the provisions of Section 178(3) of the Companies Act, 2013 and Tata Group Corporate Governance Guidelines, copy whereof is placed on the website of the company i.e. [www.tmf.co.in](http://www.tmf.co.in). The Policy on Board Diversity and Director Attributes has been framed to encourage diversity of thought, experience, knowledge, perspective, age, and gender in the Board. The Remuneration Policy for Directors, Key Managerial Personnel and all other employees is aligned to the philosophy on the commitment of fostering a culture of leadership with trust. The Remuneration Policy aims to ensure that the level and composition of the remuneration of the Directors, Key Managerial Personnel and all other employees is reasonable and sufficient to attract, retain and motivate them to successfully run the Company.

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

- Remuneration in the form of Sitting Fees and Commission to be paid to Independent Directors and Non-Independent Non-Executive Directors, in accordance with the provisions of the Act and as recommended by the NRC;
- Remuneration to Whole Time Director/KMP and all other employees is reasonable and sufficient to attract, retain and motivate them to run the Company successfully and retain talented and qualified individuals suitable for their roles, in accordance with the defined terms of remuneration mix or composition; and

- No remuneration would be payable to Directors for services rendered in any other capacity unless the services are of a professional nature and the NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession and approval of the Central Government has been received, if required, for paying the same.

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

## **28. INTERNAL AUDIT FUNCTION**

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

The Internal Audit Function has adopted a Risk Based Internal Audit Framework in accordance with the RBI Guidelines to NBFC to enhance the quality and effectiveness of their internal audit systems and processes. Duly approved by Audit Committee of the Board and Senior Management, the framework enables Internal Audit Function to broadly assess and contribute to the overall improvement of the Organization's Governance, Risk Management and Control processes using a systematic and disciplined approach. The Risk Based Internal Audit Plan for Zones, Process and IS Audits have been built using risk assessment models which capture and quantify inherent risks, control risks and additional quantitative parameters as per the mandate of RBI. The Risk Based Internal Audit policy demarcates the roles and responsibility of three lines defence and provides guidance on all steps of the audit life cycle including rating of observations and reports.

The Chief Internal Auditor of the Company is appointed by the Audit Committee and Board of Directors. The position reports functionally to the Chairman of the Audit Committee of the Board and administratively to Mr. Samrat Gupta Managing Director & CEO. Under the guidance of the Chief Internal Auditor, the Internal Audit Department evaluates the adequacy and effectiveness of Governance, Risk Management and Controls basis a risk based Internal Audit plan approved by the Audit Committee covering both corporate functions and branch operations.

The Audit Committee of the Board meets the Head Internal Auditor at least once in a quarter without the presence of the MD or Senior Management. The Audit Committee of the Board reviews the status of Internal Audit Plan achievement and the issues and recommendations highlighted in the Internal Audit reports on a periodic basis in the presence of the management. The Internal Audit reports are discussed and recommendations for improving the risk and control environment are implemented in a time bound manner. The Internal Audit function of the Company also reviews and ensures that the audit observations are acted upon on a timely basis.

During the current financial year, M/s. Deloitte Consulting, Protiviti Consulting and Acies Consulting LLP, have been appointed to support the Internal Audit Department for conducting Audit of Corporate Functions. M/s. JSG & Associates, M/s. John & Julian, M/s. KSP & Associates and M/s. Joshi Gadgil & Company have been appointed for conducting Physical Audit of Branch Operations.

## **29. INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal controls for ensuring the orderly and efficient conduct of the business, including adherence to the Companies' policies, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures. The Company has adopted 'Committee of Sponsoring Organizations (COSO) 2013' as its internal controls framework which covers all the essential components of internal controls as stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India and as required by the Companies Act, 2013.

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

Based on results of assessment of the design and operating effectiveness of the controls, Company has determined that Company's Internal Financial Controls were adequate and effective during the financial reporting as of March 31, 2023.

## **30. RISK AND CONCERNS**

The Company recognizes the importance of risk management on account of increased competition and market volatility in the financial services business. The Company regularly reviews all the key risks prioritized for Management as a part of its enterprise risk management framework with Risk Management Committee of Directors.

As a business strategy, the Company is into financing Used vehicles and extending credit facilities to TML Dealers & Vendors. The company provides comprehensive array of financial products on both

these transactions. The Company faces challenges from increased competition, lack of benchmarks on used vehicle product risk parameters, external factors which can impact the viability of transport operations, and possible pressure on maintaining the asset quality. The Company has in place suitable mechanisms to effectively reduce and manage these risks. The Company has a well-developed and robust credit appraisal process which is reviewed from time to time, as required, to address any regulatory or other changes in the financial sector. Well defined norms and approval escalation processes are in place for approving credit.

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

### **31. ENTERPRISE RISK MANAGEMENT**

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

- Financial risk
- Operational risk
- Strategic risk
- Compliance risk

Over the years, the risks pertaining to financial , strategic risk and compliance risk to the Company have been managed in a systematic manner including a strong governance mechanism. The Company has strengthened the operational risk management by putting a formal Operational Risk Management (ORM) framework in place. Under this framework various operational risks are identified though a self-assessment process. The identified risks are then categorized in terms of criticality based on their impact and vulnerability. These risks are monitored on a periodic basis by adopting Key Risk Indicator (KRI) approach. Further the Company has also adopted the ICAAP policy in line with the regulatory requirement.

### **32. VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

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

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

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

**34. STATUTORY AUDITORS**

Pursuant to RBI Circular No. 2021-22/25 dated April 27, 2021, the Board of Directors of the Company at its meeting held on October 20, 2021 has approved and recommended to shareholders the appointment of M/s Kalyaniwalla & Mistry LLP, Chartered Accountants, (Firm Registration No.: 104607W / W100166) as Statutory Auditors of Tata Motors Finance Solutions Limited commencing from Q3 FY 21-22 until the conclusion of the Annual General Meeting of the Company to be held in the year 2024 and shareholders confirmed the said appointment at the Extra-Ordinary General Meeting held on November 12, 2021.

**35. SECRETARIAL AUDITORS**

The Company has appointed M/s. SG & Associates, Practicing Company Secretary as Secretarial Auditor of the Company in terms of the provisions of section 204 of the Companies Act, 2013 for conducting the secretarial audit of the Company for the F.Y. 2022-23. The Secretarial Audit report issued by M/s. SG & Associates, Practicing Company Secretary, forming part of the Directors' Report for the year ended March 31, 2023 is enclosed as Annexure -2 to this Report.

**36. EXPLANATION ON STATUTORY AUDITOR'S REPORT AND SECRETARIAL AUDIT REPORT**

There is no qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors in their Reports on the Financial Statements of the Company for FY 2022-23. Further, the secretarial audit report also does not contain any qualifications, reservations, or adverse remarks or disclaimer for the F.Y. 2022-23.

### **37. INFORMATION ON MATERIAL CHANGES AND COMMITMENTS**

#### **A. UPDATE ON SCHEME OF DEMERGER/ SCHEME OF ARRANGEMENT**

The Company has at its 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 the Company and Tata Motors Finance Limited (its fellow subsidiary) and their respective shareholders for demerger of the Non-Banking Finance related business ("NBFC Undertaking") of Tata Motors Finance Limited into the Company 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 Creditors meeting was held on January 24, 2023 in which the scheme was approved by the Secured/ Unsecured Creditors of the Company. The Scheme has been approved by the creditors of the respective companies and is approved by the Hon'ble National Company Law Tribunal vide order dated June 14, 2023.

#### **B. AMENDMENT IN MEMORANDUM OF ASSOCIATION (MOA)**

The Company has adopted a new set of Memorandum of Association of the Company with amended Object Clause through an Extra- Ordinary General Meeting (EGM) held on June 02, 2022.

The Company has amended the Capital Clause, i.e. Clause V of Memorandum of Association through an Extra- Ordinary General Meeting (EGM) held on October 13, 2022.

As on the date of report, the Company has further amended the Capital Clause, i.e. Clause V of Memorandum of Association through an Extra- Ordinary General Meeting (EGM) held on May 25, 2023.

### **38. RELATED PARTY TRANSACTIONS**

In line with the requirements of the Companies Act, 2013 and SEBI Listing Regulations, the Company has formulated a Policy on Related Party Transactions and the same can be accessed on the Company's website at [www.tmf.co.in](http://www.tmf.co.in). All contracts / arrangements / transactions entered by the Company during the financial year with related parties were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Details of Related Party Transactions, as required to be disclosed by Indian Accounting Standard –24 on "Related Party Disclosures" specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, are given in the Notes to the Financial Statements. Further, there

were no transaction requiring disclosure under section 134(3)(h) of the Act. Hence, the prescribed Form AOC-2 does not form a part of this report.

### **39. CORPORATE SOCIAL RESPONSIBILITY**

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in Annexure- 1 of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report.

The CSR policy of the Company is available on the Company's website: [www.tmf.co.in/investor-zone](http://www.tmf.co.in/investor-zone).

### **40. CORPORATE GOVERNANCE REPORT**

The Corporate Governance Report prepared in accordance with the Part C of Schedule V of SEBI Listing Regulations forms part of this Report as Annexure-3 along with following certificates/declarations:

- a. Compliance certificate by Practicing Company Secretary for compliance of Corporate Governance during the period under review as required under Part E -Schedule V of SEBI Listing Regulations
- b. Certificate by Practicing Company Secretary pursuant to Schedule V Part C clause (10)(i) of the SEBI Listing Regulations
- c. Declaration from Whole Time Director (WTD) and Chief Financial Officer (CFO) in respect of financial statements and Cash Flow Statement (pursuant to regulation 17 (8) of SEBI Listing Regulations for the financial year ended March 31, 2023
- d. Declaration by Whole Time Director on Code of Conduct as required under Part D - Schedule V.

### **41. DIRECTORS' RESPONSIBILITY STATEMENT**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory auditors and secretarial auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2022-23. Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that:

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

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

## **42. JOURNEY TOWARDS BUSINESS EXCELLENCE**

The Company has accelerated its journey towards industry leadership by implementation of multiple new initiatives under its Pinnacle Program – TMF Business Industry Leadership Framework. The Company continued its normal Pinnacle Program activities which have become hygiene including Process Design documentation updation, Measure Tracking & Review, stakeholder surveys etc.

The new initiatives implemented in year 2022-23 includes the following business impactful programs:-

1. TMF Innovation Premier League (TMF Innovation Program)
2. TMF Knowledge Sharing Program.
3. Sharing of Best Practices on Tata Business Excellence Group (TBEXG) EDGE Portal.
4. Participating in group learning through attending EDGE webinars.
5. Outside in Learning (OIL) through benchmarking sessions with certain group companies
6. Participating in external events through sharing nomination of key projects implemented in TMF in areas related to Customer Service.
7. Pinnacle Master Class Series Program session with external senior keynote speakers.

In addition to above, the Company undertook optimization of TMF Universe Portal & Digitization of Enterprise Process Manual. It also undertook annual carbon foot-print exercise and reports them as per annual practices. It conducted IT DR & BCP program to evaluate the organizational resilience exercise during the year under review successfully. The Employee Health & Safety program was completely revamped in close collaboration with TBEXG team. This involved undertaking first time ever Hazard Identification and Risk Analysis Program across 70+ TMF locations and closing the identified observations.

#### **43. OTHER DISCLOSURES**

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

Section 136 of the Act and the Rules framed thereunder allows the Company to send its Financial Statements by electronic mode to such Members whose shareholding is in dematerialized format and whose email addresses are registered with the Depositories for communication purposes. Shareholders/ Debenture holders who have not registered their email address with the Depositories are requested to register the same. Further, in accordance with the Circular No. 2/2022 dated May 5, 2022 read with Circular No. 02/2021 dated January 13, 2021 and Circular No. 20/2020 dated May 5, 2020 issued by the Ministry of Corporate Affairs, the Notice of the AGM including the Annual Report of the Company is being sent only through electronic mode to all the Members/ Debenture holders whose e-mail addresses are registered with the Depositories.

A copy of Annual Report along with the Financial Statements for FY 2022-23 of the Company is also available on the website of the Company, [www.tmf.co.in](http://www.tmf.co.in).

#### **44. ACKNOWLEDGEMENTS**

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

**On behalf of the Board of Directors of  
TATA MOTORS FINANCE SOLUTIONS LIMITED**

**NASSER MUNJEE**

**Chairman**

**DIN: 00010180**

Date: June 23, 2023

## Report on CSR Activities for FY. 2022-23

### 1. Brief outline on CSR Policy of the Company.

TMF launched its flagship skilling **program – Akanksha**, the focus area of this project is the empowerment of the driver community through trainings for financial literacy, road safety, health and hygiene, entrepreneurial skills, soft skills, digital literacy, occupation-related skills, and more. Last year training was given to over 11000 drivers carried out in **15 cities**.

TMF's **Project Suraksha** is a 'promise of protection'. Truck drivers are at greater health risk due to the nature of the working conditions, thus with an aim to provide free eye check-ups to truck drivers and truckers of the country, several health camps were set up in 15 cities across India. Through Project Suraksha we have completed eye check-up of 10000+ plus drivers

**Project Udaan** is a program for providing scholarship and holistic development of a girl child. We started this program in 2015. We have covered up to 8500 adolescent girls (in Bhandara, Joynagar & Kurnool)

### Volunteering

At TMF, our engagement initiatives also align with employee volunteering, and we regularly encourage our employees to take some time out to volunteer. In FY 2022-23, our employees clocked in a total of 4771 hours of volunteering.

We also support and actively participate in initiatives by Tata Sustainability Group, like ProEngage and Tata Volunteering Week, which encourages employees to volunteer for social causes.

### 2. Composition of CSR Committee:

SI. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Nasser Munjee	Independent Director, Chairman,	2	2
2	Mr. P.B. Balaji	Non-Executive Director	2	2

3	Mr. Shyam Mani	Non-Executive Director	2	2
4	Mr. Alok Chadha*	Whole- Time Director	2	2

**Note:**

\*Mr. Alok Chadha has been appointed as a Member w.e.f. June 24, 2022.

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company.**

[www.tmf.co.in](http://www.tmf.co.in)

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).**

Not applicable.

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	FY 22-23	NIL	95.96
	<b>Total</b>		

**6. Average net profit of the company as per section 135(5).**

Rs. 17121.81 Lakhs

**7. (a) Two percent of average net profit of the company as per section 135(5)**

Rs. 342.44 Lakhs

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.**

Nil

**(c) Amount required to be set off for the financial year, if any – Nil**

(d) Total CSR obligation for the financial year (7a+7b-7c). – Rs. 342.44 lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
438.4	NIL	NA	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

(Rs. in Lakhs)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project.		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Project Akanksha	VII (ii)	No as registered office is in Mumbai	Pan India		3 years	397.24	397.24	NIL	No	Collective Good Foundation	CSR0001648
2.	Project Suraksha	VII (ii)	No as registered office is in	Pan India		3 years	35.57	35.57	NIL	No	Collective Good Foundation	CSR0001648

			Mumbai								
3.	Project Udaan	VII (ii)	No as registered office is in Mumbai	Joynagar, Kurnool	-	4.89	4.89	NIL	No	Magic Bus India Foundation	CSR0001330
	Total					438.40	438.40				

Volunteering expenses of 0.69 lakhs was spent during the year

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

Not Applicable

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.									
	<b>Total</b>								

**(d) Amount spent in Administrative Overheads:** Nil

**(e) Amount spent on Impact Assessment, if applicable:** Not Applicable

**(f) Total amount spent for the Financial Year (8b+8c+8d+8e):** Rs. 438.40 Lakhs

**(g) Excess amount for set off, if any:**

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs. 342.44 Lakhs
(ii)	Total amount spent for the Financial Year	Rs. 438.40 Lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Rs. 95.96 Lakhs

(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Rs. 95.96 Lakhs

**9. (a) Details of Unspent CSR amount for the preceding three financial years: Not applicable**

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.							
	Total						

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil**

(Rs. In lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed /Ongoing

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) : Not applicable**

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).**

Due to the Pandemic the execution of projects got delayed and therefore allocated Budget was not fully utilized.

**On behalf of the Board of Directors of  
TATA MOTORS FINANCE SOLUTIONS LIMITED**

**NASSER MUNJEE  
Chairman**

DIN: 00010180

Date: June 23, 2023



**FORM NO. MR 3**  
**SECRETARIAL AUDIT REPORT**

[Pursuant to Section 204 (1) of the Companies Act 2013 and Rule no 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

**For the Financial Year Ended 31<sup>st</sup> March, 2023**

To,  
The Members,  
**TATA MOTORS FINANCE SOLUTIONS LIMITED,**

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good Corporate practices by TATA MOTORS FINANCE SOLUTIONS LIMITED (hereinafter called the Company).

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2023 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2023 according to the provisions of:

- I) The Companies Act, 2013 (the Act) and the rules made thereunder;
- II) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings. FEMA provision relating to Foreign Direct Investment and Overseas Direct Investment not applicable to the Company during the Audit Period.
- V) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (not applicable to the Company during the Audit Period)
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;





# SG & ASSOCIATES

Company Secretaries

- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.(Not applicable during the Audit Period)
- e) SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI OPERATIONAL CIRCULAR SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021; as amended from time to time.
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;(Not applicable during the Audit Period)
- g) The Securities and Exchange Board of India (Delisting of Equity Shares)Regulations, 2009; (Not applicable to the Company during the Audit Period)
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations,1998;(Not applicable to the Company during the Audit Period)
- i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- (a) The Reserve Bank of India Act, 1934, and
- (b) RBI's NBFC Directions and Guidelines, Circulars etc. issued by RBI from time to time, applicable on NBFCs.

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

We have also examined compliance with the applicable Clauses/Regulations of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India.

We further report that

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

The Company has appointed Mr. Alok Chadha as Whole - Time Director and Key Managerial Personnel (KMP) w.e.f. 1<sup>st</sup> May, 2022 and Mr. Dhiman Gupta as Non- Executive Director w.e.f. 24<sup>th</sup> May, 2022.

Mr. Anindya Dhar has resigned from the post of Manager and KMP of the Company with effect from May 01, 2022.





# SG & ASSOCIATES

Company Secretaries

The Company has appointed Mr. Uday Uchil as Chief Financial Officer and Key Managerial Personnel with effect from 01<sup>st</sup> September, 2022 in place of Mr. Amit Mittal, Chief Financial Officer who has resigned with effect from 31<sup>st</sup> August, 2022.

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

All the decisions were carried out unanimously by the members of the Board and the same were duly recorded in the minutes of the meeting of the Board of Directors.

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

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

- (i) Extra Ordinary General Meeting was held on 24<sup>th</sup> May, 2022 for obtaining shareholders approval for appointment of Mr. Alok Chadha (DIN: 09537539) as Whole Time Director/ Executive Director and Key Managerial Personnel and for approval for payment of Remuneration by way of Commission to Non- Special Executive/ Independent Directors.
- (ii) Extra Ordinary General Meeting was held on 2<sup>nd</sup> June, 2022 wherein approval of the shareholders was obtained for Adoption of new set of Memorandum of Association with amended Special object clause and for appointment of Mr. Dhiman Gupta (DIN: 09420213) as Non-Executive Director.
- (iii) The Company has allotted 2000 Perpetual Subordinated Unsecured Unlisted, Non-Convertible Debentures of the face value of Rs. 10,00,000/- (Ten Lakh) each, aggregating to Rs. 2,000,000,000/- (Rupees Two Hundred Crores) on a Private Placement Basis on 3<sup>rd</sup> June, 2022.
- (iv) Annual General Meeting was held on 24<sup>th</sup> June, 2022.
- (v) The Company has allotted 1600 (One Thousand Six Hundred) Perpetual Subordinated Unsecured Unlisted Non-Convertible Debentures of the face value of Rs. 10,00,000/- (Rupees Ten Lakhs) each, aggregating to Rs. 1,600,000,000/- (Rupees One Hundred Sixty Crores) on a private placement basis on 12<sup>th</sup> July, 2022.
- (vi) Extra Ordinary General Meeting was held on 10<sup>th</sup> August, 2022 wherein approval of the shareholders was obtained for private placement of Non-convertible Debentures.
- (vii) The Company has filed Scheme of Arrangement between Tata Motors Finance Limited ("Demerged Company") and Tata Motors Finance Solutions Limited ("Resulting Company") and their respective shareholders vide board resolution dated 3<sup>rd</sup> October, 2022.





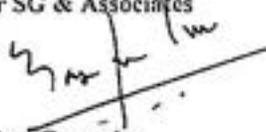
# SG & ASSOCIATES

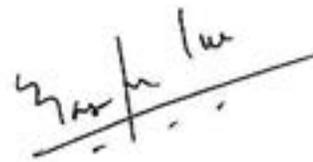
Company Secretaries

(viii) Extra Ordinary General Meeting was held on 13<sup>th</sup> October, 2022 wherein approval of the shareholders was obtained for Increase in Authorised Share Capital of the Company to Rs.20,000,000,000/- consisting of 180,000,000 Equity Shares of Rs. 100/- each and 20,000,000 Preference Shares of Rs.100/- each.

(ix) The Company had held Tribunal convened Meeting of Secured and Unsecured Creditors on 24<sup>th</sup> January, 2023.

For SG & Associates

  
Suhas Ganpule  
Proprietor  
Practicing Company Secretary  
Membership No 12122  
C. P. No 5722



Date: 23.06.2023  
Place: Mumbai

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

 Due to ICSI Portal issue UDIN could not be generated.



# SG & ASSOCIATES

Company Secretaries

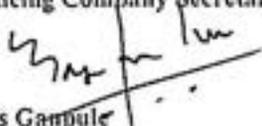
Annexure 'A'

To  
The Members,  
TATA MOTORS FINANCE SOLUTIONS LIMITED,

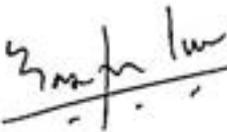
Our report of even date is to be read along with this letter:

- I) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on my audit.
- II) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial record. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the practices and processes, we followed provide a reasonable basis for our opinion.
- III) We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
- IV) Wherever required, we have obtained Management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
- V) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, norms and standards is the responsibility of Management. Our examination was limited to the verification of procedure on test basis.
- VI) The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For SG and Associates  
Practicing Company Secretaries

  
Suhas Ganpule  
Proprietor  
Membership No: 12122  
C. P No: 5722

Date: 23.06.2023  
Place: Mumbai



Due to ICSI Portal issue UDIN could not be generated.



**Corporate Governance Report****I. Company's Philosophy on Corporate Governance**

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

Strong leadership and effective corporate governance practices have been the Company's hallmark inherited from the Tata culture and ethos. The Company has a strong legacy of fair, transparent and ethical governance practices.

The Company has adopted the Governance Guidelines on Board Effectiveness, Code of Conduct for its employees including the Whole Time Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors which includes Code of Conduct for Independent Directors which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013 ("the Act"). The Company's corporate governance philosophy has been further strengthened through the Tata Business Excellence Model, Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("Insider Trading Code"), Vigil Mechanism, Fair Practices Code, Policy against Sexual Harassment in the Workplace. The Company has in place an Information Security Policy that ensures proper utilization of IT resources.

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

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance.

**II. Board of Directors**

- i. As on March 31, 2023, the Company has Seven (7) Directors viz. Mr. Nasser Munjee, Chairman & Independent Director, Mrs. Varsha Purandare, Independent Director, Mrs. Vedika Bhandarkar, Independent Director, Mr. P. B. Balaji, Non-Executive Director, Mr. Shyam Mani, Non-Executive Director, Mr. Dhiman Gupta, Non- Executive Director and Mr. Alok Chadha, Whole- Time Director. Mr. Alok Chadha has been appointed as Whole-Time Director and Key Managerial Personnel with effect from May 01, 2022. Mr. Dhiman Gupta has been appointed as a Non- Executive Director with effect from May 24, 2022.

The profile of Directors can be found on website of the Company i.e. [www.tmf.co.in](http://www.tmf.co.in). The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 and 152 of the Act.



Mr. Nasser Munjee (Chairman) (DIN: 00010180)	Independent	12	Yes	2	4	4	4	1. Cummins India Limited (ID) 2. The Indian Hotels Company Limited (ID)  <b>Debt Listed Companies:</b> 3. Tata Motors Finance Limited (ID) 4. TMF Holdings Limited (ID)
Mrs. Vedika Bhandarkar (DIN: 00033808)	Independent	11	Yes	0	3	2	3	1. Tata Motors Limited (ID)  <b>Debt Listed Company:</b> 2. Tata Motors Finance Limited -ID
Mrs. Varsha Purandare (DIN: 05288076)	Independent	12	Yes	1	8	4	8	1. Deepak Fertilizers and Petrochemicals Corporation Ltd. (ID) 2. Orient Cement Limited (ID) 3. The Federal Bank Ltd (ID)  <b>Debt Listed Companies:</b> 4. TMF Holdings Limited (ID) 5. Tata Motors Finance Limited (ID) 6. Tata Cleantech Capital Ltd. (ID) 7. Tata Capital Limited (ID) 8. Tata Capital Financial Services Limited (ID)
Mr. P. B. Balaji (DIN: 02762983)	Non-Executive	10	Yes	1	6	0	3	1. Tata Consumer Products Limited (NED)

									<b>Debt Listed Companies:</b> 2. TMF Holdings Limited (NED) 3. Tata Motors Finance Limited (NED)
Mr. Shyam Mani (DIN: 00273598)	Non-Executive	12	Yes	1	3	0	3		<b>Debt Listed Companies:</b> 1. TMF Holdings Limited (NED) 2. Tata Motors Finance Limited (NED)
Mr. Dhiman Gupta# (DIN: 09420213)	Non-Executive	10	Yes	0	3	0	0		<b>Debt Listed Companies:</b> 1. TMF Holdings Limited (NED) 2. Tata Motors Finance Limited (NED)
Mr. Alok Chadha \$ (DIN: 09537539)	Whole Time Director	11	Yes	0	0	0	0	-	

\*Excludes Directorship in the Company, private companies, foreign companies, Section 8 companies.

# Appointed as a Non- Executive Director with effect from May 24, 2022.

\$ Appointed as Whole- time Director with effect from May 01, 2022.

Table Key: NED –Non-Executive Director, ID-Independent Director.

### Change in composition of the Board during the current and previous financial year

Sr No	Name of Director	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective Date
1	ALOK CHADHA	Whole- time Director	Appointment	01-05-2023
2	DHIMAN GUPTA	Non-Executive Director	Appointment	24-05-2022

- vi. During FY 2022-23, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.
- vii. On the date of this report, 1 [One] meeting of the Independent Directors was held on May 25, 2023.
- viii. The Board periodically reviews the compliance reports of all laws applicable to the Company.
- ix. Details of equity shares of the Company held by the Directors as on March 31, 2023 are given below:

Name of Director	Category of Director	Number of Equity shares
Mr. Nasser Munjee (Chairman) (DIN: 00010180)	Independent	Nil
Mrs. Vedika Bhandarkar (DIN: 00033808)	Independent	Nil
Mrs. Varsha Purandare (DIN: 05288076)	Independent	Nil
Mr. P. B. Balaji (DIN: 02762983)	Non-Executive	One Equity share jointly with TMF Holdings Limited
Mr. Shyam Mani (DIN: 00273598)	Non-Executive	One Equity share jointly with TMF Holdings Limited
Mr. Dhiman Gupta (DIN: 09420213)	Non-Executive	Nil
Mr. Alok Chadha (DIN: 09537539)	Whole- Time Director	Nil

The Company has not issued any convertible instruments.

- x. The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:



### III. Committees of the Board

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

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

#### i) Audit Committee

As on March 31, 2023, the Audit Committee comprises of Two (2) Independent Directors viz. Mrs. Varsha Purandare (Chairperson), Mrs. Vedika Bhandarkar and One (1) Non-Executive Director, Mr. P. B. Balaji.

The composition of the Audit Committee is in line with the provisions of Section 177 of the Act and SEBI (LODR) Regulations, 2015. All the Members have the ability to read and understand financial statements and have relevant finance and/or audit experience.

The Board has adopted the Corporate Governance Guidelines which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act and Guidelines issued by the SEBI and RBI.

The Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,—

- the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- review and monitor the auditor's independence and performance, and effectiveness of audit process;
- examination of the financial statement and the auditors' report thereon;
- approval or any subsequent modification of transactions of the company with related parties;
- approval or any subsequent modification of transactions of the company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- monitoring the end use of funds raised through public offers and related matter;
- The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of

financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company;

- Establish a vigil mechanism for Directors and employees to report genuine concerns in such manner as may be prescribed.

As per Regulation 18 of SEBI (LODR) Regulations, 2015:

The role of the Audit Committee shall include the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company; (as also provided in the Act)
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management, the annual financial statements and auditor's report thereon (as also provided in the Act) before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualification in the draft audit report
- Reviewing with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) (as also provided in the Act), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process; (as also provided in the Act)
- Approval or any subsequent modification of transactions of the company with related parties; (as also provided in the Act)
- Scrutiny of inter-corporate loans and investments; (as also provided in the Act)
- Valuation of undertakings or assets of the company, wherever it is necessary; (as also provided in the Act)
- Evaluation of internal financial controls and risk management systems; (as also provided in the Act)
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

**Additionally, the Audit Committee of the Board of a Tata company will also need to**

- Oversee financial reporting controls and process for material subsidiaries.
- Oversee compliance with legal and regulatory requirements including the Tata Code of Conduct (“TCoC”) for the company and its material subsidiaries.
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the applicable NBFCs.

During the year under review, Ten (10) meetings were held on April 28, 2022, May 18, 2022, May 24, 2022, July 22, 2022, August 29, 2022, October 03, 2022, October 28, 2022, December 22, 2022, January 19, 2023 and March 21, 2023. The composition of the Audit committee and the attendance of its members at its meetings held during FY 2022-23 are given below:

Name of Member	Member since	Category	No. of Meetings	
			Held	Attended
Mrs. Varsha Purandare	14/09/2021	Independent Director (Chairperson)	10	10
Mrs. Vedika Bhandarkar	27/03/2015	Independent Director	10	7

Mr. P. B. Balaji	29/01/2018	Non-Executive Director	10	8
------------------	------------	------------------------	----	---

The Board has accepted all the recommendations made by the Audit Committee during the year. The invitees for Audit Committee meetings are Statutory Auditors, Chief Internal Auditor of the Company and Tata Motors Limited, Chief Financial Officer and Company Secretary. The minutes of the Audit Committee meetings forms part of the Board papers circulated for Board Meetings. The Chairperson of the Audit Committee briefs the Board members about significant discussions at Audit Committee meetings. The Audit Committee of the Board meets the Head Internal Auditor at least once in a quarter without the presence of the MD or Senior Management.

The previous AGM of the Company was attended by Mrs. Varsha Purandare, Chairperson of the Audit Committee.

**ii) Nomination and Remuneration Committee (NRC)**

The Nomination and Remuneration Committee of Directors has been constituted to ensure appointment of Directors with 'fit and proper' credentials and to review the performance of the Whole Time Director/Key Managerial Personnel, to review and recommend remuneration/compensation packages for the Whole Time Director, employees, to decide remuneration payable to the Directors, to formulate and administer Long Term Incentive Plans, if any and to review employee compensation vis-à-vis industry practices and trends.

As of March 31, 2023, the Nomination and Remuneration Committee comprises of Three (3) Directors namely Mrs. Vedika Bhandarkar (Chairperson) and Mr. Nasser Munjee, Independent Directors and Mr. P. B. Balaji, Non-Executive Director.

During FY 2022-23, Five (5) meetings of the NRC were held on April 28, 2022, June 23, 2022, July 22, 2022, October 28, 2022 and March 21, 2023. The composition of the NRC and the attendance of its members at its meetings held during FY 2022-23 are given below:

Name of the member	Member since	Category	No. of meetings	
			Held	Attended
Mrs. Vedika Bhandarkar	27/03/2015	Independent Director (Chairperson)	5	5
Mr. Nasser Munjee	17/06/2020	Independent Director	5	5
Mr. P. B. Balaji	29/01/2018	Non-Executive Director	5	4
Mr. Shyam Mani <sup>i</sup>	-	Non-Executive Director	4	4

- i. Stepped down as a Member w.e.f. November 22, 2022.

**Performance Evaluation Criteria for Independent Directors:**

The performance evaluation criteria for independent Directors is determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behavior and judgment.

**NRC/Remuneration Policy:**

The philosophy for remuneration of Directors, Key Managerial Personnel (“KMP”) and all other employees of Tata Motors Finance Solutions Limited (“the Company”) is based on the commitment of fostering a culture of Leadership with Trust. The remuneration policy is aligned to this philosophy.

The remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”). While formulating this policy, the Nomination and Remuneration Committee (“NRC”) has considered the factors laid down under Section 178(4) of the Act, which are as under:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and performance incentive (variable component) to its Whole time Director/ Executive Director. Annual increments are recommended by the Nomination and Remuneration Committee within the salary scale approved by the Board and Members (wherever applicable) and are effective April 1, each year.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, decides the remuneration payable to other Directors for the financial year and within the ceilings prescribed under the Act, based on the Board evaluation process considering the criteria such as the performance of the Company as well as that of the Director. The Company pays sitting fees to Independent Directors and Non-Executive Directors who are not in employment in Tata Group Companies, as approved by the Board of Directors.

The Remuneration policy is available on the website of the Company i.e. [www.tmf.co.in/ investor zone](http://www.tmf.co.in/investorzone).

The previous AGM of the Company was attended by Mrs. Vedika Bhandarkar, Chairperson of the Nomination and Remuneration Committee.

**iii) Risk Management Committee (RMC)**

The Risk Management Committee of Directors manages the integrated risks of the Company. As of March 31, 2023, Risk Management Committee comprises of Five (5) Directors namely Mr. P. B. Balaji – Chairman, Non- Executive Director, Mrs. Varsha Purandare- Independent Director, Mr. Shyam Mani, Mr. Dhiman Gupta, Non-Executive Directors and Mr. Alok Chadha- Whole Time Director. Mr. Neeloy Majumder, Chief Digital & Marketing Officer is a Permanent Invitee for meeting of the Committee.

During FY 2022-23, Five (5) meetings of the RMC were held on June 24, 2022, September 20, 2022, October 13, 2022, December 20, 2022 and March 28, 2023. The composition of the RMC and the attendance of its members at its meetings held during FY 2022-23 are given below:

Name of Member	Member since	Category	No. of Meetings	
			Held	Attended
Mr. P. B. Balaji <sup>i</sup>	29/01/2018	Non-Executive Director (Chairman)	5	4
Mrs. Varsha Purandare <sup>ii</sup>	14/09/2021	Independent Director	5	5
Mr. Shyam Mani	27/03/2015	Non-Executive Director	5	5
Mr. Dhiman Gupta <sup>iii</sup>	24/06/2022	Non-Executive Director	4	3
Mr. Alok Chadha <sup>iii</sup>	24/06/2022	Whole Time Director	4	4

- i. Appointed as a Chairman w.e.f. November 22, 2022.
- ii. Stepped down as a Chairperson and continuing as a Member w.e.f. November 22, 2022.
- iii. Appointed as a Member w.e.f. June 24, 2022.

**iv) Asset Liability Supervisory Committee (ALCO)**

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

As of March 31, 2023, Asset-Liability Supervisory Committee comprises of Eight (8) Members namely Mr. Alok Chadha – Chairman and Whole Time Director, Mr. Dhiman Gupta, Non-Executive Director, Ms. Ridhi Gangar, Group Chief Financial Officer, Mr. Uday Uchil, Chief Financial Officer, Mr. Neeloy Majumder, Chief Digital Marketing Officer, Mr. Rohit Sarda, Chief Credit Officer, Mr. Amit Mittal, Chief Risk Officer and Mr. Rohit Kumar, Head – Treasury.

During FY 2022-23, Four (4) meetings of the ALCO were held on June 24, 2022, September 20, 2022, December 20, 2022 and March 23, 2023. The composition of the ALCO and the attendance of its members at its meetings held during FY 2022-23 are given below:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mr. Alok Chadha <sup>i</sup>	Whole Time Director (Chairman)	3	3
Mrs. Varsha Purandare <sup>ii</sup>	Independent Director	2	2
Mr. Dhiman Gupta <sup>iii</sup>	Non-Executive Director	3	2
Mr. Shyam Mani <sup>iv</sup>	Non-Executive Director	2	2
Mr. P. B. Balaji <sup>iv</sup>	Non-Executive Director	2	1
Ms. Ridhi Gangar	Group Chief Financial Officer	4	3
Mr. Uday Uchil <sup>v</sup>	Chief Financial Officer	2	2

Mr. Neeloy Majumder <sup>v</sup>	Chief Digital & Marketing Officer	2	2
Mr. Rohit Sarda <sup>v</sup>	CCO	2	2
Mr. Amit Mittal <sup>v</sup>	CRO	2	2
Mr. Rohit Kumar <sup>v</sup>	Head – Treasury	2	2

- i. Appointed as a Member on June 24, 2022 and Chairman w.e.f. November 22, 2022.
- ii. Stepped down as a Chairperson and Member w.e.f. November 22, 2022.
- iii. Appointed as a Member w.e.f. June 24, 2022.
- iv. Stepped down as a Member w.e.f. November 22, 2022.
- v. Appointed as a Member w.e.f. November 22, 2022.

**v) Corporate Social Responsibility (CSR) Committee**

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

As on March 31, 2023, the Corporate Social Responsibility (CSR) Committee of the Board comprises of Four (4) Directors namely Mr. Nasser Munjee, Chairman, Mr. Shyam Mani, Mr. P.B. Balaji and Mr. Alok Chadha.

During FY 2022-23, Two (2) meetings of the CSR Committee were held on August 25, 2022 and February 27, 2023. The composition of the CSR Committee and the attendance of its members at its meetings held during FY 2022-23 are given below:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mr. Nasser Munjee	Independent Director (Chairman)	2	2
Mr. Shyam Mani	Non- Executive Director	2	2
Mr. P.B. Balaji	Non- Executive Director	2	2
Mr. Alok Chadha <sup>i</sup>	Whole Time Director	2	2

- i. Appointed as a Member w.e.f. June 24, 2022.

**vi) Stakeholders Relationship Committee (SRC)**

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

As on March 31, 2023, Stakeholders' Relationship Committee (SRC) comprises Four (4) members namely Mr. Nasser Munjee, Chairman, Mr. Shyam Mani, Mr. P.B. Balaji and Mr. Alok Chadha.

During FY 2022-23, Two (2) meetings of the SRC were held on December 22, 2022 and March 21, 2023. The composition of the SRC and the attendance of its members at its meetings held during FY 2022-23 are given below:

Name of Member	Member since	Category	No. of Meetings	
			Held	Attended
Mr. Nasser Munjee	12/11/2021	Independent Director (Chairman)	2	2
Mr. Shyam Mani	12/11/2021	Non-Executive Director	2	2
Mr. P.B. Balaji	12/11/2021	Non-Executive Director	2	2
Mr. Alok Chadha <sup>i</sup>	24/06/2022	Whole Time Director	2	2

- i. Appointed as a Member w.e.f. June 24, 2022.

The previous AGM of the Company was attended by Mr. Nasser Munjee, Chairman of the Stakeholders Relationship Committee.

#### Stakeholders Relationship Committee – other details

In accordance with Regulation 6 of the Listing Regulations, the Board has appointed Mr. Neeraj Dwivedi, Company Secretary as the Compliance Officer.

- a. Name, designation and address of Compliance Officer:

Mr. Neeraj Dwivedi

Company Secretary

Building A, 2nd Floor, Lodha I Think Techno Campus, Off. Pokharan Road No 2, Thane (West)  
400 601.

Board Line 91 22 6181 5400

Email :Neeraj.dwivedi@tmf.co.in

- b. Details of Investor Complaints received and redressed during FY 2022-2023 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	Nil	Nil	Nil

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

Information Technology (IT) Strategy Committee (ITSC) has been constituted as per the provisions of RBI Master Direction RBI/DNBS/2016-17/53 DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 pertaining to Information Technology Framework for the NBFC Sector. The terms of reference of

this Committee are in line with the regulatory requirements. The roles and responsibilities of IT Strategy Committee include:

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

As on March 31, 2023, the IT Strategy Committee (ITSC) comprises of Five (5) members namely Mr. Nasser Munjee, Chairman, Mrs. Varsha Purandare, Independent Director, Mr. P. B. Balaji, Mr. Shyam Mani, Non-Executive Directors and Mr. Neeloy Majumder, Chief Digital and Marketing Officer (CDMO). Mr. Alok Chadha , Whole- Time Director, Mr. Uday Uchil (CFO) and Mr. Ramesh Chandra (Chief Information Officer) are permanent invitees for the meeting of ITSC.

During FY 2022-23, Two (2) meetings of the ITSC were held on June 24, 2022 and December 22, 2022. The composition of the ITSC and the attendance of its members at its meetings held during FY 2022-23 are given below:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mr. Nasser Munjee <sup>i</sup>	Independent Director (Chairman)	1	1
Mrs. Varsha Purandare <sup>ii</sup>	Independent Director	2	2
Mr. P. B. Balaji	Non-Executive Director	2	2
Mr. Shyam Mani	Non-Executive Director	2	2
Mr. Neeloy Majumder <sup>iii</sup>	Chief Digital & Marketing Officer	1	1

- i. Appointed as a Member and Chairman w.e.f. November 22, 2022.
- ii. Stepped down as a Chairperson and continuing as a Member w.e.f. November 22, 2022.
- iii. Appointed as a Member w.e.f. November 22, 2022.

#### IV. Details of the Remuneration for the year ended March 31, 2023:

##### a. Independent Directors and Non-Executive Director:

The Company has paid Sitting Fees and Commission to Independent Directors and Mr. Shyam Mani, Non-Executive Director for attending meetings of the Board and the Committees of the Board during FY 2022-23. Details of Sitting Fees and Remuneration paid are given below:

Name of Director	Sitting Fees paid for attending Board and Committee Meetings during FY 2022-23 (INR)	Commission paid during the FY 2022-23 (INR)	Remuneration paid during FY 2022-23 (INR)
Mr. Nasser Munjee	9,00,000/-	50,00,000/-	-
Mrs. Vedika Bhandarkar	10,50,000/-	50,00,000/-	-
Mrs. Varsha Purandare	13,70,000/-	50,00,000/-	-
Mr. Alok Chadha	-	-	-
Mr. P. B. Balaji	-	-	-
Mr. Shyam Mani	11,10,000/-	50,00,000/-	-
Mr. Dhiman Gupta	-	-	-
Mr. P. S. Jayakumar	-	50,00,000/-	-

**Notes:**

Mr. Dhiman Gupta has been appointed as a Non- Executive Director w.e.f. May 24, 2022.

Mr. Alok Chadha has been appointed as Whole Time Director and KMP w.e.f. May 01, 2022.

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

**b. Details of remuneration paid to Whole- Time Director:**

During FY 2022-23, remuneration of Rs. 239.28 lakhs was paid to Mr. Alok Chadha, Whole- Time Director.

**V. General Body Meetings**

**a. Annual General Meeting (AGM)**

Financial Year for which AGM was held	Date	Time	Venue	Whether any special resolutions passed
F.Y. 2021-22	Friday,	4.30 P.M.	Meeting held through video conferencing facility. Deemed	No

	June 24, 2022		venue was registered office of the Company	
F.Y. 2020-21	Tuesday, August 31, 2021	11.30 A.M.	Meeting held through video conferencing facility. Deemed venue was registered office of the Company	No
F.Y. 2019-20	Monday, September 07, 2020	02.30 P.M	Meeting held through video conferencing facility. Deemed venue was registered office of the Company	Yes
F.Y. 2018-19	Wednesday, July 24, 2019	09:30 AM	Registered Office of the Company at, Tata Motors Finance Limited, 106- 10 <sup>th</sup> Floor, Maker Chambers III, Nariman Point, Mumbai 400 021	Yes

b. **Extraordinary General Meeting:**

**Details of Extraordinary general meetings of the members held during FY 22-23 are as under:**

Date of EGM held during FY 2022-23	Time	Venue	Whether special resolution passed
Tuesday, May 24, 2022	03.30 P.M	Meeting held through video conferencing facility. Deemed venue was registered office of the Company.	Yes
Thursday, June 02, 2022	03.30 P.M	Meeting held through video conferencing facility. Deemed venue was registered office of the Company.	Yes
Wednesday, August 10, 2022	5.45 P.M	Meeting held through video conferencing facility. Deemed venue was registered office of the Company.	Yes
Thursday, October 13, 2022	4.00 P.M	Meeting held through video conferencing facility. Deemed venue was registered office of the Company.	No

- i. Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise, details of the voting pattern and procedure of postal ballot: **Not Applicable**
- ii. Details of special resolution proposed to be conducted through postal ballot: **Not Applicable**
- VI. A certificate has been received from M/s SG and Associates, Practicing Company Secretaries, that none

of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

Pursuant to RBI Circular No. 2021-22/25 dated April 27, 2021, the Board of Directors of the Company has approved the appointment of M/s Kalyaniwalla & Mistry LLP, Chartered Accountants, (Firm Registration No.: 104607W / W100166) as Statutory Auditors of Tata Motors Finance Solutions Limited.

The details of fees paid by the Company to auditors are as under:

(Rs. in lacs)

Sr. No.	Auditors Remuneration (excluding taxes)	FY 2022-23
1.	As auditors - statutory audit	31.96
2.	Taxation matters	4.00
3.	For other services	16.35
4.	Reimbursement of out of pocket expenses	3.38
	<b>Total</b>	<b>55.69</b>

**Other Disclosures:**

Particulars	Regulations	Details	Website link for details/policy
Related party transactions	Regulation 23 of SEBI Listing Regulations and as defined under the Act	There are no material related party transactions during the year that have conflict with the interest of the Company. Transactions entered into with related parties during the financial year were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee. The Board's approved policy for related party transactions is uploaded on the website of the Company.	<a href="http://www.tmf.co.in">www.tmf.co.in</a>
Details of non - compliance by the //Company, penalty, strictures imposed on the Company by the stock exchange, or Securities and Exchange Board of India ('SEBI') or any statutory authority on any matter related to capital markets	Schedule V (C) 10(b) to the SEBI Listing Regulations	There were no cases of non-compliance during the last three financial years.	NA

Whistle Blower Policy and Vigil Mechanism	Regulation 22 of SEBI Listing Regulations	The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for Directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairperson of the Audit Committee. The said policy has been uploaded on the website of the Company.	<a href="http://www.tmf.co.in">www.tmf.co.in</a>
Discretionary requirements	Schedule II Part E of the SEBI Listing Regulations	<ul style="list-style-type: none"> <li>a) Mr. Nasser Munjee, Chairman does not maintain any separate office.</li> <li>b) The auditors' report on financial statements of the Company are unqualified.</li> <li>c) The Company is having separate posts of Chairman.</li> <li>d) Mr. Nasser Munjee is Independent Director and not related to Mr. Alok Chadha, Whole- time Director &amp; KMP</li> <li>e) Chief Internal Auditor has direct functional reporting to Audit Committee.</li> </ul>	NA
Subsidiary Companies	Regulation 24 of the SEBI Listing Regulations	The Company does not have any subsidiary Company.	NA
Policy on Archival and Preservation of Documents	Regulation 9 of SEBI Listing Regulations	The Company has adopted a Policy on Archival and Preservation of Documents.	<a href="http://www.tmf.co.in">www.tmf.co.in</a>
Code of Conduct	Regulation 17 of the SEBI Listing Regulations	The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2023. The Annual Report of the Company contains a certificate by the Chief Executive Officer and Managing Director, on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management.	<a href="http://www.tmf.co.in">www.tmf.co.in</a>

Terms of Appointment of Independent Directors	Regulation 62 (1A) of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act	Terms and conditions of appointment/re-appointment of Independent Directors are available on the Company's website.	<a href="http://www.tmf.co.in">www.tmf.co.in</a>
Familiarization Program	Regulations 25(7) and 62 (1A) (i) of SEBI Listing Regulations	The Company conducts induction programme for Directors.	The details will be uploaded at <a href="http://www.tmf.co.in">www.tmf.co.in</a> as and when any Director joins the Board.
Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018	Clause I Part C Schedule V of SEBI LODR	No complaint was filed during the year under this Policy.	NA
Disclosure of 'Loans and advances in the nature of loans to firms/companies in which Directors are interested	Clause m Part C Schedule V of SEBI LODR	Nil	NA

#### VII. Means of Communication

The quarterly, half-yearly and annual financial results of the Company are published in leading newspapers in India which include The Free Press Journal (English newspaper) and Nav Shakti (Marathi regional newspaper). The results are also displayed on the Company's website i.e. [www.tmf.co.in/investor zone/](http://www.tmf.co.in/investor%20zone/) TMFSL financial results. Financial Results, Statutory Notices and Press Releases after the declaration of the quarterly, half-yearly and annual results are submitted to the National Stock Exchange of India Limited (NSE) as well as uploaded on the Company's website.

#### VIII. General shareholder information

##### i. Annual General Meeting for FY 2022-23

**Date: August 01, 2023**

**Time: 04.50 p.m. (IST)**

**Venue: Meeting through Video Conference**

**ii. Financial Calendar**

**Year ending: April 1 to March 31**

**iii. Date of Book Closure / Record Date: Not Applicable**

**iv. Listing on Stock Exchanges**

:

Non-Convertible Debentures and Commercial Papers are listed on below Stock Exchange:

National Stock Exchange of India Ltd (NSE)  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051

**v. Stock Codes/Symbol**

**NSE : Nil**

**BSE : Not Applicable**

**The Company has paid Annual Listing fees for FY 2022-23 to the National Stock Exchange of India Limited (NSE) where the Company's securities are listed.**

**vi. Corporate Identity Number (CIN) of the Company: U65910MH1992PLC187184**

**vii. Market Price Data: Not applicable since Company's Equity shares are not listed**

**viii. Registrars and Transfer Agents**

Name and Address:

TSR Consultants Private Limited

C-101, 1st Floor, 247 Park

L.B.S. Marg, Vikhroli (West)

Mumbai - 400083

Tel: +91-22-66568484

Fax: +91-22-66568494

Email : [csg-unit@tcplindia.co.in](mailto:csg-unit@tcplindia.co.in)

Website : <https://www.tcplindia.co.in>

**ix. Place for acceptance of Documents/ address for correspondence:**

Mr. Neeraj Dwivedi, Company Secretary

Building A, 2nd Floor, Lodha I Think Techno Campus, Off. Pokharan Road No 2, Thane (West) 400 601.

For the convenience of the security holders, documents will also be accepted at the following branches/agencies of TCPL:

Place	Name and Address	Phone / Fax / Email
Mumbai	<b>Registered Office</b> TSR Consultants Private Limited C-101, 1st Floor, 247 Park L.B.S. Marg, Vikhroli (West) Mumbai – 400083	Tel: +91-22-66568484 Fax: +91-22-66568494 Email : <a href="mailto:csg-unit@tcplindia.co.in">csg-unit@tcplindia.co.in</a> Website : <a href="https://www.tcplindia.co.in">https://www.tcplindia.co.in</a>

**x. Securities Transfer System:**

All the securities issued by the Company are in demat form. Transfers of securities in electronic form are affected through the depositories with no involvement of the Company. All request to approve transfers of Equity shares are noted at subsequent Board Meetings/ Stakeholders relationship committee.

The following compliances pertain to share transfers, grievances, etc.:

- (1) Pursuant to Regulation 7(3) of the SEBI Listing Regulations, certificates are filed with the stock exchanges on yearly basis by the Compliance Officer and the representative of the Registrar and Share Transfer Agent for maintenance of an appropriate Securities transfer facility.
- (2) Pursuant to Regulation 13 of the SEBI Listing Regulations, a statement on pending investor complaints is filed with the stock exchanges and placed before the Board of Directors on a quarterly basis.
- (3) Pursuant to Regulation 61(4) read together with Regulation 40(9) of the SEBI Listing Regulations, a Certificate by the Company Secretary-in-Practice is filed with the stock exchanges within one month from the end of the financial year, certifying that since all the Debentures were issued by the Company in Demat form, no physical debenture certificate were required to be delivered during the period from April 1, 2022 to March 31, 2023 pursuant to Regulation 61(4) read with Regulation 40(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**xi. Shareholder as on March 31, 2023:**

- a. Distribution of equity shareholding as on March 31, 2023: Not Applicable as Equity shares are not listed
- b. Categories of equity shareholding as on March 31, 2023:

Category	Number of equity shares held	Percentage of holding
Promoters	170,049,735	100
Other Entities of the Promoter Group	Nil	Nil

Mutual Funds & UTI	Nil	Nil
Banks, Financial Institutions, States and Central Government	Nil	Nil
Insurance Companies	Nil	Nil
Foreign Institutional Investors and Foreign Portfolio Investors – Corporate	Nil	Nil
NRI's / OCB's / Foreign Nationals	Nil	Nil
Corporate Bodies / Trust	Nil	Nil
Indian Public & Others	Nil	Nil
Alternate Investment Fund	Nil	Nil
IEPF account	Nil	Nil
<b>GRAND TOTAL</b>	<b>170,049,735</b>	<b>100</b>

c. Top ten equity shareholders of the Company as on March 31, 2023:

Sr. No	Name of Shareholder	Number of Equity Shares held	Amount paid up (Rupees)	% of total
1	TMF Holdings Limited	170,049,729	17,004,972,900	100
2	TMF Holdings Limited jointly with Mr. P.B. Balaji	1	100	-
3	TMF Holdings Limited jointly with Mr. Shyam Mani	1	100	-
4	TMF Holdings Limited jointly with Mr. Samrat Gupta	1	100	-
5	TMF Holdings Limited jointly with Mr. Amit Mittal	1	100	-
6	TMF Holdings Limited jointly with Mr. Anand Bang	1	100	-
7	TMF Holdings Limited jointly with Mr. Rohit Sarda	1	100	-
	<b>Total</b>	<b>170,049,735</b>	<b>17,004,973,500</b>	<b>100.00</b>

xii. Dematerialization of Shares and Liquidity:

The Company's shares are not listed and traded on any stock exchange. However, equity shares of the Company representing 100% of the Company's equity share capital are dematerialized as on March 31, 2023. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's Equity shares is INE477S01014.

xiii. Equity Shares in the Suspense Account: Not applicable

xiv. Transfer of Unclaimed/Unpaid Amounts to the Investor Education and Protection Fund:

Pursuant to Sections 124 and 125 of the Act read with the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") to be read with Clause 61A of SEBI (LODR) Reg. 2015, all unclaimed/unpaid dividend, application money, debenture interest and interest on deposits as well as principal amount of debentures and deposits, sale proceeds of fractional shares, redemption amount of preference shares, etc. pertaining to the Company remaining unpaid or unclaimed for a period of 7 years from the date they became due for payment, have to be transferred to the IEPF Authority, established by the Central Government. Furthermore, the IEPF Rules mandate companies to transfer shares of shareholders whose dividends remain unpaid / unclaimed for a period of 7 consecutive years to the demat account of the IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of the Court, Tribunal or Statutory Authority, restraining any transfer of shares.

In light of the aforesaid provisions, the Company has not transferred any amount to IEPF during the year under review.

**In the interest of the securities holders, the Company sends periodical reminders to the securities holders to claim their dividends/ interest/ principal amount in order to avoid transfer of dividends/interest/ principal amount on NCDs to IEPF Authority. The details of unclaimed amount are placed on website of the Company i.e. [www.tmf.co.in/investor](http://www.tmf.co.in/investor) zone.**

xv. Plant locations: Not Applicable

xvi. Address for correspondence:

Mr. Neeraj Dwivedi, Company Secretary

Building A, 2nd Floor, Lodha I Think Techno Campus, Off. Pokharan Road No 2, Thane (West) 400 601

xvii. List of all credit ratings obtained by the Company along with any revisions thereto during the relevant financial year, for all debt instruments of the Company or any fixed deposit programme or any scheme or proposal of the Company involving mobilization of funds, whether in India or abroad forms part of the Board's Report.

**On behalf of the Board of Directors of**

**TATA MOTORS FINANCE SOLUTIONS LIMITED**

**NASSER MUNJEE**

**Chairman**

DIN: 00010180

Date: June 23, 2023

**Declaration by Whole Time Director & Key Managerial Personnel (KMP) on Code of Conduct as required by Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

---

I, Alok Chadha, Whole Time Director & Key Managerial Personnel (KMP) of the Company hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with Code of Conduct, as applicable to them, in respect of the financial year 2022-23.

For **TATA MOTORS FINANCE SOLUTIONS LIMITED**

**ALOK CHADHA**

Whole Time Director and KMP  
(DIN: 09537539)

Date: June 23, 2023

Place: Mumbai

**WTD/CFO Certification in respect of Financial Statements and Cash Flow Statement (pursuant to regulation 17 (8) of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 For the Financial Year ended March 31, 2023**

---

We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2023 and we hereby certify and confirm to the best of our knowledge and belief the following:

- a. The Financial Statements and Cash Flow statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- b. The Financial Statements and the Cash Flow Statement together present a true and fair view of the affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.
- c. There are no transactions entered in to by the Company during the year ended 31st March, 2023 which are fraudulent, illegal or violative of Company's Code of Conduct.
- d. We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of these internal control systems of the Company pertaining to financial reporting. Deficiencies noted, if any, are discussed with the Auditors and Audit Committee, as appropriate, and suitable actions are taken to rectify the same.
- e. There have been no significant changes in the above-mentioned internal controls over financial reporting during the relevant period.
- f. That there have been no significant changes in the accounting policies during the relevant period.
- g. We have not noticed any significant fraud particularly those involving the management or an employee having a significant role in the Company's internal control system over Financial Reporting.

**ALOK CHADHA**

**UDAY UCHIL**

**Whole Time Director & KMP  
DIN: 09537539**

**Chief Financial Officer**

Date: June 23, 2023

Place: Mumbai



**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of TATA MOTORS FINANCE SOLUTIONS LIMITED ("the Company").

I have examined the compliance of the conditions of Corporate Governance by Tata Motors Finance Solutions Limited ("the Company"), for the year ended on March 31, 2023 as stipulated in regulations 17 to 27 and sub-regulation (1A) of Regulation 62 and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and as made applicable to the Company effective September 7, 2021 on a comply or explain basis until March 31, 2023, and the necessary explanation in the quarterly compliance report on Corporate Governance submitted to the Stock Exchange under Regulation 27(2)(a) of SEBI Listing Regulations.

The Compliance of conditions of Corporate Governance is the responsibility of the management. My examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

I have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with corporate governance requirements by the Company.

Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and sub-regulation (1A) of Regulation 62 and para C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2023.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For SG & Associates  
Practicing Company Secretary

Suhas S. Ganpule  
Proprietor

Membership No: 12122  
CP No: 5722



Place: Mumbai  
Date: 23.06.2023

\* Due to ICSI Portal UDIN could not be generated



# SG & ASSOCIATES

Company Secretaries

## CERTIFICATE

(Pursuant to Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Date: 23.06.2023

To,  
The Members,  
Tata Motors Finance Solutions Limited  
14, 4<sup>th</sup> FLOOR, SIR H.C. DINSHAW BUILDING  
16, HORNIMAN CIRCLE, FORT,  
MUMBAI-400001

Pursuant to Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and on the basis of the declaration received from the Directors of Tata Motors Finance Solutions Limited (the 'Company'), I, Suhas Sadanand Ganpule, Company Secretary in Practice hereby declare that the under stated Directors of the Company are not debarred or disqualified from being appointed or to continue as Directors of the Company by the SEBI/ Ministry of Corporate Affairs or any other Statutory Authority for the year ended March 31, 2023:

Name of the Director	DIN
Mr. Nasser Mukhtar Munjee	00010180
Mrs. Varsha Vasant Purandare	05288076
Mr. Vedika Bhandarkar	00033808
Mr. Dhiman Gupta	09420213
Mr. Pathamadai Balachandran Balaji	02762983
Mr. Shyam Mani	00273598
Mr. Alok Chadha	09537539

For SG & Associates  
Practicing Company Secretaries

Suhas Ganpule  
Proprietor

Membership No: A12122  
C. P. No: 5722

Date: 23.06.2023

Place: Mumbai

\* Due to ICSI Portal UDIN could not be generated



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF TATA MOTORS FINANCE SOLUTIONS LIMITED**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying Ind-AS financial statements of Tata Motors Finance Solutions Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and the Notes to the Ind-AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind-AS 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 Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (Ind-AS) and with other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### **Basis for Opinion**

We conducted our audit of the Ind-AS financial statements 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 Ind-AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Ind-AS 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 ICAI Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Key Audit Matters**

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

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

Key Audit Matter	How the matter was addressed in our audit
<p><b>1) Impairment of Loans to Customers</b>            Gross loans: Rs. 996,455.10 lakhs for year ended March 31, 2023            Provision: Rs. 19,227.42 lakhs as at March 31, 2023</p>	
<p><i>Refer to the accounting policies in "Note 3(xvi)(A)(iii) to the Financial Statements: Impairment of financial assets", "Note 3 (i) to the Financial Statements: Significant Accounting Policies-use of estimates and judgments" and "Note 6 to the Financial Statements: Loans"</i></p>	
<p><b>Subjective estimate:</b></p> <p>Under Ind AS 109, Financial Instruments, allowance for loan losses is 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:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• <b>Qualitative adjustments –</b> 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. These adjustments are inherently uncertain and significant management</li> </ul>	<p><b>Our key audit procedures included:</b></p> <p>We performed end to end process walkthroughs to identify the key systems, applications and controls used in ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in ECL process.</p> <p><i>Key aspects of our controls testing involved the following:</i></p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Testing the 'Governance Framework' controls over validation, implementation and model monitoring in accordance with Reserve Bank of India guidance.</li> <li>• Testing the design and operating effectiveness of the key controls over the application of the staging criteria.</li> <li>• 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</li> <li>• Testing management's controls over authorisation and calculation of post model adjustments and management overlays.</li> <li>• Testing management's controls on compliance with Ind AS 109 disclosures related to ECL.</li> </ul>

Key Audit Matter	How the matter was addressed in our audit
<p>judgement is involved in estimating these amounts.</p> <p>The underlying forecasts and assumptions used in the estimate of allowance for impairment loss are subject to uncertainties which are often outside the control of the Company. 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.</p> <p><b>Disclosures</b></p> <p>The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.</p>	<ul style="list-style-type: none"> <li>• Testing key controls operating over the information technology system in relation to loan impairment.</li> <li>• including system access and system change management, program development and computer operations.</li> </ul> <p><b>Test of details</b></p> <p>Key aspects of our testing included:</p> <ul style="list-style-type: none"> <li>• Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied.</li> <li>• Model calculations testing through re-performance, where possible.</li> <li>• 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.</li> <li>• Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.</li> </ul>
<p><b>2) Assessment of Impairment testing of goodwill</b></p>	
<p><i>Refer to the accounting policies in "Note 3(x) to the Financial Statements: Impairment of non-financial assets", "Note 3(i) to the Financial Statements: Significant Accounting Policies- use of estimates and judgements" and "Note 10A to the Financial Statements: Goodwill ".</i></p>	
<p>The Company has goodwill of Rs. 18,025.25 lakhs as at 31 March 2023. The goodwill has been allocated to the Used vehicle cash-generating units ("CGU"). The annual impairment testing of goodwill is considered to be a key audit matter due to the significant management judgement and estimates involved in determining the assumptions to arrive at the fair value of the CGU. The fair</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> <li>• evaluating the appropriateness of the assumptions applied to key inputs such as future income projections and interest rates, operating costs, long-term growth rates, in line with externally derived data as well as our own assessments based on our</li> </ul>

<b>Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>value of the CGU is determined using market and income-based approach. These approaches use several key assumptions, including estimates of future business, interest rates, operating costs, terminal value growth rates, the weighted-average cost of capital (discount rate), and consideration of comparable market multiples.</p>	<p>knowledge of the Company and the industry.</p> <ul style="list-style-type: none"> <li>• performing our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom between the carrying value and the estimated fair value of the CGU.</li> <li>• evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.</li> </ul>
<b>3) Information technology</b>	
<p>Information Technology ("IT") systems and controls.</p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. We have focussed on 'user access management', 'change management', 'interface controls' and 'system application controls' over key financial accounting and reporting systems.</p>	<p>Our audit procedures to assess the IT system access management included the following:</p> <p>General IT controls &amp; application controls and user access management</p> <ul style="list-style-type: none"> <li>• We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</li> <li>• We tested the design and operating effectiveness of key controls over user access management which includes granting access rights, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</li> <li>• 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.</li> <li>• 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.</li> <li>• Other areas that were independently assessed included password policies,</li> </ul>

Key Audit Matter	How the matter was addressed in our audit
	<p>system configurations, system interface controls, controls over changes to applications and that business users and developers did not have access to migrate changes in the production environment and the privileged access to applications, operating system or databases is restricted to authorized personnel.</p> <ul style="list-style-type: none"> <li>• For system implemented, we 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 SOCI Type2 report to determine the scope covered and controls associated with processes at Service Organisation.</li> </ul>

### **Information Other than the Ind-AS financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, Management Discussion and Analysis and Report on Corporate Governance but does not include the Ind-AS financial statements and our auditor's report thereon. The Other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Ind-AS 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 Ind-AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind-AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read this other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and review the steps taken by the management to communicate to those in receipt of the other information, if previously issued, to inform them of the revision.

### **Management's Responsibility for the Ind-AS financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind-AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and the cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for

ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind-AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind-AS financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Ind-AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind-AS 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 Ind-AS financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 made by Management.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of the users of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind-AS financial statements.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity, dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind-AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

- e) On the basis of the written representations received from the Directors of the Company as on March 31, 2023, taken on record by the Board of Directors, none of the Directors of the Company are 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 financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- g) According to information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by 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.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company has disclosed the impact of pending litigations on its financial position in its Ind-AS financial statements – Refer Note 31 to the Ind-AS financial statements.
  - b. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - d.
    - i. The management has represented that, to the best of it’s knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), 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
    - ii. The management has represented, that, to the best of it’s knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company 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;

- iii. Based on our audit procedures we have considered it reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.
- e. The Company has not declared or paid dividend during the year. Hence, compliance with section 123 of the Act is not applicable.
- f. In respect of the financial year 2022-23, Management has not been mandated to use the accounting software with requisite audit trail facility. Accordingly, proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023. Consequently, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

**For KALYANIWALLA & MISTRY LLP**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. 104607W / W100166

**Sai Venkata Ramana Damarla**  
**Partner**  
Membership. No. 107017  
UDIN: 23107017BGXHDG1803

Place: Mumbai  
Date: April 28, 2023

## **Tata Motors Finance Solutions Limited**

### **Annexure A to the Independent Auditor's report- March 31, 2023**

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

We report that:

- i.
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - (b) The Company has maintained proper records showing full particulars of Intangible Assets.
  - (c) The Company has a program of physical verification to cover all the items of Property, Plant and Equipment over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on verification.
  - (d) According to information and explanation given to us and on the basis of examination of the records of the Company, the Company does not hold immovable properties included under the head property, plant and equipment. Accordingly, clause 3(i)(d) of the Order is not applicable.
  - (e) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
  - (f) There are no proceedings being initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. The Company is in the business of lending. The Company does not hold any physical inventories. Accordingly, clause 3(ii) of the Order is not applicable to the Company.
- iii. The Company has made investments in companies and has granted secured and unsecured loans to other parties, during the year, in respect of which:
  - (a) The Company is in the principal business of giving loans, hence clause 3(iii)(a) of the Order is not applicable.
  - (b) According to the information and explanation given to us, the investments made, and the conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the interest of the company.

- (c) In respect of loans and advances, in the nature of loans granted during the year in the ordinary course of lending business, the schedule of repayment of principal and payment of interest have been stipulated and the repayment of loan and receipts of interest are generally regular except there were cases which were not repaid / paid when they were due or were repaid / paid with a delay. Such loans have been accounted for in accordance with the Company's policy on asset classification and provisioning as described in Note 47 to the Ind AS financial statements.

Having regard to the voluminous nature of loan transactions, it is not practicable to furnish borrower-wise details of irregularities. However, such details are available with the Company. For details of total loans and advances which were overdue as of March 31, 2023, Refer Note 49 to the standalone financial statements.

- (d) In respect of loans granted by the Company, the following amounts are overdue for more than ninety days from companies or any other parties to whom loan has been granted. The Company has taken reasonable steps for recovery of the overdue amount of principal and interest.

No of cases	Principal Amount Overdue	Interest Overdue	Total Overdue	Remarks, if any
5119	14,959.81 lakhs	3,135.46 lakhs	18,095.27 lakhs	

- (e) The Company is in the principal business of giving loans, Hence, clause 3(iii)(e) of the Order is not applicable.
- (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. except for an outstanding loan in the nature of loans or advances repayable on demand during the year amounting to Rs. 4550.02 Lakhs which is as follows:

	Related Parties
Aggregate amount of loans/ advances in nature of loans - Repayable on demand	
(A) - Agreement does not specify any terms or period of repayment	-
(B)	4550.02 lakhs
Total (A+B)	4550.02 lakhs
Percentage of loans/ advances in nature of loans to the total loans	100 %

- iv. In our opinion and according to the information and explanations given to us, there are no loans / guarantees or security provided in connection with any loan which have been given to directors to any other person in whom the director is interested, therefore the provisions of Section 185 of the Act are not applicable to the Company. According to information and explanations given to us. The Company has complied with the applicable provisions of Section 186 of the Act in respect of loans, investments, guarantees, and securities granted.
- v. The Company is a non-banking finance company and consequently is exempt from provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, clause 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of the services rendered by the Company. Accordingly, clause 3(vi) of the Order is not applicable to the Company.
- vii.
  - (a) According to information and explanations given to us and on the basis of examination of the books of account, and records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including goods and services tax , provident fund. employees' state insurance, income-tax, sales tax, services tax, duty of customs, duty of excise, value added tax , cess and other material statutory dues have been regularly deposited with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, duty of customs and duty of excise. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, value added tax, goods and service tax. cess and other material statutory dues were in arrears as at March 31, 2023 for a period of more than six months from the date on when become payable.
  - (b) According to the information and explanation given to us, and based on our examination of records of the Company. There are no statutory dues referred to in sub-clause (a) that have not been deposited on account of dispute.
- viii. There are no instances of any transactions not being recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix.
  - (a) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowing or in the payment of interest thereon to any lender;
  - (b) According to the information and explanations given to us, the Company is not declared a wilful defaulter by any bank or financial institution or other lender;

- (c) According to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained;
  - (d) According to the information and explanations given to us, funds raised on short term basis have not been utilised for long term purposes;
  - (e) According to the information and explanations given to us, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;
  - (f) According to the information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies,
- x.
- (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.
  - (b) The Company has issued Non-Convertible Debentures during the year and has complied with the requirements of section 42 and section 62 of the Act and the funds raised have been used for the purposes for which the funds were raised.
  - (c) The Company has not made any preferential allotment or private placement of shares (fully, partially or optionally convertible) during the year.
- xi.
- (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, except for 4 cases aggregating 52.26 lakhs which largely pertains to Cheating and forgery, we have neither come across any instance of fraud by the Company or any material instance of fraud on the Company by its officers or employees, noticed or reported;
  - (b) We have not filed any report under sub-section (12) of section 143 of the Act in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
  - (c) As per the information and explanation provided by the Company, there are no whistleblower complaints received during the year by the Company.
- xii. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii. According to information and explanations given to us and based on our examination of the records of the Company, transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- xiv.
- (a) The Company has an internal audit system commensurate with the size and nature of its business;

- (b) The reports of the Internal Auditors for the period under audit were considered by us;
- xv. According to information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi.
- a. According to information and explanations given to us, the Company is registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.
- b. The Company has conducted the Non-Banking Financial activities with a valid certificate of registration (CoR) from the Reserve Bank of India (RBI) as per the RBI Act, 1934.
- c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India
- d. According to the information and explanation provided to us by the Company, the Group has 5 Core Investment Companies (CICs) which are registered with the Reserve Bank of India (RBI) and 1 CIC which is not required to be registered with the RBI.
- xvii. The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has not been any resignation of statutory auditors of the Company during the financial year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

xx.

- (a) There are no 'other than ongoing projects', wherein the Company has an unspent amount required to be transferred to a Fund specified in Schedule VII to the Act;
- (b) In respect of ongoing projects, the Company does not have unspent amount under sub-section (5) of section 135 of the Act, which is required to be transferred to special account in compliance with the provision of sub-section (6) of section 135 of the said Act. The Company has made an additional provision as per the Board approved policy over and above the statutory requirements of the Act and paid the same on April 11, 2023 (Refer Note 26 (ii) of the Financial Statements)

**For KALYANIWALLA & MISTRY LLP**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. 104607W / W100166

**Sai Venkata Ramana Damarla**  
**Partner**  
Membership. No. 107017  
UDIN: 23107017BGXHDG1803

Place: Mumbai  
Date: April 28, 2023

## **Annexure B to the Independent Auditor's report- March 31, 2023**

### **Report on the internal financial controls with reference to the aforesaid Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (Referred to in 'Report on Other Legal and Regulatory Requirement' section of our report of even date)**

We have audited the internal financial controls with reference to the Financial Statements of Tata Motors Finance Solutions Limited (the "Company") as of March 31, 2023, in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

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

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

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

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

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

### **Inherent Limitations of Internal Financial controls with Reference to the Financial Statements**

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

### **Opinion**

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

**For KALYANIWALLA & MISTRY LLP**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. 104607W / W100166

**Sai Venkata Ramana Damarla**  
**Partner**

Membership. No. 107017

UDIN: 23107017BGXHDG1803

Place: Mumbai

Date: April 28, 2023

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Balance Sheet as at March 31, 2023**

(₹ in lakhs)

Particulars	Notes	As at March 31 2023	As at March 31 2022
<b>I. ASSETS</b>			
<b>1 Financial assets</b>			
(a) Cash and cash equivalents	4	895,88.03	1900,52.91
(b) Bank balance other than cash and cash equivalents		-	-
(c) Derivative financial instruments	12	13,40.42	-
(d) Receivables			
i. Trade receivables	5	11.65	17.13
ii. Other receivables	5A	35,14.58	78,04.28
(e) Loans	6	9772,27.68	8085,07.80
(f) Investments	7	608,62.92	453,52.23
(g) Other financial assets	8	136,85.19	66,17.87
		<b>11462,30.47</b>	<b>10583,52.22</b>
<b>2 Non-financial assets</b>			
(a) Current tax assets (net)		66,84.63	17,49.92
(b) Deferred tax assets (net)		-	11,30.80
(c) Property, plant and equipment	10	2,45.78	1,49.18
(d) Goodwill	10A	180,25.25	180,25.25
(e) Other intangible assets	10B	0.39	18.91
(f) Other non-financial assets	11	55,94.83	27,57.07
		<b>305,50.88</b>	<b>238,31.13</b>
<b>3 Assets held for sale</b>			
		<b>21,37.67</b>	<b>23,39.76</b>
<b>Total assets</b>		<b>11789,19.02</b>	<b>10845,23.11</b>
<b>II. LIABILITIES AND EQUITY</b>			
<b>1 Financial liabilities</b>			
(a) Payables	13		
(i) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises		287.02	1,13.51
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		35,65.99	33,84.62
(ii) Other payables			
(a) total outstanding dues of micro enterprises and small enterprises		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		18,05.19	11,62.70
(b) Debt securities	14	1648,33.34	1886,07.15
(c) Borrowings (other than debt securities)	15	7330,31.92	6638,23.51
(d) Other financial liabilities	16	227,18.21	345,94.50
		<b>9262,41.67</b>	<b>8916,85.99</b>
<b>2 Non-financial liabilities</b>			
(a) Current tax liabilities (net)		-	1,15.89
(b) Provisions	17	10,39.62	13,08.04
(c) Deferred tax liabilities (net)		51,63.20	-
(d) Other non-financial liabilities	18	16,48.40	12,94.50
		<b>78,51.22</b>	<b>27,18.43</b>
<b>3 Equity</b>			
(a) Equity share capital	19	1700,49.74	1700,49.74
(b) Instruments entirely equity in nature	19A	460,00.00	100,00.00
(c) Other equity		287,76.39	100,68.94
		<b>2448,26.13</b>	<b>1901,18.68</b>
<b>Total liabilities and equity</b>		<b>11789,19.02</b>	<b>10845,23.11</b>

See accompanying notes forming part of financial statements (1 to 57)

As per our report of even date attached  
For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Registration Number: 104670W / W100166

For and on behalf of the Board of Directors

Varsha Purandare  
Director  
(DIN - 05288076)

P. B. Balaji  
Director  
(DIN - 02762983)

Alok Chadha  
Executive Director  
(DIN - 09537539)

Sai Venkata Ramana Damarla  
Partner  
Membership No. 107017

Uday Uchil  
Chief Financial Officer

Neeraj Dwivedi  
Company Secretary  
(Membership No. A20874)

Place : Mumbai  
Date: April 28, 2023

Place : Mumbai  
Date: April 28, 2023

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Statement of Profit & Loss for the year ended March 31, 2023**

(₹ in lakhs)

Particulars	Notes	For the year ended March 31	For the year ended March 31
		2023	2022
<b>I Revenue from operations</b>			
(a) Interest income	20	1162,14.41	916,05.04
(b) Dividend income		-	1,10.23
(c) Net gain on fair value changes	21	50,28.40	17,56.78
(d) Net gain on derecognition of financial instruments		84,56.84	82,16.81
(e) Other fees and service charges		26,78.58	23,88.89
<b>Total Revenue from operations</b>		<b>1323,78.23</b>	<b>1040,77.75</b>
<b>II Other income</b>	22	18,87.42	7,56.37
<b>III Total income (I + II)</b>		<b>1342,65.65</b>	<b>1048,34.12</b>
<b>IV Expenses:</b>			
(a) Finance costs	23	678,36.69	498,80.26
(b) Impairment on financial instruments and other assets	24	347,00.12	166,72.73
(c) Employee benefits expense	25	82,30.97	50,92.58
(d) Depreciation, amortization and impairment	10, 10B	90.99	1,39.09
(e) Other expenses	26	131,89.88	91,70.58
<b>Total expenses</b>		<b>1240,48.65</b>	<b>809,55.24</b>
<b>V Profit before tax (III - IV)</b>		<b>102,17.00</b>	<b>238,78.88</b>
<b>VI Tax expense / (income)</b>			
(a) Current tax		3,54.09	66,16.63
(b) Deferred tax		22,28.00	(19,31.62)
<b>Total tax expense</b>		<b>25,82.09</b>	<b>46,85.01</b>
<b>VII Profit for the year (V - VI)</b>		<b>76,34.91</b>	<b>191,93.87</b>
<b>VIII Other comprehensive income</b>			
A i. Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		20.57	0.78
<b>Subtotal (A)</b>		<b>20.57</b>	<b>0.78</b>
B i. Items that will be reclassified to profit or loss			
(a) Net Gains/(Losses) on cash flow hedges		86.42	(13.14)
(b) Debt Instruments through Other Comprehensive Income		161,55.49	109,35.42
ii. Income tax relating to items that will be reclassified to profit or loss		(40,66.01)	(27,52.23)
<b>Subtotal (B)</b>		<b>121,75.90</b>	<b>81,70.05</b>
<b>Other Comprehensive Income</b>		<b>121,96.47</b>	<b>81,70.83</b>
<b>IX Total comprehensive income for the year (VII + VIII)</b>		<b>198,31.38</b>	<b>273,64.70</b>
<b>X Earnings per share of ₹ 100 each</b>	27		
<b>Basic (in ₹)</b>		4.00	11.29
<b>Diluted (in ₹)</b>		4.00	11.29

**See accompanying notes forming part of financial statements (1 to 57)**

As per our report of even date attached  
For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Registration Number: 104607W / W100166

For and on behalf of the Board of Directors

Varsha Purandare  
Director  
(DIN - 05288076)

P. B. Balaji  
Director  
(DIN - 02762983)

Sai Venkata Ramana Damarla  
Partner  
Membership No. 107017

Alok Chadha  
Executive Director  
(DIN - 09537539)

Uday Uchil  
Chief Financial Officer

Neeraj Dwivedi  
Company Secretary  
(Membership No. A20874)

Place : Mumbai  
Date: April 28, 2023

Place : Mumbai  
Date: April 28, 2023

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Cash flow statement for the year ended March 31, 2023**

(₹ in lakhs)

Particulars	For the year ended March 31	For the year ended March 31
	2023	2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	102,17.00	238,78.88
<b>Adjustments for:</b>		
Interest Income on loans, investments and deposits	(1166,44.57)	(916,05.04)
Finance cost	678,32.76	498,80.26
Interest expense on lease liability	3.93	-
Dividend Income	-	(1,10.23)
MTM on investments	(10.94)	
Gain on sale of current investments	(52,76.70)	(19,54.89)
Allowance for loan losses and loans written off	346,32.61	166,71.73
Allowance for doubtful loans and advances (others)	62.18	1.00
Mark to market on investments measured at fair value through profit or loss	-	1,98.11
Balances written back	(6,80.71)	(8.18)
Profit on sale of asset held for sale	(5,56.40)	-
Loss on sale of assets	(8.15)	1.42
Depreciation and amortisation expenses	90.99	1,39.09
Net gain on financial instruments at fair value through profit or loss	-	(17,56.78)
Fair value gain on derivative instruments	-	4,97.44
<b>Operating cash flow before working capital changes</b>	<b>(103,38.00)</b>	<b>(41,67.19)</b>
<b>Movements in working capital</b>		
Trade payables	10,35.59	14,62.15
Other payables	6,42.49	4,81.65
Other financial liabilities	(120,15.93)	265,63.42
Other non-financial liabilities	2,91.72	1,86.62
Trade receivables	5.48	(17.02)
Other receivables	42,89.70	(20,44.17)
Loans	(1814,00.42)	(1287,20.17)
Asset held for sale	7,58.49	-
Other financial assets	(76,54.53)	(63,87.14)
Other non financial assets	(28,37.76)	1.10
Provisions	(2,47.85)	173.57
	<b>(2074,71.02)</b>	<b>(1124,67.17)</b>
Finance cost paid	(650,03.78)	(547,60.62)
Interest income received on loans, investments and deposits	1110,05.02	912,66.50
Income taxes paid (net)	(54,04.70)	(13,99.62)
<b>Net cash used in from operating activities</b>	<b>(1668,74.48)</b>	<b>(773,60.91)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipments and intangible assets	(36.61)	(39.64)
Proceeds from sale of property, plant and equipments	18.48	2.43
Purchase of mutual fund units	(51847,40.76)	(34212,00.00)
Redemption of Debt securities	51,50.00	-
Redemption of mutual fund units	51700,18.47	34210,82.76
Sale of Government Securities	853,00.00	-
Purchase of Government Securities	(855,20.60)	(297,02.23)
Dividend Income received	-	1,10.23
Deposits with banks	-	50,00.00
<b>Net cash used in investing activities</b>	<b>(98,11.02)</b>	<b>(247,46.45)</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Cash flow statement for the year ended March 31, 2023**

**C. CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from debt securities	630,36.69	878,53.22
Repayment of debt securities	(892,50.00)	(1562,51.89)
Distributions made to holders of Instruments entirely equity in nature	(8,40.00)	-
Proceeds from issue of perpetual debt (net of issue expenses)	357,16.07	98,61.32
Proceeds from borrowings (other than debt securities)	4609,24.60	7487,86.56
Repayment of borrowings (other than debt securities)	(3933,59.67)	(4791,18.41)
Principal payment of lease	(3.14)	-
Interest payment of lease	(3.93)	-
<b>Net cash generated from financing activities</b>	<b>762,20.62</b>	<b>2111,30.81</b>
<b>Net (decrease in)/increase in cash and cash equivalents (A + B + C) [Refer: Note below]</b>	<b>(1004,64.88)</b>	<b>1090,23.45</b>

(₹ in lakhs)

Particulars	For the year ended March 31	For the year ended March 31
	2023	2022
Cash and cash equivalents at the beginning of the year	1900,52.91	810,29.46
Cash and cash equivalents at the end of the year (Refer Note 4)	895,88.03	1900,52.91
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1004,64.88)</b>	<b>1090,23.45</b>

**See accompanying notes forming part of financial statements (1 to 57)**

**Note:**

- Finance costs has been considered as arising from operating activities in view of the nature of the Company's business.
- 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 KALYANIWALLA & MISTRY LLP

Chartered Accountants

Firm Registration Number: 104607W / W100166

For and on behalf of the Board of Directors

Sai Venkata Ramana Damarla  
Partner  
Membership No. 107017

Varsha Purandare  
Director  
(DIN - 05288076)

P. B. Balaji  
Director  
(DIN - 02762983)

Place : Mumbai  
Date: April 28, 2023

Alok Chadha  
Executive Director  
(DIN - 09537539)

Uday Uchil  
Chief Financial Officer

Neeraj Dwivedi  
Company Secretary  
(Membership No. A20874)

Place : Mumbai  
Date: April 28, 2023

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Statement of Changes in Equity for the year ended ended March 31, 2023**

**A Equity share capital**

(₹ in lakhs)

Particulars	As at March 31		As at March 31	
	2023		2022	
	Number	₹	Number	₹
(a) Shares outstanding at the beginning of the year	170,049,735	1700,49.74	170,049,735	1700,49.74
(b) Changes in Equity Share Capital due to prior year errors	-	-	-	-
(c) Restated balance at the beginning of the year	170,049,735	1700,49.74	170,049,735	1700,49.74
(d) Changes in equity share capital during the current year	-	-	-	-
(e) Shares issued during the year	-	-	-	-
(f) Shares outstanding at the end of the year	<b>170,049,735</b>	<b>1700,49.74</b>	<b>170,049,735</b>	<b>1700,49.74</b>

The Authorized equity Share Capital has been increased from existing Rs. 1800,00,00,000/- (Rupees one thousand and eight hundred Crores only) divided into 18,00,00,000 (Eighteen Crores) Equity Shares of Rs. 100/- (Rupees Hundred only) each to Rs. 5300,00,00,000/- (Rupees five thousand and three Hundred crores only) divided into 53,00,00,000 (fifty-three Crore) Equity Shares of Rs. 100/- (Rupees hundred only) each vide Shareholders approval dated October 13, 2022.

**B Other equity**

(₹ in lakhs)

Particulars	Reserves & Surplus			Other components of equity			Total equity
	Special reserve*	Retained earnings		Debt instruments through OCI	Cost of Hedging Reserve	Hedging Reserve	
		Undistributable (Ind AS 101)	Distributable				
<b>Balance as at April 1, 2022</b>	133,87.07	(66,16.87)	(48,84.45)	81,83.19	-	-	100,68.94
(a) Profit for the year	-	-	76,34.91	-	-	-	76,34.91
(b) Other comprehensive income for the year	-	-	20.57	120,89.48	-	86.42	121,96.47
<b>Total comprehensive income for the year</b>	-	-	<b>76,55.48</b>	<b>120,89.48</b>	-	<b>86.42</b>	<b>198,31.38</b>
(c) Issue expenses on Instruments entirely equity in nature (net of taxes)	-	-	(2,83.93)	-	-	-	(2,83.93)
(d) Distributions made to holders of Instruments entirely equity in nature	-	-	(8,40.00)	-	-	-	(8,40.00)
(e) Transfer to Special Reserve	15,26.98	-	(15,26.98)	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>149,14.05</b>	<b>(66,16.87)</b>	<b>1,20.12</b>	<b>202,72.67</b>	-	<b>86.42</b>	<b>287,76.39</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Statement of Changes in Equity for the year ended ended March 31, 2023**

(₹ in lakhs)

Particulars	Reserves & Surplus			Other components of equity			Total equity
	Special reserve*	Retained earnings Undistributable (Ind AS 101)	Distributable	Debt instruments through OCI	Cost of Hedging Reserve	Hedging Reserve	
<b>Balance as at April 1, 2021</b>	95,48.29	(66,16.87)	(201,01.64)	-	14.58	(1.44)	(171,57.08)
(a) Profit for the year	-	-	191,93.88	-	-	-	191,93.88
(b) Other comprehensive income / (loss) for the year	-	-	0.78	81,83.19	(14.58)	1.44	81,70.83
<b>Total comprehensive income for the year</b>	-	-	<b>191,94.66</b>	<b>81,83.19</b>	<b>(14.58)</b>	<b>1.44</b>	<b>273,64.71</b>
(c) Issue expenses on Instruments entirely equity in nature (net of taxes)	-	-	(1,38.68)	-	-	-	(1,38.68)
(d) Transfer to Special Reserve	38,38.78	-	(38,38.78)	-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>133,87.07</b>	<b>(66,16.87)</b>	<b>(48,84.45)</b>	<b>81,83.19</b>	-	-	<b>100,68.94</b>

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

**See accompanying notes forming part of financial statements (1 to 57)**

As per our report of even date attached  
For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Registration Number: 104607W / W100166

For and on behalf of the Board of Directors

Sai Venkata Ramana Damarla  
Partner  
Membership No. 107017

Varsha Purandare  
Director  
(DIN - 05288076)

P. B. Balaji  
Director  
(DIN - 02762983)

Alok Chadha  
Executive Director  
(DIN - 09537539)

Uday Uchil  
Chief Financial Officer

Neeraj Dwivedi  
Company Secretary  
(Membership No. A20874)

Place : Mumbai  
Date: April 28, 2023

Place : Mumbai  
Date: April 28, 2023

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**1 Company information**

Tata Motors Finance Solutions Limited ("the Company") is a public limited company incorporated and domiciled in India and has its registered office in Mumbai, India. The Company is registered as a Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Company ("NBFC") under section 45-IA of the RBI ("RBI"), Act 1934 with effect from December 8, 2003.

The Company is a wholly owned subsidiary of TMF Holdings Limited with effect from January 19, 2015. The Company is engaged primarily in lending activities in providing finance, a) for pre owned vehicles and b) to Corporate dealers and vendors of ultimate holding company (referred to as "Tata Motors Limited"), through its pan India branch network.

The financial statements were approved by the Board of Directors and authorised for issue on April 28, 2023.

**2 Basis of preparation of financial statements**

**2.1 Statement of compliance**

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

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 3.1 - Significant accounting judgements, estimates and assumptions.

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

**2.2 Historical cost convention**

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

**2.3 Presentation of financial statements**

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

**3 SIGNIFICANT ACCOUNTING POLICIES**

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

**(i) Use of estimates and 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(xvi) A- Business model assessment for classification and measurement of financial assets
- b) Note 3 (xvi) A - and 24 Impairment of financial assets based on the expected credit loss model
- c) Note 3(vii) and 3(viii)- Useful lives of property, plant and equipment and intangible assets.
- c) Note 3(xi) and 45 Measurement of assets and obligations of defined benefit employee plans.
- d) Note 3(iv) and 9- Recognition of deferred tax assets.
- e) Note 3(xii), 17 & 31 - Measurement and recognition of provisions and contingent liabilities.
- f) Note 3(xvii) and 50- Fair value measurement of financial instruments.
- g) Note 3(xvi)A - Effective Interest Rate (EIR) methodology that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments.
- h) Note 3(x) & 10A- Impairment of intangible assets- goodwill

**(ii) Revenue recognition**

**Revenue from Operations**

**(a) Income on loans arising from financing activities**

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

**Income from direct assignment**

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the Statement of Profit and Loss. Any subsequent changes in the excess interest spread is recognised with the corresponding adjustment to the carrying amount of the assets.

The Company recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognised with a corresponding credit in Statement of Profit and Loss. If the fee to be received is not expected to compensate the Company adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognised with a corresponding charge to Statement of Profit and Loss.

**Dividend income**

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

**Fees and Commission Income**

Fees and commissions which do not form part of the effective interest rate calculation are recognised when the Company satisfies the performance obligation and are 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.

**(iii) Foreign currency**

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

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the statement of profit and loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are accounted as part of borrowing costs.

**(iv) Income Taxes**

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the statement of profit & loss except when they relate to items that are recognised outside the statement of profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside the statement of profit and loss. Current income taxes are determined based on respective taxable income of Company and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are 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.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

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

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

**(v) Cash and Cash equivalents**

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

**(vi) Earning per share**

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

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

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

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

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

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

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

Type of Asset	Estimated useful life
Data Processing Machines	3 Years
Furniture and Fixture	5 and 10 Years
Office Equipment	2 to 10 Years
Motor Vehicles	4 and 5 Years

The useful lives and method of depreciation is reviewed at least at each year-end. Changes in expected useful lives are treated as change in accounting estimates. Depreciation on additions is provided on a pro-rata basis from the date 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 ₹ 5,000/- are expensed off at the time of purchase.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**(viii) Other intangible assets**

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

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

Intangible assets and their useful lives are as under

Type of asset	Estimated useful life
Software	5 years

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

**(ix) Leases**

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

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

**(i) Right of use of assets**

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

**(ii) Lease liabilities**

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

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

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

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

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

**(x) Impairment of Non- financial assets**

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

**(xi) Employee benefits**

**(A) Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the financial year 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**

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

**(a) Provident fund**

The employees are entitled to receive benefits under provident fund, where both, the employees and the Company, make monthly contributions at a specified percentage of the covered employees' basic salary. The contribution is paid to the Regional Provident Fund office. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the year in which employee renders the related services.

**(b) Superannuation fund**

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

**(2) Defined benefit plans**

**(a) Gratuity**

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

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

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

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

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

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

**(C) Other long-term employee benefit plans**

**(1) Defined benefit plans**

**(a) Compensated absences**

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

**(xii) Provisions and Contingent Liabilities**

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

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

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

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

**(xiii) Dividend**

Any dividend declared or paid by Company is based on the profits available for distribution as reported in the financial statements. Indian law mandates that dividend be declared out of distributable profits, after setting off un-provided losses and depreciation of previous years. In case of inadequacy or absence of profits in a particular year, a Company may pay dividend out of accumulated profits of previous years transferred to statement of profit and loss. However, in the absence of accumulated profits a Company may declare dividend out of free reserves, subject to certain conditions as prescribed under the Companies (Declaration and Payment of Dividend) Rules, 2014. Accordingly, in certain years the net income reported in these financial statements may not be fully distributable. Further, declaration of dividend from the profits of the financial year ending March 31, 2023 are also subject to guidelines of RBI in this regard.

**(xiv) Segment reporting**

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

**(xv) Investment in Subsidiaries, Joint Ventures and Associates**

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**(xvi) Financial instruments**

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

**(A) Financial assets**

**Initial recognition and measurement**

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

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

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

**Classification and subsequent measurement**

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

- a. at amortised cost, or
- b. at fair value through other comprehensive income (FVTOCI), or
- c. at fair value through profit or loss (FVTPL)

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

**(I) Debt Instruments**

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

**(a) At amortised cost:**

A debt instrument is measured at amortised cost, if both the following conditions are satisfied/ 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 interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to loans arising from financing activities and investments.

**(b) At FVTOCI:**

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. These loans are measured as the present value of all future cash receipts discounted using the prevailing market rate of interest (i.e. Interest rate at which loans are assigned during the relevant quarter). Fair value movements are recognised in the Other Comprehensive Income (OCI). Interest income, impairment losses and reversals there-off are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**(c) At FVTPL:**

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

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

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

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**(II) Equity Instruments/investments**

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

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

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

**(III) Impairment of financial assets**

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

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

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

ECL (both life time and 12 months) for loans for pre-owned vehicles are calculated on a collective basis considering the homogeneous nature of the underlying portfolio of financial assets. For loans to corporate dealers and vendors of Ultimate Holding Company, ECL is calculated bias individual assessment.

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

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

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

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

**Definition of default**

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments. Pursuant to RBI Circular RBI/2021-22/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021, on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications and Subsequent clarification issued on February 15, 2022, effective October 1, 2022, Stage 3 borrowers are upgraded when all outstanding dues are fully repaid.

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

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

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**Forward looking information**

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

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

**Collateral valuation:**

The Company creates & secures first and exclusive collateral charge at the time of loan origination on all vehicles for which vehicle financing loans are given. Hypothecation endorsement is obtained in favour of the Company in the Registration Certificate of the Vehicle funded under the vehicle finance category (98% secured - tangible assets). Other than the above, for the corporate lending loan exposure, wherever required the Company obtains security cover in the form of immovable properties by creating charge over the collateral. Any surplus remaining after settlement of outstanding loan by way of sale of vehicle (collateral) is returned to the customer. In case where the Company has settled outstanding dues against repossession of the underlying collateral, collateral is recorded as assets held for sale in the balance sheet.

The Company enters into a financial guarantee contracts which require the issuer of such contract to reimburse the Company for a loss it incurs because a specified customer fails to make payment when due in accordance with the terms of the loan. For these separate third party financial guarantee contracts, the Company recognises a reimbursement asset of an amount expected to receive from issuer of financial guarantee with a corresponding reimbursement gain as a reduction in the impairment charge in the Statement of profit and loss, if it is considered virtually certain that a reimbursement would be received if the specified customer fails to make payment when due in accordance with the terms of the loans. Reimbursement gain is presented as other financial assets in the balance sheet.

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

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

**ECL on Debt instruments measured at amortised cost**

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

**Write-off**

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

**(IV) Derecognition of financial assets**

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

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

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

**Classification as debt or equity**

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

**(I) Financial liabilities**

**Initial recognition and measurement**

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

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

**Subsequent measurement**

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

**(a) At FVTPL:**

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

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

**(b) At amortised cost:**

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

**Financial guarantee contracts:**

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

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

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115 - Revenue from contracts of customers.

**Derecognition of financial liabilities:**

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

**Modification/Renegotiation that do not result in derecognition**

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

**(II) Equity Instrument**

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

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

**(III) Compound financial Instrument**

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

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

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

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

**(xvi) Derivatives and Hedging activities**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 12.

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

**Embedded derivatives**

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

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

**(a) Hedge accounting**

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

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

**Cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity to effective portion (as described above) are reclassified to profit or loss in the periods when the hedge item affects profit or loss, in the same line as the recognised hedge item.

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

The changes in the forward element of the forward contracts are recognised within other comprehensive income in the costs of hedging reserve within equity.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

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

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

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

**(xvii) Fair value measurement**

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

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

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

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

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

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

**(xviii) Offsetting financial instruments**

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

**(xiv) Recent Accounting Pronouncement**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

**Ind AS 1 - Presentation of Financial Statements**

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

**Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

**Ind AS 12 - Income Taxes**

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**4 Cash and cash equivalents**

	(₹ in lakhs)	
Particulars	As at March 31 2023	As at March 31 2022
(a) Cash on hand	1,14.37	1,36.76
(b) Balance with Banks	193,10.58	916,88.64
(c) Cheques, drafts on hand	1,63.08	2,27.51
(d) Bank deposit with original maturity of less than 3 months	700,00.00	980,00.00
<b>Total</b>	<b>895,88.03</b>	<b>1900,52.91</b>

**5 Trade receivables**

	(₹ in lakhs)	
Particulars	As at March 31 2023	As at March 31 2022
(a) Receivables considered good - Unsecured	11.65	17.13
<b>Total</b>	<b>11.65</b>	<b>17.13</b>

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

(₹ in lakhs)								
As at March 31, 2023								
Particulars	Not due	Unbilled	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Trade receivables – considered good			10.38	1.27	-	-	-	11.65
(ii) Undisputed Trade Receivables – which have significant increase in credit risk			-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired			-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good			-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk			-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired			-	-	-	-	-	-
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>10.38</b>	<b>1.27</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>11.65</b>

(₹ in lakhs)								
As at March 31, 2022								
Particulars	Not due	Unbilled	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Trade receivables – considered good			17.13	-	-	-	-	17.13
(ii) Undisputed Trade Receivables – which have significant increase in credit risk			-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired			-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good			-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk			-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired			-	-	-	-	-	-
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>17.13</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>17.13</b>

**5A Other receivables**

	(₹ in lakhs)	
Particulars	As at March 31 2023	As at March 31 2022
(a) Other Receivables considered good - Unsecured	35,14.58	78,04.28
<b>Total</b>	<b>35,14.58</b>	<b>78,04.28</b>

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**6 Loans**

	(₹ in lakhs)	
Particulars	As at March 31 2023	As at March 31 2022
<b>(A) At Amortised Cost</b>		
<b>From Financing Activities</b>		
(a) Term Loans	3218,07.27	4666,13.29
(b) Factoring	60,45.85	-
(c) Channel financing	1830,61.81	1198,34.45
(d) Credit substitutes (Refer note 1 below)	550,81.52	736,68.39
<b>From other than financing activities</b>		
(a) Inter corporate deposits (repayable on demand)	45,50.02	50.02
<b>Total (A) - Gross</b>	<b>5705,46.47</b>	<b>6601,66.15</b>
Less: Impairment loss allowance	(165,61.76)	(249,94.72)
<b>Total (A) - Net</b>	<b>5539,84.71</b>	<b>6351,71.43</b>
<b>(B) At fair value through Other comprehensive income (FVOCI)</b>		
<b>From financing activities</b>		
(a) Term loans	4259,08.63	1736,57.21
Less: Impairment loss allowance	(26,65.66)	(3,20.84)
<b>Total (B) - Net</b>	<b>4232,42.97</b>	<b>1733,36.37</b>
<b>(C) Secured/Unsecured</b>		
Secured by tangible assets (Refer note 2 & 3 below)	7259,25.67	7108,54.63
Covered by government guarantees (Refer note 4 below)	1733,60.76	443,05.19
Unsecured	971,68.67	786,63.54
<b>Total (C) - Gross</b>	<b>9964,55.10</b>	<b>8338,23.36</b>
Less: Impairment loss allowance	(192,27.42)	(253,15.56)
<b>Total (C) - Net</b>	<b>9772,27.68</b>	<b>8085,07.80</b>
<b>(D) Loans in India</b>		
(a) Public Sector	-	-
(b) Others	9964,55.10	8338,23.36
<b>Loans outside India</b>	-	-
(a) Public Sector	-	-
(b) Others	-	-
<b>Total (D) - Gross</b>	<b>9964,55.10</b>	<b>8338,23.36</b>
Less: Impairment loss allowance	(192,27.42)	(253,15.56)
<b>Total (D) - Net</b>	<b>9772,27.68</b>	<b>8085,07.80</b>

**Notes:**

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**7 Investments**

(₹ in lakhs)

Particulars	As at March 31 2023				As at March 31 2022			
	Amortised cost	At fair value through profit or loss	Others* (at cost)	Total	Amortised cost	At fair value through profit or loss	Others* (at cost)	Total
	(1)	(2)	(3)	(4=1+2+3)	(5)	(6)	(7)	(8=6+7)
i. Mutual funds	-	200,09.94	-	200,09.94	-	-	-	-
ii. Government securities	303,52.98	-	-	303,52.98	297,02.23	-	-	297,02.23
iii. Debt securities	-	-	-	-	-	51,50.00	-	51,50.00
iv. Equity instruments	-	-	105,00.00	105,00.00	-	-	105,00.00	105,00.00
<b>Total (A) - Gross</b>	<b>303,52.98</b>	<b>200,09.94</b>	<b>105,00.00</b>	<b>608,62.92</b>	<b>297,02.23</b>	<b>51,50.00</b>	<b>105,00.00</b>	<b>453,52.23</b>
i. investments outside India	-	-	-	-	-	-	-	-
ii. Investments in India	303,52.98	200,09.94	105,00.00	608,62.92	297,02.23	51,50.00	105,00.00	453,52.23
<b>Total (B)</b>	<b>303,52.98</b>	<b>200,09.94</b>	<b>105,00.00</b>	<b>608,62.92</b>	<b>297,02.23</b>	<b>51,50.00</b>	<b>105,00.00</b>	<b>453,52.23</b>
Less: Allowance for impairment loss (C)	-	-	-	-	-	-	-	-
<b>Total (D) = (A + C)</b>	<b>303,52.98</b>	<b>200,09.94</b>	<b>105,00.00</b>	<b>608,62.92</b>	<b>297,02.23</b>	<b>51,50.00</b>	<b>105,00.00</b>	<b>453,52.23</b>

\*Represents the investment in equity instrument of Tata Motors Finance Limited considered as a fellow subsidiary on account board representation held by the Company and accordingly measured at costs as per Ind AS 27 - Consolidated and Separate Financial Statements.

**Annexure to Note 7 - Details of investments**

Particulars	(₹ in lakhs)	
	As at March 31 2023	As at March 31 2022
<b>(a) Measured at Fair value through profit or loss</b>		
(i) Investment in compulsory convertible debentures (unquoted)	-	51,50.00
(ii) Mutual funds	200,09.94	-
<b>Total (I)</b>	<b>200,09.94</b>	<b>51,50.00</b>
<b>(b) Measured at amortised cost</b>		
(i) Investment in Government securities (Quoted)		
Government securities bonds	278,55.25	197,43.25
Treasury bills	24,97.73	99,58.98
<b>Total (II)</b>	<b>303,52.98</b>	<b>297,02.23</b>
<b>(c) Others (measured at cost)</b>		
(i) Investment in equity shares (unquoted)		
Tata Motors Finance Limited*	105,00.00	105,00.00
18,22,016 shares @ (Face Value of ₹ 100.00 per share)		
<b>Total (III)</b>	<b>105,00.00</b>	<b>105,00.00</b>

\* Investments in a fellow subsidiary measured at cost based on IND AS 27 - Consolidated and Separate Financial Statements.

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)  
Notes forming part of financial statements for the year ended March 31, 2023

**8 Other financial assets**

Particulars	(₹ in lakhs)	
	As at March 31	As at March 31
	2023	2022
(a) Deposits	57.95	34.11
(b) Interest accrued on deposits	34.01	8,45.12
(c) Interest accrued on investments	5,81.87	3,57.97
(d) Others	130,11.36	53,80.67
<b>Total</b>	<b>136,85.19</b>	<b>66,17.87</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**9 Income taxes**

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

(₹ in lakhs)

Particulars	For the year ended March 31	For the year ended March 31
	2023	2022
<b>Income tax expense</b>		
<u>Current tax</u>		
Current tax on profits for the year	3,54.09	66,16.63
<b>Total current tax expense</b>	<b>3,54.09</b>	<b>66,16.63</b>
<u>Deferred tax</u>		
(Increase)/decrease in deferred tax assets	8,14.54	(23,86.85)
Increase/(decrease) in deferred tax liabilities	14,13.46	4,55.23
<b>Total deferred tax expense/(benefit)</b>	<b>22,28.00</b>	<b>(19,31.62)</b>
<b>Total Income Tax expense</b>	<b>25,82.10</b>	<b>46,85.01</b>

**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	For the year ended March 31
	2023	2022
Profit/(Loss) before taxes	102,17.00	238,78.88
<b>Income tax expenses calculated at statutory tax rate at 25.168 %</b>	<b>25,71.41</b>	<b>60,09.84</b>
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	1,05.25	(2,71.83)
- Utilization of unrecognised and unused tax losses to reduce current tax expense	-	-
- Deferred tax assets not recognised because realization is not probable	-	-
- Adjustments recognised in relation to the current tax of prior years	(94.58)	-
- Others	-	(10,53.00)
<b>Income tax expense recognised for the year at effective tax rate</b>	<b>25,82.10</b>	<b>46,85.01</b>

**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 1, 2022	Through profit and loss	Through Other Comprehensive Income	As at March 31, 2023
	<b>Deferred tax liabilities :</b>			
- Fair Valuation of financial assets	27,48.20	2.75	40,66.01	68,16.96
- Sourcing commission claimed on incurrence basis	8,46.25	3,58.56	-	12,04.81
- Income to be taxed on Actual receipt basis	1,444.23	10,52.15	-	24,96.38
<b>Total deferred tax liabilities</b>	<b>50,38.68</b>	<b>14,13.46</b>	<b>40,66.01</b>	<b>105,18.15</b>
<b>Deferred tax asset :</b>				
- Property, plant & equipment and intangible assets - Accumulated depreciation/amortisation	50.97	2.29	-	53.26
- Expenses deductible in future years:				
Provisions for impairment allowances for doubtful receivables and others	59,82.88	(11,36.24)	-	48,46.64
Compensated absences and retirement benefits allowable on payment basis	58.11	5.78	-	63.89
- Others	77.52	3,13.64	-	3,91.16
<b>Total deferred tax assets</b>	<b>61,69.48</b>	<b>(8,14.54)</b>	<b>-</b>	<b>53,54.95</b>
<b>Net deferred tax asset/(liabilities)</b>	<b>11,30.80</b>	<b>(22,28.00)</b>	<b>(40,66.01)</b>	<b>(51,63.20)</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**9 Income taxes**

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

(₹ in lakhs)

Particulars	As at April 1, 2021	Through profit and loss	Through Other Comprehensive Income	As at March 31, 2022
<b>Deferred tax liabilities :</b>				
- Property, plant & equipment- Accumulated depreciation	10,09.82	(10,60.79)		(50.97)
- Fair Valuation of financial assets measured at FVTPL	50.02	(54.05)	27,52.23	27,48.20
- Sourcing commission claimed on incurrence basis	6,46.25	2,00.00	-	8,46.25
- Income to be taxed on Actual receipt basis	74.16	13,70.07	-	14,44.23
<b>Total deferred tax liabilities</b>	<b>17,80.25</b>	<b>4,55.23</b>	<b>27,52.23</b>	<b>49,87.71</b>
<b>Deferred tax asset :</b>				
- Expenses deductible in future years:				
Provisions for impairment allowances for doubtful receivables and others	33,75.20	26,07.68	-	59,82.88
Compensated absences and retirement benefits allowable on payment basis	56.73	1.38	-	58.11
- Others	2,99.73	(2,22.21)	-	77.52
<b>Total deferred tax assets</b>	<b>37,31.66</b>	<b>23,86.85</b>	<b>-</b>	<b>61,18.51</b>
<b>Net deferred tax asset/(liabilities)</b>	<b>19,51.41</b>	<b>19,31.62</b>	<b>(27,52.23)</b>	<b>11,30.80</b>

**d) Amounts recognised directly in equity**

Tax impact of ₹ 3,78.01 lakhs (FY21-22- ₹ 52.57 lakhs) on distribution to instrument entirely equity in nature has been routed through reserve.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**10 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	Deletions	Balance as at March 31, 2023	Balance as at March 31, 2023
(a) Vehicles	1,25.41	36.62	43.60	1,18.43	59.54	27.24	33.95	52.83	65.60
(b) Furniture & Fixtures	10.26	-	-	10.26	2.24	0.98	-	3.22	7.04
(c) Right of Use Assets	-	1,42.78	-	1,42.78	-	5.68	-	5.68	1,37.10
(d) Office equipments	1,64.40	-	0.75	1,63.65	1,56.16	0.05	0.71	1,55.50	8.15
(e) Data processing machines	2,15.89	-	13.07	2,02.82	1,48.84	38.52	12.43	1,74.93	27.89
<b>Total</b>	<b>5,15.96</b>	<b>1,79.40</b>	<b>57.42</b>	<b>6,37.94</b>	<b>3,66.78</b>	<b>72.47</b>	<b>47.09</b>	<b>3,92.16</b>	<b>2,45.78</b>

(₹ 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	Deletions	Balance as at March 31, 2022	Balance as at March 31, 2022
(a) Vehicles	1,02.65	39.64	16.88	1,25.41	48.77	26.80	16.03	59.54	65.87
(b) Furniture & Fixtures	10.26	-	-	10.26	1.26	0.98	-	2.24	8.02
(c) Right of Use Assets	-	-	-	-	-	-	-	-	-
(d) Office equipments	1,65.92	-	1.52	1,64.40	1,48.41	9.18	1.43	1,56.16	8.24
(e) Data processing machines	2,16.34	-	0.45	2,15.89	1,02.96	46.26	0.38	1,48.84	67.05
<b>Total</b>	<b>4,95.17</b>	<b>39.64</b>	<b>18.85</b>	<b>5,15.96</b>	<b>301.40</b>	<b>83.22</b>	<b>17.84</b>	<b>3,66.78</b>	<b>1,49.18</b>

**10A Goodwill**

(₹ in lakhs)

Particulars	Balance as at April 1, 2022	Impairment/ (charge)	Balance as at March 31, 2023
(a) Goodwill	180,25.25	-	180,25.25
<b>Total</b>	<b>180,25.25</b>	<b>-</b>	<b>180,25.25</b>

(₹ in lakhs)

Particulars	Balance as at April 1, 2021	Impairment/ (charge)	Balance as at March 31, 2022
(a) Goodwill	180,25.25	-	180,25.25
<b>Total</b>	<b>180,25.25</b>	<b>-</b>	<b>180,25.25</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

As at March 31, 2023 and 2022, goodwill of ₹ 180,25.25 lakhs has been allocated to the Used Vehicle Financing Business acquired which is the Cash Generating Unit (referred to as "CGU"). The recoverable amount of the cash generating unit has been determined based on value in use. Value in use has been determined based on future cash flows, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.

The estimated cash flows for a period of 4 years were developed using internal forecasts, and discount rate of 12.95% (13.37% for FY 2021-22) which is cost of equity derived based on Capital Asset Pricing Model (CAPM). The cash flows beyond 4 years have been extrapolated assuming 6% growth rates. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

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.

**10B Intangible Assets**

Particulars	Gross Block			Accumulated amortisation			Net Block		
	Balance as at	Additions	Deletions	Balance as at March	Balance as at	Amortisation	Deletions	Balance as at	Balance as at
	April 1, 2022			31, 2023	April 1, 2022			March 31, 2023	March 31, 2023
(a) Computer Software	2,69.50	-	-	2,69.50	2,50.59	18.52	-	2,69.11	0.39
<b>Total</b>	<b>2,69.50</b>	<b>-</b>	<b>-</b>	<b>2,69.50</b>	<b>2,50.59</b>	<b>18.52</b>	<b>-</b>	<b>2,69.11</b>	<b>0.39</b>

Particulars	Gross Block			Accumulated amortisation			Net Block		
	Balance as at	Additions	Deletions	Balance as at March	Balance as at	Amortisation	Deletions	Balance as at	Balance as at
	April 1, 2021			31, 2022	April 1, 2021			March 31, 2022	March 31, 2022
(a) Computer Software	2,69.50	-	-	2,69.50	1,94.71	55.88	-	2,50.59	18.91
<b>Total</b>	<b>2,69.50</b>	<b>-</b>	<b>-</b>	<b>2,69.50</b>	<b>1,94.71</b>	<b>55.88</b>	<b>-</b>	<b>2,50.59</b>	<b>18.91</b>

**11 Other non-financial assets**

Particulars	(₹ in lakhs)	
	As at March 31	As at March 31
	2023	2022
(a) Capital advances	64.30	-
(b) Deposits with statutory authorities	16.65	16.65
(c) Deposits paid under protest	0.30	-
(d) Prepaid expenses	15,95.75	1,17.97
(e) Taxes recoverable and dues from government	31,26.73	22,61.27
(f) Stamp Papers	4,25.62	3,12.79
(g) Others	3,65.48	48.39
<b>Total</b>	<b>55,94.83</b>	<b>27,57.07</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**12 Derivative financial instruments - March 31, 2023**

(₹ in lakhs)				
Particulars	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
<b>Other derivatives</b>				
Cross currency interest rate swaps	110,71.50	13,40.42	-	-
<b>Total</b>	<b>110,71.50</b>	<b>13,40.42</b>	<b>-</b>	<b>-</b>
<b>Derivative designated as hedge</b>				
Cross currency interest rate swaps	11,071.50	1,340.42	-	-
<b>Total Derivative Financial Instruments</b>	<b>11,071.50</b>	<b>1,340.42</b>	<b>-</b>	<b>-</b>

**Derivative financial instruments - March 31, 2022**

(₹ in lakhs)				
Particulars	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
<b>Other derivatives</b>				
Cross currency interest rate swaps	-	-	-	-
<b>Total Derivative Financial Instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Derivative designated as hedge</b>				
Cross currency interest rate swaps	-	-	-	-
<b>Total Derivative Financial Instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Refer Note 51 on Financial Risk Management for maturity analysis of Derivative financial liabilities at March 31, 2023

**13 Payables**

(₹ in lakhs)			
Particulars	As at March 31 2023	As at March 31 2022	
<b>(a) Trade Payables</b>			
(i) Total outstanding dues of micro enterprises and small enterprises	2,87.02	1,13.51	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	35,65.99	33,84.62	
<b>Total (A)</b>	<b>38,53.01</b>	<b>34,98.13</b>	
<b>(b) Other Payables</b>			
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,805.19	11,62.70	
<b>Total (B)</b>	<b>1,805.19</b>	<b>11,62.70</b>	
<b>Total (A+B)</b>	<b>56,58.20</b>	<b>46,60.83</b>	

Note: Information in respect of micro enterprises and small enterprises to whom the Company owes dues (including interest nil), which are due during the financial 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.

(₹ 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	-	283.13	3.89	-	-	-	287.02
(ii) Others	1,640.88	7,73.49	11,26.64	19.27	5.59	0.12	35,65.99
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>16,40.88</b>	<b>10,56.62</b>	<b>11,30.53</b>	<b>19.27</b>	<b>5.59</b>	<b>0.12</b>	<b>38,53.01</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

(₹ 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	-	60.23	53.28	-	-	-	1,13.51
(ii) Others	8.65	14,62.18	16,18.45	1,78.06	51.56	65.72	33,84.62
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>8.65</b>	<b>15,22.41</b>	<b>16,71.73</b>	<b>1,78.06</b>	<b>51.56</b>	<b>65.72</b>	<b>34,98.13</b>

**14 Debt securities (at amortised cost)**

(₹ in lakhs)

Particulars	As at March 31 2023	As at March 31 2022
(a) Privately placed non-convertible debentures		
(i) Unsecured	1302,32.96	1586,69.55
(b) Commercial Paper		
(i) Unsecured	346,00.38	299,37.60
(Net of discounting charges as on March 31, 2023: ₹ 13,99.62 lakhs; March 31, 2022: ₹ 62.40 lakhs)		
<b>Total (A)</b>	<b>1648,33.34</b>	<b>1886,07.15</b>
(i) Debt securities in India	1648,33.34	1886,07.15
(ii) Debt securities outside India	-	-
<b>Total (B)</b>	<b>1648,33.34</b>	<b>1886,07.15</b>

**Terms of repayment of unsecured non convertible debentures:**

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
<b>Issued on private placement basis</b>				
Repayable on Maturity:				
Maturing within 1 Year	7.97% to 7.97%	600,00.00	9.45% to 7.85%	292,50.00
Maturing between 1 year to 3 Years	9.49% to 7.48%	719,08.68	7.97% to 7.06%	1319,08.68
<b>Total Face Value</b>		<b>1319,08.68</b>		<b>1611,58.68</b>
Less: Unamortised borrowing cost		16,75.72		24,89.13
<b>Total Amortised cost</b>		<b>1302,32.96</b>		<b>1586,69.55</b>

**Terms of repayment of unsecured commercial papers:**

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
<b>Repayable on Maturity:</b>				
Maturing within 1 Year	8.65% to 6.85%	360,00.00	4.20% to 4.20%	300,00.00
<b>Total Face Value</b>		<b>360,00.00</b>		<b>300,00.00</b>
Less: Unamortised discounting charges		13,99.62		62.40
<b>Total Amortised cost</b>		<b>346,00.38</b>		<b>299,37.60</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**15 Borrowings - Other than debt securities (at amortised cost)**

Particulars	(₹ in lakhs)	
	As at March 31 2023	As at March 31 2022
(a) Term loans from banks		
(i) Secured	5032,56.52	3944,08.88
(ii) Unsecured	1732,75.40	1749,24.63
(b) Loans repayable on demand		
(i) Secured	565,00.00	670,00.00
Refer Note (i) below		
(ii) Unsecured	-	274,90.00
<b>Total (A)</b>	<b>7330,31.92</b>	<b>6638,23.51</b>
i. Borrowings in India	7207,24.74	6528,07.27
ii. Borrowings outside India	123,07.18	110,16.24
<b>Total (B)</b>	<b>7330,31.92</b>	<b>6638,23.51</b>

**Notes:**

**i. Nature of security:**

- All receivables of the Company arising out of loan and trade advances;
- All other book debts;
- All factoring receivables; and

Such other current assets as may be identified by the Company from time to time, and accepted by the relevant Lender / Security Trustee.

ii. The borrowings have not been guaranteed by directors or others.

iii. The Company has utilized all its borrowings from Banks & Financial Institutions for the purpose they have been borrowed.

**Terms of repayment of secured term loans from banks:**

Particulars	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
<b>1 Repayable on Maturity:</b>				
Maturing within 1 Year	8.20% to 7.77%	450,00.00	-	-
Maturing between 1 year to 3 Years	8.85% to 8.80%	620,00.00	7.75% to 7.00%	450,00.00
<b>Total repayable on maturity (A)</b>		<b>1070,00.00</b>		<b>450,00.00</b>
<b>2 Repayable in Installments:</b>				
<b>i. On quarterly basis</b>				
Maturing within 1 Year	9.15% to 7.40%	1125,30.07	8.10% to 7.35%	780,04.67
Maturing between 1 year to 3 Years	9.15% to 7.40%	1787,62.13	8.10% to 7.25%	1675,99.35
Maturing between 3 Years to 5 Years	8.95% to 7.50%	422,34.65	7.70% to 7.35%	167,60.84
<b>Subtotal (B)</b>		<b>3335,26.85</b>		<b>2623,64.86</b>
<b>ii. On half yearly basis</b>				
Maturing within 1 Year	8.80% to 7.90%	170,00.00	8.40% to 7.45%	252,50.00
Maturing between 1 year to 3 Years	8.80% to 7.90%	140,00.00	8.40% to 7.45%	271,25.00
Maturing between 3 Years to 5 Years		-	7.50% to 7.45%	45,00.00
<b>Subtotal (C)</b>		<b>310,00.00</b>		<b>568,75.00</b>
<b>iii. On yearly basis</b>				
Maturing between 1 year to 3 Years	7.60% to 7.60%	100,00.00	6.50% to 6.50%	200,00.00
Maturing within 1 Year	7.60% to 7.60%	100,00.00	-	-
<b>Subtotal (D)</b>		<b>200,00.00</b>		<b>200,00.00</b>
<b>Total repayable on installments (E = B+C+D)</b>		<b>384,526.85</b>		<b>3392,39.86</b>
<b>Total term loans as per contractual terms (F = A+E)</b>		<b>491,526.85</b>		<b>3842,39.86</b>
Less: Unamortised borrowing cost		5,77.51		8,47.22
<b>Total Amortised cost</b>		<b>4909,49.34</b>		<b>3833,92.64</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**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
<b>Repayable on Maturity:</b>				
Maturing within 1 Year	7.90% to 7.90%	123,25.50	-	-
Maturing between 1 year to 3 Years		-	7.90% to 7.90%	110,71.50
<b>Total repayable on maturity (A)</b>		<b>123,25.50</b>		<b>110,71.50</b>
Less: Unamortised borrowing cost		18.32		55.26
<b>Total Amortised cost</b>		<b>123,07.18</b>		<b>110,16.24</b>

**Terms of repayment of unsecured term loans from banks:**

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
<b>1 Repayable on Maturity:</b>				
Maturing within 1 Year	-	-	7.30% to 7.30%	130,00.00
Maturing between 3 Years to 5 Years	8.65% to 8.25%	400,00.00	7.55% to 7.55%	370,00.00
<b>Total repayable on maturity (A)</b>		<b>400,00.00</b>		<b>500,00.00</b>
<b>2 Repayable in Installments:</b>				
<b>i. On half yearly basis</b>				
Maturing within 1 Year	8.85% to 7.80%	291,66.67	7.65% to 7.65%	166,66.67
Maturing between 1 year to 3 Years	8.85% to 7.80%	541,66.67	7.65% to 7.65%	333,33.33
<b>Subtotal (B)</b>		<b>83,333.34</b>		<b>500,00.00</b>
<b>ii. On yearly basis</b>				
Maturing within 1 Year	7.95% to 7.95%	250,00.00	7.12% to 7.12%	250,00.00
Maturing between 1 year to 3 Years	7.95% to 7.95%	250,00.00	7.12% to 7.12%	500,00.00
<b>Subtotal (C)</b>		<b>500,00.00</b>		<b>750,00.00</b>
<b>Total repayable on installments (D =B+C)</b>		<b>133,333.34</b>		<b>1250,00.00</b>
<b>Total term loans as per contractual terms (F = A+D)</b>		<b>173,333.34</b>		<b>1750,00.00</b>
Less: Unamortised borrowing cost		57.94		75.37
<b>Total Amortised cost</b>		<b>173,275.40</b>		<b>1749,24.63</b>

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

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
<b>Repayable on Maturity:</b>				
Maturing within 1 Year	8.26% to 7.85%	565,00.00	7.15% to 6.40%	670,00.00
<b>Total Face Value</b>		<b>565,00.00</b>		<b>670,00.00</b>
Less: Unamortised discounting charges		-		-
<b>Total Amortised cost</b>		<b>565,00.00</b>		<b>670,00.00</b>

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

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Interest Rate Range	Amount	Interest Rate Range	Amount
<b>Repayable on Maturity:</b>				
Maturing within 1 Year	-	-	6.85% to 6.25%	274,90.00
<b>Total Face Value</b>		<b>-</b>		<b>274,90.00</b>
Less: Unamortised discounting charges		-		-
<b>Total Amortised cost</b>		<b>-</b>		<b>274,90.00</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**16 Other financial liabilities**

Particulars	(₹ in lakhs)	
	As at March 31 2023	As at March 31 2022
(a) Interest accrued on borrowings	28,47.82	32,71.07
(b) Lease liability for right of use assets	1,39.64	-
(c) Payable for assigned receivables	115,23.41	79,80.22
(d) Others	82,07.34	233,43.21
<b>Total</b>	<b>227,18.21</b>	<b>345,94.50</b>

**17 Provisions**

Particulars	(₹ in lakhs)	
	As at March 31 2023	As at March 31 2022
(a) Provision for leave encashment	1,66.36	1,43.68
(b) Provision for gratuity	57.59	62.64
(c) Provision for indirect taxes	14.58	14.58
(d) Provision for consumer disputes	11.62	11.62
(e) Provision for expenses	7,89.47	10,75.52
<b>Total</b>	<b>10,39.62</b>	<b>13,08.04</b>

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

**(a) Provision for Indirect taxes**

Particulars	(₹ in lakhs)	
	As at March 31 2023	As at March 31 2022
Opening Balance	14.58	14.58
Add : Provision during the year	-	-
Less : Utilisation/Reversal during the year	-	-
<b>Closing Balance</b>	<b>14.58</b>	<b>14.58</b>

**(b) Provision for consumer disputes**

Particulars	(₹ in lakhs)	
	As at March 31 2023	As at March 31 2022
Opening Balance	11.62	11.62
Add : Provision during the year	-	-
Less : Utilisation/Reversal during the year	-	-
<b>Closing Balance</b>	<b>11.62</b>	<b>11.62</b>

**18 Other non-financial liabilities**

Particulars	(₹ in lakhs)	
	As at March 31 2023	As at March 31 2022
(a) Statutory dues	14,27.92	9,73.45
(b) Others	2,20.48	3,21.05
<b>Total</b>	<b>16,48.40</b>	<b>12,94.50</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**19 Equity Share Capital**

(₹ in lakhs)

Particulars	As at March 31 2023		As at March 31 2022	
	Number	₹	Number	₹
<b>A Authorised</b>				
(a) Equity shares of ₹ 100 each	530,000,000	5300,00.00	180,000,000	1800,00.00
(b) Preference shares of ₹ 100 each (redeemable)	20,000,000	200,00.00	20,000,000	200,00.00
		<u>5500,00.00</u>		<u>2000,00.00</u>
<b>B Issued, Subscribed and Fully Paid up</b>				
(a) Equity Shares of ₹ 100 each	170,049,735	1700,49.74	170,049,735	1700,49.74
<b>Total</b>		<u>1700,49.74</u>		<u>1700,49.74</u>

**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	
	Number	₹	Number	₹
(a) Shares outstanding at the beginning of the year	170,049,735	1700,49.74	170,049,735	1700,49.74
(b) Shares Issued during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<u>170,049,735</u>	<u>1700,49.74</u>	<u>170,049,735</u>	<u>1700,49.74</u>

**b) Details of shares held by holding company**

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
(a) TMF Holdings Limited	170,049,735	100%	170,049,735	100%

**c) Details of shares held by Promoters**

Promoter Name	As at March 31 2023		As at March 31 2022	
	No. of shares	% of total shares	No. of shares	% of total shares
(a) TMF Holdings Limited	170,049,735	100%	170,049,735	100%

There is no change in promoters shareholding during the year ended March 31, 2023 and March 31, 2022.

**d) Terms / rights attached to equity shares:**

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

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

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

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

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

**19A Instruments entirely equity in nature**

(₹ in lakhs)

Particulars	As at March 31 2023		As at March 31 2022	
	Number	₹	Number	₹
<b>Perpetual Debt</b>				
(a) Balance as at beginning of the year	10,00.00	100,00.00	-	-
(b) During the year	36,00.00	360,00.00	10,00.00	100,00.00
<b>Balance as at end of the year</b>	<u>46,00.00</u>	<u>460,00.00</u>	<u>10,00.00</u>	<u>100,00.00</u>

During the year the Company has issued 36,00 subordinated, unlisted, unsecured, rated perpetual securities of face value of Rs. 10 Lakhs each aggregating to Rs 360,00.00 lakhs. The coupon on these securities ranges between 9.23% to 9.30%. These securities are perpetual in nature with no maturity or redemption and are callable only at the option of the Company. The coupon rate has a step up provision of 100 bps over the coupon rate, if the securities are not called by the Company at the end of 10 years from the date of allotment. The payment of any Coupon may be cancelled or suspended at the discretion of the Board of Directors.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

- a) The Issuer shall not be liable to pay coupon and shall be entitled to defer the payment of coupon, if
- i. it's capital to risk assets ratio ("CRAR") is below the minimum regulatory requirement prescribed by RBI; or
  - ii. the impact of such payment results in the Issuer's CRAR falling below or remaining below the minimum regulatory requirement prescribed by Reserve Bank of India;
- b) In the event that making of any Coupon payment by the Issuer may result in net loss or increase the net loss of the Issuer, the making of such of Coupon payment by the Issuer shall be subject to the prior approval of the RBI and shall be made on receipt of such approval provided that the CRAR remains above the regulatory norm after the making of such payment.
- c) The Coupon on the Debentures shall not be cumulative except in cases as in (a) above.

**19B (I) Other components of equity**

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

Particulars	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>Balance at the beginning of the year</b>	-	14.58
Gain/(loss) recognised on cash flow hedges - Gain/(Loss)	-	-
Income tax relating to Gain/(loss) recognised on cash flow hedges - Gain/(Loss)	-	-
Gain/(loss) reclassified to profit or loss	-	(14.58)
Income tax relating to gain/loss recognised to profit or loss	-	-
<b>Balance at the end of the year</b>	<u>-</u>	<u>-</u>

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

Particulars	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>Balance at the beginning of the year</b>	-	(1.44)
Gain/(loss) recognised on cash flow hedges - Gain/(Loss)	-	-
Gain/(loss) reclassified to profit or loss	86.42	1.44
<b>Balance at the end of the year</b>	<u>86.42</u>	<u>-</u>

**(3) The movement of Debt instruments through other comprehensive income is given in note no. 50 'Fair Value measurement'**

**(4) Summary of Other components of equity :-**

Particulars	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>Equity instruments through other comprehensive income</b>		
Cost of hedging reserve	-	-
Hedging Reserve	86.42	-
Debt instruments through other comprehensive income	202,72.67	81,83.19
<b>Total</b>	<u>203,59.09</u>	<u>81,83.19</u>

**(II) Notes to reserves**

**a) Special reserve**

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

**b) Retained earnings**

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

**c) Hedging Reserve through OCI**

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

**d) Cost of hedge reserve**

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**20 Interest Income**

	(₹ in lakhs)	
Particulars	For the year ended March 31	For the year ended March 31
	2023	2022
<b>On Financial Assets measured at Amortised Cost</b>		
(a) Interest on Loans	832,28.57	844,19.22
(b) Interest income from investments	19,24.37	4,41.37
(c) Interest on deposits with Banks	10,56.59	8,06.04
(d) Other interest Income	10,51.76	6.00
<b>On Financial Assets measured at Fair Value through Profit &amp; Loss</b>		
(a) Interest income from investments	1,62.98	8,10.06
<b>On Financial Assets measured at FVOCI</b>		
(a) Interest on loans	287,90.14	51,22.35
<b>Total</b>	<b>1162,14.41</b>	<b>916,05.04</b>

**21 Net gain on fair value changes**

	(₹ in lakhs)	
Particulars	For the year ended March 31	For the year ended March 31
	2023	2022
(a) Net gain on financial instruments at fair value through profit or loss	50,28.40	17,56.78
<b>Total</b>	<b>50,28.40</b>	<b>17,56.78</b>
<b>Fair Value changes:</b>		
(a) Realised	50,17.46	19,54.89
(b) Unrealised	10.94	(1,98.11)
<b>Total</b>	<b>50,28.40</b>	<b>17,56.78</b>

**22 Other Income**

	(₹ in lakhs)	
Particulars	For the year ended March 31	For the year ended March 31
	2023	2022
(a) Support services income	5,61.59	4,51.52
(b) Balances written back	6,80.71	8.18
(c) Miscellaneous income	88.72	2,96.67
(d) Profit on sale of asset held for sale	5,56.40	-
<b>Total</b>	<b>18,87.42</b>	<b>7,56.37</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**23 Finance costs**

(₹ in lakhs)

Particulars	For the year ended March 31	For the year ended March 31
	2023	2022
(a) Interest on Borrowings	541,23.44	360,24.23
(b) Interest on Debt Securities	136,37.62	138,22.73
(c) Interest expense on lease liability	3.93	-
(d) Other Finance Charges	71.70	33.30
<b>Total</b>	<b>678,36.69</b>	<b>498,80.26</b>

**24 Impairment on financial instruments and other assets**

(₹ in lakhs)

Particulars	For the year ended March 31	For the year ended March 31
	2023	2022
(a) Impairment on financial assets		
Loans (at amortised cost)		
Allowance for loan losses	(81,47.70)	100,39.28
Loans written off	404,35.49	63,11.61
(Net of recoveries of ₹ 28,20.17 lakhs for the year ended March 31, 2023 and ₹ 20,76.29 lakhs for the year ended March 31, 2022)		
(b) Loans (at fair value through other comprehensive income )		
Allowance for loan losses	23,44.82	3,20.84
(c) Impairment on other financial assets		
Allowance for doubtful assets	62.18	1.00
(d) Balances written-off	5.33	-
<b>Total</b>	<b>347,00.12</b>	<b>166,72.73</b>

**25 Employee Benefits Expenses**

(₹ in lakhs)

Particulars	For the year ended March 31	For the year ended March 31
	2023	2022
(a) Salaries	77,24.68	46,63.45
(b) Contribution to provident and other funds	3,19.95	2,48.06
(c) Staff welfare expenses	1,86.34	1,81.07
<b>Total</b>	<b>82,30.97</b>	<b>50,92.58</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**26 Other expenses**

(₹ in lakhs)

Particulars	For the year ended March 31	For the year ended March 31
	2023	2022
(a) Rent, taxes and energy costs	1,52.65	85.00
(b) Repairs and maintenance	2.10	0.74
(c) CSR Expense (Refer note 2 below)	4,17.53	2,10.37
(d) Communication costs	36.67	20.52
(e) Printing and stationery	48.41	19.98
(f) Advertisement and publicity	37.59	8.70
(g) Director's fees, allowances and expenses	2,94.30	57.70
(h) Auditor's fees and expenses (Refer note (i) below)	55.69	95.78
(i) Legal and professional charges	11,09.62	8,30.22
(j) Insurance	6,12.43	7.62
(k) Commission	4,25.37	3,59.20
(l) Service provider fees	73,45.09	50,99.05
(m) Cenvat credit reversal	16,28.29	10,50.49
(n) Travelling and Conveyance	2,52.59	79.74
(o) Net loss on derecognition of property, plant and equipment	8.15	1.42
(p) Others	7,63.40	12,44.05
<b>Total</b>	<b>131,89.88</b>	<b>91,70.58</b>

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

(₹ in lakhs)

Particulars	For the year ended March 31	For the year ended March 31
	2023	2022
As auditors - statutory audit	31.96	82.99
Taxation matters	4.00	2.40
For other services	16.35	8.30
Reimbursement of out of pocket expenses	3.38	2.09
<b>Total</b>	<b>55.69</b>	<b>95.78</b>

**Note:**

March 31, 2022 includes ₹ 64.99 lakhs paid to erstwhile auditor.

**(ii) Corporate social responsibility**

(₹ in lakhs)

Particulars	For the year ended March 31	For the year ended March 31
	2023	2022
Amount required to be spent by the company during the year	3,42.44	2,10.37
Amount of expenditure incurred	4,79.62	1,48.28
Excess/(Shortfall) at the end of the year (Refer Note 1)	75.09	(62.09)
Total of previous years excess/(shortfall)	(62.09)	0.00

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**Nature of CSR activities**

During FY2023, the Company conducted financial literacy & road safety to driver community (Project Akanksha), Mobile vision screening camps for the driver community (Project Suraksha) and program consisting of scholarship provided to 25 adolescent girls (Project Uddan)

(₹ in lakhs)

Details of related party transactions	For the year ended March 31 2023	For the year ended March 31 2022
i. Contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	-	-
ii. Any other, please specify	-	-
Where a provision is made with respect to a liability incurred by entering into a contractual obligation		

(₹ in lakhs)

Particulars	For the year ended March 31 2023	For the year ended March 31 2022
i. Provision at the beginning of the year	62.09	-
ii. Additional provision made during the year	74.69	62.09
iii. Provision reversed during the year	-	-
iv. Provision resulted in expenditure during the year	62.09	-
v. Provision at the end of the year	74.69	62.09

**Note:**

- At March 31, 2022, unspent amount has been deposited into an escrow account with scheduled bank within due date.
- As March 31, 2023 the company has made provision of Rs. 74.69 lakhs and the same has been subsequently paid for CSR activities.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**27 Earnings per share**

Basic and diluted earnings per equity share are computed in accordance with Ind AS 33 – Earnings per share. Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. The diluted earnings per equity share is computed by dividing the net profit after tax as adjusted for dividend related to dilutive potential equity shares by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year. The following table sets forth, for the year indicated, the computation of earnings per share.

Particulars	(₹ in lakhs)	
	For the year ended March 31	For the quarter ended March 31
	2023	2022
<b>Basic</b>		
Weighted average no. of equity shares outstanding	170,049,735	170,049,735
Net profit attributable to equity share holders (Refer note i)	67,94.91	191,93.87
Basic earnings per share (₹)	4.00	11.29
<b>Diluted</b>		
Weighted average no. of equity shares outstanding	170,049,735	170,049,735
Net profit attributable to equity share holders	67,94.91	191,93.87
Diluted earnings per share (₹)	4.00	11.29
<b>Face value per share (₹)</b>	<b>100</b>	<b>100</b>

**Note (i) - Calculation of net profit attributable to equity share holders**

Profit after tax as per statement of profit and loss	76,34.91	191,93.87
Less - Distributions made to holders of perpetual instruments	(8,40.00)	-
<b>Net profit attributable to equity share holders</b>	<b>67,94.91</b>	<b>191,93.87</b>

**28** The Board of Directors has, at its 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 the Company and Tata Motors Finance Limited (its fellow subsidiary) and their respective shareholders for demerger of the Non-Banking Finance related business (“NBFC Undertaking”) of Tata Motors Finance Limited into the Company 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 has been approved by the creditors of the respective companies and is subject to approval of the Hon’ble National Company Law Tribunal and other regulatory authorities.

**29 Segment**

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

**30 Title deed of immovable properties**

The Company does not hold any immovable property, hence, reporting of title deed is not applicable.

**31 Contingent liabilities and commitments**

**1. Contingent liabilities to the extent not**

Description of claims and assertions where a potential loss is possible, but not probable is reported under note a) below:

**A. Claims against the company not acknowledged as debts:**

Particulars	(₹ in lakhs)	
	As at March 31	As at March 31
	2023	2022
In respect of consumer disputes	4,08.34	4,23.93

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

**2. Commitments:**

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 30.00 lakhs (as at March 31, 2022: Nil)
- b) Loan commitment towards vehicle financing ₹ 14,55.44 lakhs (as at March 31, 2022: ₹ 20,21.26 lakhs)

**32** The company have loans and advances outstanding to promoters, directors, KMPs and the related parties, that are repayable on demand or without specify any terms of repayment.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

(₹ in lakhs)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoter	4,500.00	0.45%	-	-
Directors	-	-	-	-
KMPs	-	-	-	-
Related parties	50.00	0.01%	145.00	0.02%

**33 Capital Work in Progress & Intangible Assets under Development** amount to ₹ Nil as at March 31,2023 and March 31, 2022.

**34 Benami Property**

There is no proceedings initiated/pending against the company for holding benami property as at March 31, 2023.

**35 Borrowings from banks or financial institutions**

The companies borrows from banks or financial institutions on the basis of security of currents assets . Quarterly/returns filed by the company are in agreement in the books of accounts.

**36 Willful Defaulter**

The Company has not been declared as Willful Defaulter by any bank or financial institution or any lender.

**37 Relationship with Struck off Companies**

During Financial Year ended March 31, 2023 and March 31, 2022, the company did not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act,1956.

**38 Registration of charges or satisfaction with Registrar of Companies**

As at March 31, 2023 and March 31, 2022, there is no charges or satisfaction with charge yet to be registered with Registrar of Companies beyond the statutory period.

**39 Compliance with number of layers of companies**

As per Companies (Restriction on number of layers ) Rules 2017,Non-Banking Financial Companies are exempted from restriction on number of layers.

**40 Utilisation of Borrowed funds and share premium:**

I. The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall(i) 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 (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

II. The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall(i) 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(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**41 Undisclosed Income**

There are no transactions which are not recorded in the books of account and have been surrendered or disclosed as income during the year ended March 31, 2023 and March 31, 2023 in the tax assessments under the Income Tax Act, 1961.

**42 Crypto Currency**

The company has not traded /Invested in crypto currency or virtual currency for the financial year ended March 31, 2023 and March 31, 2022.

**43 Breach of Covenant**

There is no breach of covenant for any borrowings undertaken by the Company

**44 Unhedged Foreign Currency Exposure**

There is no UFCE as on March 31, 2023. The Company has External Commercial Borrowings (ECBs) which are fully hedged as per Risk Management Policy

To mitigate the risk arising in case foreign currency exposure, the company undertakes derivative transactions for hedging foreign currency transactions on balance sheet assets and liabilities as per its approved Risk Management Policy. The policy has mandated 100% hedge for foreign exposures. The Company has identified list of banks to enter into hedging transaction with an aggregate total limit and tenure as per the policy.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**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
(a) Debt securities	1886,07.15	(237,83.16)	-	9.35	1648,33.34
(b) Borrowings (Other than debt securities)	6638,23.51	675,64.93	12,54.00	3,89.48	7330,31.92
<b>Total</b>	<b>8524,30.66</b>	<b>437,81.77</b>	<b>12,54.00</b>	<b>3,98.83</b>	<b>8978,65.26</b>

**Note:** Debt securities includes commercial papers for which the discounting charges paid of ₹ 7,21.11 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
(a) Debt securities	1992,71.07	(106,77.16)	-	13.24	1886,07.15
(b) Borrowings (Other than debt securities)	4534,23.09	2099,67.08	1,57.52	2,75.82	6638,23.51
<b>Total</b>	<b>6526,94.16</b>	<b>1992,89.92</b>	<b>1,57.52</b>	<b>2,89.06</b>	<b>8524,30.66</b>

**Note:** Debt securities includes commercial papers for which the discounting charges paid of ₹ 19,70.60 lakhs on the repayment date is shown in the finance cost paid in cash flow statement.

**46 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
<b>I ASSETS</b>						
<b>1 Financial assets</b>						
(a) Cash and cash equivalents	895,88.03	-	895,88.03	1900,52.91	-	1900,52.91
(b) Bank Balance other than cash and cash equivalents	-	-	-	-	-	-
(c) Derivative financial instruments (assets)	-	13,40.42	13,40.42	-	-	-
(d) Receivables						
i. Trade receivables	11.65	-	11.65	17.13	-	17.13
ii. Other receivables	35,14.58	-	35,14.58	78,04.28	-	78,04.28
(e) Loans	8012,08.72	1760,18.96	9772,27.68	5125,57.43	2959,50.37	8085,07.80
(f) Investments	237,37.01	371,25.91	608,62.92	158,13.98	295,38.25	453,52.23
(g) Other financial assets	136,27.24	57.95	136,85.19	65,87.42	30.45	66,17.87
<b>2 Non-financial assets</b>						
(a) Current tax assets (net)	-	66,84.63	66,84.63	-	17,49.92	17,49.92
(b) Deferred tax assets (net) and MAT Credit	-	-	-	-	11,30.80	11,30.80
(c) Property, plant and equipment	-	2,45.78	2,45.78	-	1,49.18	1,49.18
(d) Goodwill	-	180,25.25	180,25.25	-	180,25.25	180,25.25
(e) Other intangible assets	-	0.39	0.39	-	18.91	18.91
(f) Other non-financial assets	55,13.58	81.25	55,94.83	27,40.42	16.65	27,57.07
	-	-	-	-	-	-
<b>3 Assets Held for Sale</b>	21,37.67	-	21,37.67	23,39.76	-	23,39.76
<b>Total Assets</b>	<b>9393,38.48</b>	<b>2395,80.54</b>	<b>11789,19.02</b>	<b>7379,13.33</b>	<b>3466,09.78</b>	<b>10845,23.11</b>
<b>II LIABILITIES</b>						
<b>1 Financial liabilities</b>						
(a) Payables						
i. Trade payables	38,71.26	-	38,71.26	35,40.63	-	35,40.63
ii. Other payables	18,05.19	-	18,05.19	11,62.70	-	11,62.70
(b) Debt securities	945,61.64	702,71.70	1648,33.34	591,49.15	1294,58.00	1886,07.15
(c) Borrowings (Other than debt securities)	2951,87.01	4378,44.91	7330,31.92	2524,11.33	4114,12.18	6638,23.51
(d) Other financial liabilities	218,15.86	9,02.35	227,18.21	338,18.60	8,66.02	346,84.62
<b>2 Non-financial liabilities</b>						
(a) Current tax liabilities (net)	-	-	-	1,15.89	-	1,15.89
(b) Provisions	8,21.04	2,00.33	10,21.37	10,55.56	2,09.98	12,65.54
(c) Deferred tax liabilities (Net)	-	51,63.20	51,63.20	-	-	-
(d) Other non-financial liabilities	16,48.40	-	16,48.40	12,04.38	-	12,04.38
<b>Total Liabilities</b>	<b>4197,10.40</b>	<b>5143,82.49</b>	<b>9340,92.89</b>	<b>3524,58.24</b>	<b>5419,46.18</b>	<b>8944,04.42</b>
<b>Net</b>	<b>5196,28.08</b>	<b>(2748,01.95)</b>	<b>2448,26.13</b>	<b>3854,55.09</b>	<b>(1953,36.40)</b>	<b>1901,18.69</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**47 Employee benefit obligations**

**a) Defined contribution plans**

The Company has defined contribution plan in the form of contributions made to provident fund and superannuation funds for the qualifying employees. The expense recognised during the year in the Statement of Profit and Loss towards defined contribution plan is ₹ 2,33.15 lakhs (Previous year's ₹ 1,76.16 lakhs ).

**b) Defined benefit plans**

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

	(₹ in lakhs)	
<b>a) Changes in defined benefit obligations</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Defined benefit obligation, beginning of the year	6,03.03	5,25.17
Current service cost	75.93	60.48
Interest cost	41.69	35.43
Remeasurement (gains) / losses		
Actuarial (gain) /losses arising from change in financial assumptions	1.36	(4.16)
Actuarial (gain) /losses arising from change in demographic assumptions	(13.69)	10.66
Actuarial (gain) /losses arising from change in experience adjustments	(4.88)	(1.07)
Benefits paid from plan assets	(31.82)	(23.48)
<b>Defined benefit obligation</b>	<b>6,71.62</b>	<b>6,03.03</b>
		(₹ in lakhs)
<b>b) Changes in plan assets</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Fair value of plan assets, beginning of the year	5,40.39	440.17
Interest income	39.46	32.49
Remeasurement (gains) / losses		
Return on plan assets, (excluding amount included in net Interest expense)	3.36	6.21
Employer's contribution	62.64	85.00
Benefits paid	(31.82)	(23.48)
<b>Fair value of plan assets</b>	<b>6,14.03</b>	<b>5,40.39</b>
		(₹ in lakhs)
<b>c) Amount recognised in balance sheet consist off</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Present value of defined benefit obligation	(6,71.62)	(6,03.03)
Fair value of plan assets	6,14.03	5,40.39
<b>Net Assets/ (Liability)</b>	<b>(57.59)</b>	<b>(62.64)</b>
		(₹ in lakhs)
<b>d) Amount recognised in the Statement of Profit and Loss:</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Current Service Cost	75.93	60.48
Interest on Defined Benefit Obligations (Net)	2.23	2.94
<b>Net Charge to the Statement of Profit and Loss</b>	<b>78.16</b>	<b>63.42</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

(₹ in lakhs)

<b>e) Amount recognised in Other Comprehensive Income(OCI) for the Year:</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>Remeasurement of the net defined benefit liability:</b>		
Return on plan assets excluding amounts included in interest (expense)/income	3.36	6.21
Actuarial gains/(losses) arising from changes in demographic assumptions	13.69	(10.66)
Actuarial gains/(losses) arising from changes in financial assumptions	(1.36)	4.16
Actuarial gains/(losses) arising from changes in experience adjustments on plan liabilities	4.88	1.07
<b>Impact on the other comprehensive income / (loss)</b>	<b>20.57</b>	<b>0.78</b>

<b>f) The fair value of Company's Gratuity plan asset by category</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>Asset Category</b>		
<b>Insurer managed funds</b>		
- 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.

<b>g) The assumptions used in accounting for the gratuity plans are set out below:</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
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	
<b>Total</b>		

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

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

(₹ in lakhs)

<b>h) The maturity profile of defined benefit obligation are set out below:</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Within next 12 months (next annual reporting period)	1,05.54	51.52
Between 1 and 5 years	3,09.01	2,46.46
Between 5 and 9 years	5,83.06	5,19.16

(₹ in lakhs)

<b>i) Quantitative sensitivity analysis for significant assumptions:</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
100 bps increase in discount rate	(38.71)	(44.24)
100 bps decrease in discount rate	43.30	50.15
100 bps increase in salary escalation rate	42.85	49.62
100 bps decrease in salary escalation rate	(38.97)	(44.56)

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

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.

<b>j) Weighted Average Duration of Defined Benefit obligation:</b>	<b>As at March 31,</b>	<b>As at March 31,</b>
	<b>2023</b>	<b>2022</b>
The weighted average duration of the defined benefit obligation	6.10 Years	8.01 Years
		(₹ in lakhs)
<b>k) The best estimate of the expected Contribution for the next year:</b>	<b>As at March 31,</b>	
	<b>2023</b>	
The Company expected contribution to the funded gratuity plans in financial year 2023-24.	1,05.54	

**l) Risk Exposure**

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

**Investment Risk:**

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

**Change in bond yields:**

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**48 Related party disclosures**

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

**A. Parties where the control exists:**

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

**B. Other Related Parties with whom transactions have taken place during the year end:**

**(i) Fellow subsidiaries, associates and joint arrangements within the group**

Tata Motors Finance Limited  
Tata Technologies Limited  
TML Business Services Limited (formerly known as Concorde Motors (India) Limited)  
Tata Precision Industries (India) Limited  
Tata Motors Passenger Vehicle Limited  
Loginomic Tech Solutions Private Limited ("TruckEasy")  
Tata Marcopolo Motors Limited  
Tata Hitachi Construction Machinery Company Private Limited

**(ii) Tata Sons and its subsidiaries and joint arrangements**

Tata Sons Private Limited  
Tata Consultancy Services Limited  
Tata AIG General Insurance Company Limited

**(iii) Post Employment Benefit Plans:**

Tata Motors Finance Limited Employees Gratuity Fund

**C. Key management personnel:**

Mr. Nasser Munjee - Chairman and Independent Director  
Ms. Vedika Bhandarkar - Independent Director  
Mr. P. B. Balaji - Non-Executive Director  
Mr. Shyam Mani - Non Executive Director  
Mrs. Varsha Purandare - Independent, Additional Director (w.e.f. September 14, 2021)  
Mr. Anindya Dhar - Manager (as defined under Companies Act, 2013) (w.e.f. May 1, 2022)  
Mr. Alok Chadha, Whole Time Director (as defined under Companies Act, 2013) (w.e.f May 1, 2022)  
Mr. Dhiman Gupta - Non-Executive Director (From May 24,2022)  
Mr. Amit Mittal - Chief Financial Officer (w.e.f. August 1, 2020 till August 31, 2022)  
Mr. Uday Uchil - Chief Financial Officer (w.e.f. September 1, 2022)

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

(₹ in lakhs)

Particulars	Ultimate Holding company	Holding company	Other related parties	Total
<b>a) Transactions during the year</b>				
Loans and advances repaid	620,00.00	255,00.00	-	875,00.00
Loans and advances given	620,00.00	300,00.00	-	920,00.00
Purchase of receivable	678,47.34	-	14,65.10	693,12.44
Short-term advances	156,52.66	-	34.90	156,87.56
Short-term advances refunded back	109,86.98	-	34.90	110,21.88
Recoveries towards gratuity from trust	-	-	26.68	26.68
Employee Gratuity Contributions Transfer to Trust	-	-	62.64	62.64
Interest income on loans and investments	8,03.37	2,42.39	6.00	10,51.76
Other income	18.30	-	8,04.40	8,22.69
Expenses for support services (incl. reimbursement of expenses)	-	-	53,17.08	53,17.08
Other expenses	75.97	-	20,38.83	2,114.80
Rent expenses	-	87.00	-	87.00

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**48 Related party disclosures**

**b) Closing Balances**

Receivable - loans and Advances	46,65.68	45,00.00	50.00	92,15.68
Other Receivables	-	-	34,35.10	34,35.10
Other Receivables - Factoring	1.29	-	-	1.29
Other Payables	72.13	-	3,78.24	4,50.37

Maximum outstanding during the year	Ultimate Holding company	Holding company	Other related parties	Total
Amount receivable in respect of Inter company deposit/Loan etc	-	300,00.00	-	300,00.00
Provision on loans	-	-	-	-
Amount receivable others	-	-	77,13.04	77,13.04
Amount receivable respect to factoring	18.78	-	-	18.78
Amount payable in respect of Inter company deposit	-	-	-	-
<b>Amount payable in respect of Subordinate liabilities</b>				
Amount receivable - Short-term advances	53,22.06	-	-	53,22.06
Amount payable others	68.38	-	4,64.52	5,32.90

**Note: Maximum outstanding given for parties having outstanding at financial year ended March 31, 2023**

Intra Group Exposure	Ultimate Holding company	Holding company	Other related parties
Total amount of Intra - Group exposures	835,00.00	405,00.00	15,84.90
Total amount of top 20 Intra - Group exposures	835,00.00	405,00.00	15,84.90
% of Intra group exposures to total exposures of the NBFC on borrowers/customers	7.90%	3.83%	0.15%

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

(₹ in lakhs)

Particulars	Ultimate Holding company	Holding company	Other related parties	Total
<b>a) Transactions during the year</b>				
Loans and advances taken / availed	-	1485,00.00	12,50.00	1497,50.00
Loans and advances repaid	-	1485,00.00	12,50.00	1497,50.00
Interest income on loans and investments	9,16.71	-	3,53.21	12,69.92
Dividend income	-	-	1,10.23	1,10.23
Other income	7.61	-	5.31	12.92
Expenses for support services (incl. reimbursement of expenses)	-	-	36,34.11	36,34.11
Interest Expenses	-	22,92.19	1.01	22,93.20
Other expenses	14.20	-	14,59.41	14,73.61
Rent expenses	-	87.00	-	87.00
<b>b) Closing balance</b>				
Receivable - loans and Advances	-	-	1,45.00	1,45.00
Provision on doubtful loans*	-	-	(95.00)	(95.00)
Other Receivables	10.57	-	73,71.21	73,81.78
Other Payables	32.08	1.41	2,99.52	3,33.02

\* The company carries a provision of RS. 95 Lakhs based on expected credit losses on the receivables owed by related parties.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**48 Related party disclosures**

Maximum balance during the year	Ultimate Holding company	Holding company	Other related parties	Total
Amount receivable in respect of Inter company deposit/Loan etc	-	-	50.00	50.00
Provision on loans	-	-	95.00	95.00
Amount receivable others	14.20	-	82,44.27	82,58.47
Amount payable others	32.96	16.20	5,00.02	5,49.18

Intra Group Exposure	Ultimate Holding company	Holding company	Other related parties
Total amount of Intra - Group exposures	-	105,00.00	1,45.00
Total amount of top 20 Intra - Group exposures	-	105,00.00	1,45.00
% of Intra group exposures to total exposures of the NBFC on borrowers/customers	-	1.23%	0.02%

**3 Key management personnel remuneration**

Particulars	(₹ in lakhs)	
	For the year ended March 31	For the year ended March 31
	2023	2022
Short term employee benefits (refer note below)	5,33.58	57.50

**Notes:**

- 1 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 of ₹ 2,94.30 Lakhs for the year ended March 31, 2023 and ₹ 41.50 Lakhs for the year ended March 31, 2022 respectively.

**Terms and Conditions of Transaction with Related Parties:**

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**49 Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)**

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

**49A. Asset Liability Maturity Pattern of certain items of assets and liabilities**

													(₹ in lakhs)
S.No.	Particulars	Financial year ended	Up to 7 days	Over 7 days to 15 days	Over 15 days to 1 month	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 month & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
1	Deposits	March 31,2023	100,00.00	600,00.00	-	-	-	-	-	-	-	-	700,00.00
		March 31,2022	980,00.00	-	-	-	-	-	-	-	-	-	-
2	Advances	March 31,2023	246,99.09	117,88.87	604,11.53	1611,08.21	389,54.90	609,06.73	1489,68.70	3461,65.53	853,50.57	388,73.57	9772,27.69
		March 31,2022	64,89.21	77,03.15	124,54.85	1040,06.49	332,47.76	525,04.38	1088,28.28	3049,61.64	1457,82.23	325,29.78	8085,07.78
3	Investments	March 31,2023	225,07.67	-	-	-	-	-	-	-	-	383,55.25	608,62.92
		March 31,2022	297,02.23	-	-	-	34,00.00	-	17,50.00	-	-	105,00.00	453,52.23
4	Borrowings from banks / financial institutions (Term loans repayable on demand )	March 31,2023	-	-	56,33.68	288,63.17	111,31.71	626,88.19	2811,07.88	4139,22.31	822,11.14	-	8855,58.08
		March 31,2022	-	-	355,68.92	28,05.65	134,23.56	535,67.12	2057,03.15	5091,26.20	212,19.84	-	8414,14.43
5	Foreign Currency liabilities	March 31,2023	-	-	-	-	-	123,07.18	-	-	-	-	123,07.18
		March 31,2022	-	-	-	-	-	-	-	110,16.24	-	-	110,16.24

**Notes:**

- 1 Borrowings includes CC, WCDL, Term Loans, CPs and NCDs
- 2 Borrowings includes Commercial Papers which are issued at discount and Zero Coupon Bonds includes Premium payable on redemption
- 3 Foreign Currency liabilities includes External Commercial Borrowings
- 4 Cash Credit and WCDL are shown in 6 months to 1 Year time bucket as per RBI guidelines
- 5 Deposit is in the form of Fixed Deposits with Banks

**49B. Capital to Risk Assets Ratio (CRAR)**

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

S.No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	CRAR (%)	23.16%	20.39%
2	CRAR - Tier I capital (%)	19.90%	20.10%
3	CRAR - Tier II capital (%)	3.26%	0.29%
4	Amount of subordinated debt raised as	-	-
5	Amount raised by issue of Perpetual Debt	360,00.00	100,00.00

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**49 Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)**

**49C. Disclosure of restructured advances**

For the financial year ended March 31, 2023							(₹ in lakhs)
Sr. No.	Type of Restructuring => Asset Classification =>		Standard	Sub-standard	Others Doubtful	Loss	Total
1	Restructured accounts as on April 1, 2022 [opening figures]	Number of Borrowers	1.00	-	12.00	-	13.00
		Amount Outstanding	3,43.94	-	3,73.37	-	7,17.31
		Provision Amount	17.81	-	74.01	-	91.82
2	Fresh restructuring during the year	Number of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
3	Upgradations to restructured standard category during the financial year	Number of Borrowers	1.00	-	(1.00)	-	-
		Amount Outstanding	7.89	-	(12.18)	-	(4.29)
		Provision Amount	0.42	-	(3.13)	-	(2.71)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	Number of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
5	Down gradations of restructured accounts during the financial year	Number of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
6	Write offs of restructured accounts during the financial year	Number of Borrowers	-	-	(2.00)	-	(2.00)
		Amount Outstanding	-	-	(58.88)	-	(58.88)
		Provision Amount	-	-	(10.48)	-	(10.48)
7	Recovery from restructured accounts during the financial year	Number of Borrowers	(1.00)	-	(2.00)	-	(3.00)
		Amount Outstanding	(3,43.94)	-	(2,26.22)	-	(5,70.16)
		Provision Amount	(17.81)	-	(45.45)	-	(63.26)
8	Sale of restructured accounts during the financial year	Number of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
9	Restructured accounts as on March 31, 2023 [closing figures]	Number of Borrowers	1.00	-	7.00	-	8.00
		Amount Outstanding	7.89	-	76.08	-	83.97
		Provision Amount	0.42	-	14.95	-	15.37
For the financial year ended March 31, 2022							(₹ in lakhs)
Sr. No.	Type of Restructuring => Asset Classification =>		Standard	Sub-standard	Others Doubtful	Loss	Total
1	Restructured accounts as on April 1, 2021 [opening figures]	Number of Borrowers	-	2.00	13.00	-	15.00
		Amount Outstanding	-	5,83.69	4,34.92	-	10,18.61
		Provision Amount	-	1,32.50	98.00	-	2,30.50
2	Fresh restructuring during the year	Number of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
3	Upgradations to restructured standard category during the financial year	Number of Borrowers	1.00	(1.00)	-	-	-
		Amount Outstanding	3,43.94	(4,06.91)	-	-	(62.97)
		Provision Amount	17.81	(92.35)	-	-	(74.54)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	Number of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
5	Down gradations of restructured accounts during the financial year	Number of Borrowers	-	(1.00)	1.00	-	-
		Amount Outstanding	-	(5.50)	3.53	-	(1.97)
		Provision Amount	-	(1.28)	1.07	-	(0.21)
6	Write offs of restructured accounts during the financial year	Number of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	(11.62)	-	(11.62)
		Provision Amount	-	-	(2.71)	-	(2.71)
7	Recovery from restructured accounts during the financial year	Number of Borrowers	-	-	(2.00)	-	(2.00)
		Amount Outstanding	-	(1,71.28)	(53.46)	-	(2,24.74)
		Provision Amount	-	(38.87)	(22.35)	-	(61.22)
8	Sale of restructured accounts during the financial year	Number of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision Amount	-	-	-	-	-
9	Restructured accounts as on March 31, 2022 [closing figures]	Number of Borrowers	1.00	-	12.00	-	13.00
		Amount Outstanding	3,43.94	-	3,73.37	-	7,17.31
		Provision Amount	17.81	-	74.01	-	91.82

The Company has not done any restructuring under CDR mechanism and SME Debt restructuring mechanism and hence no disclosure is required for same.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**49 Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)**

**49D Break up of 'Provisions and Contingencies' shown under the head 'Expenditure' in the Statement of Profit and Loss**

(₹ in lakhs)

S. No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1	Provision for doubtful Loans	(58,02.88)	103,60.12
2	Provision made towards income tax	3,54.09	66.16.63
3	Provision for doubtful loans and advances (others)	62.18	1.00

**49E. Investments**

(₹ in lakhs)

S. No.	Particulars	As at March 31 2023	As at March 31 2022
<b>1</b>	<b>Value of investments</b>		
(i)	Gross value of investments		
(a)	In India	608,62.92	453,52.23
(b)	Outside India	-	-
(ii)	Provision for depreciation		
(a)	In India	-	-
(b)	Outside India	-	-
(iii)	Net value of investments		
(a)	In India	608,62.92	453,52.23
(b)	Outside India	-	-
<b>2</b>	<b>Movement of provisions held towards depreciation of investments</b>		
(i)	Opening balance	-	-
(ii)	Add: Provisions made during the year	-	-
(iii)	Less: Utilised	-	-
(iv)	Closing balance	-	-

**49F. Ratings assigned by credit rating agencies and migrations of ratings in respect of all credit facilities and debt instruments during the year:**

S. No.	Rating agency	Financial year ended	Long-term bank facilities	Short-term bank facilities	Secured Non-convertible debentures	Instruments Unsecured subordinated Tier II NCDs	Commercial papers	Perpetual debt
1	CRISIL	31-Mar-23	CRISIL AA-/ STABLE	NA	CRISIL AA-/ STABLE	CRISIL AA-/ STABLE	CRISIL A1+	CRISIL A / STABLE
		31-Mar-22	CRISIL AA-/ STABLE	NA	CRISIL AA-/ STABLE	CRISIL AA-/ STABLE	CRISIL A1+	CRISIL A / STABLE
2	ICRA	31-Mar-23	NA	NA	NA	ICRA AA- / POSITIVE	ICRA A1+	ICRA A / POSITIVE
		31-Mar-22	NA	NA	NA	ICRA AA- / STABLE	ICRA A1+	ICRA A / STABLE
3	CARE	31-Mar-23	CARE AA-/ STABLE	NA	CARE AA-/ STABLE	CARE AA-/ STABLE	CARE A1+	CARE A / STABLE
		31-Mar-22	CARE AA-/ STABLE	NA	CARE AA-/ STABLE	CARE AA-/ STABLE	CARE A1+	CARE A / STABLE

**49G. Concentration of advances**

(₹ in lakhs)

S. No.	Particulars	As at March 31 2023	As at March 31 2022
1	Total advances to twenty largest borrowers / customer	1227,80.29	1348,35.07
2	Percentage of Advances to twenty largest borrowers to total advances of the applicable NBFC	12.32%	16.07%

**49H. Concentration of exposures**

(₹ in lakhs)

S. No.	Particulars	As at March 31 2023	As at March 31 2022
1	Total exposure to twenty largest borrowers / customer	1227,80.29	1348,35.07
2	Percentage of exposures to twenty largest borrowers / customer to total exposure of the NBFC on borrowers / customer	12.32%	16.07%

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**49 Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)**

**49I. Concentration of NPAs**

(₹ in lakhs)

S. Particulars No.	As at March 31 2023	As at March 31 2022
1 Total exposure to top four NPA accounts	43,31.72	160,19.49

**49J. Sector-wise NPAs (Percentage of NPAs to total advances in that sector)**

Sectors	As at March 31, 2023			As at March 31, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1 Agriculture and Allied Activities	-	-	-	-	-	-
2 Industry						
i.	-	-	-	-	-	-
ii.	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
3 Services						
i. Retail Loans	7155,67.12	386,22.51	5.40%	5971,97.42	491,96.79	8.24%
ii. Wholesale Loans	2823,43.42	20,76.96	0.74%	2446,31.28	127,54.04	5.21%
<b>Total</b>	<b>9979,10.54</b>	<b>406,99.47</b>	<b>4.08%</b>	<b>8418,28.70</b>	<b>619,50.83</b>	<b>7.36%</b>
4 Personal Loans						
i.	-	-	-	-	-	-
ii.	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
5 Others, if any	-	-	-	-	-	-

**49K. Customer complaints**

(Numbers)

S. Particulars No.	As at March 31 2023	As at March 31 2022
1 No of complaints pending at the beginning of the year	60	33
2 No of complaints received during the year	1,595	1,230
3 No of complaints redressed during the year	1,468	1,203
Of which, number of complaints rejected by the NBFC	95	NA
4 No of complaints pending at the end of the year	187	60
<b>Complaints received by the NBFC from Office of Ombudsman</b>		
5 Number of maintainable complaints received by the NBFC from Office of Ombudsman	8	13
Of 5, number of complaints resolved in favor of the NBFC by Office of Ombudsman	8	13
Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6 Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**49 Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)**

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ (decrease) in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>Current Year</b>					
Any Notice / request from Advocates/ RTO	49	685	104%	169	112
Payment not reflecting	3	472	(25%)	7	2
Renewed Insurance Policy Not received	0	107	168%	0	0
Loan is terminated, but reflecting in Credit Report	2	67	294%	1	0
Recovery Agents/ Direct Sales Agents	0	38	36%	2	1
Others	6	226	25%	8	3
<b>Total</b>	<b>60</b>	<b>1595</b>	<b>30%</b>	<b>187</b>	<b>118</b>
<b>Previous Year</b>					
Any Notice / request from Advocates/ RTO	31	335	17%	49	22
Payment not reflecting	1	629	13%	3	0
Not applied for a loan, but getting calls	0	51	NA	4	2
Renewed Insurance Policy Not received	0	40	700%	0	0
Recovery Agents/ Direct Sales Agents	0	28	75%	0	0
Others	1	147	116%	4	0
<b>Total</b>	<b>33</b>	<b>1230</b>	<b>32%</b>	<b>60</b>	<b>24</b>

**49L. Movement of NPAs**

S. No.	Particulars	As at March 31 2023	As at March 31 2022
		(₹ in lakhs)	
<b>1</b>	<b>Net NPAs to net advances</b>	2.82%	4.94%
<b>2</b>	<b>Movement of NPAs (Gross)</b>		
(i)	Opening balances	619,50.83	247,04.80
(ii)	Additions during the year	309,20.08	465,87.88
(iii)	Reductions during the year	521,71.44	93,41.85
(iv)	Closing balances	<b>406,99.47</b>	<b>619,50.83</b>
<b>3</b>	<b>Movement of Net NPAs</b>		
(i)	Opening balances	403,84.81	207,16.61
(ii)	Additions during the year	(8,67.89)	248,36.19
(iii)	Reductions during the year	117,35.95	51,68.00
(iv)	Closing balances	<b>277,80.97</b>	<b>403,84.81</b>
<b>4</b>	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
(i)	Opening balances	215,66.02	39,88.18
(ii)	Provisions made during the year	317,87.97	217,51.68
(iii)	Write-off/Write back of excess provisions	404,35.49	41,73.85
(iv)	Closing balances	<b>129,18.50</b>	<b>215,66.02</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**49 Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)**

**49M. Capital Market**

		(₹ in lakhs)	
S. Particulars		As at March 31	As at March 31
No.		2023	2022
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	373,87.69	463,11.28
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	-	-
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
6	Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
7	Bridge loans to companies against expected equity flows / issues;	-	-
8	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
9	Financing to stockbrokers for margin trading;	-	-
10	All exposures to Alternative Investment Funds:		
	(i) Category I	-	-
	(ii) Category II	-	-
	(iii) Category III	-	-
<b>Total capital market exposure</b>		<b>373,87.69</b>	<b>463,11.28</b>

**49N. Forward Rate Agreement / Interest Rate Swap**

		(₹ in lakhs)	
S. Particulars		As at March 31	As at March 31
No.		2023	2022
(i)	The notional principal of swap agreements	11,071.50	110,71.50
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	13,40.42	-
(iii)	Collateral required by the applicable NBFC upon entering into swap	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap book	13,40.42	-

The Company as per its risk management policy, uses foreign exchange forward and other Interest Rate Swap (IRS) to hedge the risk exposure relating to changes in foreign currency exchange rate and interest rate.

Refer note 3 (xvi) for accounting policies on derivative and hedging activities and note 51 for risk management policies adopted by the Company.

**Quantitative Disclosures**

		(₹ in lakhs)			
S. Particulars		As at March 31, 2023		As at March 31, 2022	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
No.					
(i)	Derivatives (Notional Principal Amount)				
	For hedging		110,71.50		110,71.50
(ii)	Marked to Market Positions				
	a) Asset (+)	13,40.42	-	-	-
	b) Liability (-)	-	-	-	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-

**49O. Disclosure on Restructuring of MSME advances**

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

The details of such restructured cases during the year is as follows:

		(₹ in lakhs)	
S. Particulars		As at March 31	As at March 31
No.		2023	2022
1	No. of accounts restructured (in numbers)	NIL	1,319
2	Amount	-	126,96.60

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**49 Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)**

**49P. Details of Assignment transactions undertaken by applicable NBFCs**

S. No.	Particulars	(₹ in lakhs)	
		As at March 31 2023	As at March 31 2022
1	No. of contracts assigned during the year	14,430	18,318
2	Aggregate value (net of provisions) of accounts sold*	1361,62.84	1335,69.17
3	Aggregate consideration	1361,62.84	1335,69.17
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / loss over net book value	-	-

\*including the carrying value of portfolio sold out of loans classified as amortised cost of ₹ 540,62.72 lakhs

**49Q. Disclosure on liquidity risk under RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies**

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

No. of Significant Counterparties*	Amount	(₹ in lakhs)	
		%age to Total Deposits	%age to Total Liabilities
21	8933,68.18	NA	95.64%

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

**(ii) Top 20 large deposits - Not Applicable**

**(iii) Top 10 Borrowings**

(₹ in lakhs)	
Amount	% of Total Borrowings
5956,22.08	66.34%

**(iv) Funding Concentration based on significant instrument / product**

Sr. No.	Name of the instrument/product	Amount (₹ in lakhs)	%age to Total Liabilities
1	Commercial Paper	346,00.39	3.70%
2	Non Convertible debentures	1302,32.96	13.94%
3	Term Loans( Including External Commercial Borrowings)	6765,31.92	72.43%
4	Working Capital Demand Loan	565,00.00	6.05%

**Note :-**

- 1 Interest accrued but not due has been excluded from borrowings/total public funds.
- 2 Total public funds includes all borrowings including CDO, nominal value of CCPS (conversion period > 5 years) & hybrid perpetual debt.

**(v) Stock ratios**

Sr. No.	Particulars	Total public funds	Total liabilities	Total assets
1	Commercial papers as a percentage of	3.85%	3.70%	2.93%
2	Non-convertible debentures (original maturity of less than one year) as a percentage of	NA	NA	NA
3	Other short-term liabilities as a percentage of	42.85%	41.19%	32.63%

**(vi) Institutional set-up for liquidity risk management**

Tata Motors Finance Solutions Limited (TMFSL) has constituted an Asset Liability Supervisory Committee (ALCO) to oversee liquidity risk management. ALCO consists of Whole Time/ Executive Director, Non-Executive Director, Group Chief Financial Officer, Chief Financial Officer, Chief Digital and Marketing Officer, Chief Credit Officer, Chief Risk Officer and Head – Treasury. The ALCO meetings are held every quarter. TMFSL has a Risk Management Committee (RMC), a sub-committee of the Board, which oversees overall risks to which the Company is exposed including liquidity risk management (LRM). ALCO's views on liquidity and asset liability management are presented to RMC for its independent review on a regular basis. The ALCO and RMC also updates the Board at regular intervals.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**49 Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)**

For the previous year i.e. financial year 2021-22

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

(₹ in lakhs)

No. of Significant Counterparties*	Amount	%age to Total Deposits	%age to Total Liabilities
18	8410,66.76	NA	94.04%

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

**(ii) Top 20 large deposits - Not Applicable**

**(iii) Top 10 Borrowings**

(₹ in lakhs)

Amount	% of Total Borrowings
6476,57.25	75.98%

**(iv) Funding Concentration based on significant instrument / product**

Sr. No.	Name of the instrument/product	Amount (₹ in lakhs)	%age to Total Liabilities
1	Commercial Paper	299,37.60	3.35%
2	Non-Convertible debentures	1586,69.55	17.74%
3	Term loans( Including External Commercial Borrowings)	5693,33.52	63.66%
4	Working capital demand loan	944,90.00	10.56%

**Note :-**

- 1 Borrowings/total public funds does not include Interest accrued but not due.
- 2 Total public funds includes all borrowings including CDO, nominal value of CCPS (conversion period > 5 years) & hybrid perpetual debt.

**(v) Stock ratios**

Sr. No.	Particulars	Total public funds	Total liabilities	Total assets
1	Commercial papers as a percentage of	3.51%	3.35%	2.76%
2	Non-convertible debentures (original maturity of less than one year) as a	NA	NA	NA
3	Other short-term liabilities as a percentage of	37.82%	36.04%	29.73%

**(vi) Institutional set-up for liquidity risk management**

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

TMFSL has a Risk Management Committee (RMC), a sub-committee of the Board, which oversees overall risks to which the Company is exposed including liquidity risk management. ALCO's views on liquidity and asset liability management are presented to RMC for its independent review on a quarterly basis. The ALCO and RMC also updates the Board at regular intervals.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**49 Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)**

**49R. Disclosure on Asset Classification and Provisions as per RBI notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2021.**

(₹ in lakhs)						
Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4 - 6
<b>Performing Asset</b>						
Standard Asset	Stage-1	9180,82.75	49,94.36	9130,88.39	36,96.47	12,97.89
	Stage-2	376,72.89	13,05.49	363,67.40	2,26.69	10,78.80
<b>Subtotal</b>		<b>9557,55.64</b>	<b>62,99.85</b>	<b>9494,55.79</b>	<b>39,23.16</b>	<b>23,76.69</b>
<b>Non-Performing Asset (NPA)</b>						
SubStandard	Stage-3	228,63.62	72,88.29	155,75.33	21,43.83	51,44.46
Doubtful up to 1 Year	Stage-3	143,24.91	37,91.53	105,33.38	59,19.85	(21,28.32)
1 to 3 Years	Stage-3	34,35.17	18,06.10	16,29.07	23,40.48	(5,34.38)
More than 3 Years	Stage-3	75.77	32.58	43.19	57.58	(25.01)
<b>Subtotal of Doubtful</b>		<b>178,35.85</b>	<b>56,30.21</b>	<b>122,05.64</b>	<b>83,17.91</b>	<b>(26,87.71)</b>
Loss	Stage-3	-	-	-	-	-
<b>Subtotal of NPA</b>		<b>406,99.47</b>	<b>129,18.50</b>	<b>277,80.96</b>	<b>104,61.74</b>	<b>24,56.75</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage-1	14,55.44	9.08	14,46.36	-	9.08
	Stage-2	-	-	-	-	-
	Stage-3	-	-	-	-	-
<b>Subtotal</b>		<b>14,55.44</b>	<b>9.08</b>	<b>14,46.36</b>	<b>-</b>	<b>9.08</b>
<b>TOTAL</b>	Stage-1	9195,38.19	50,03.43	9145,34.76	36,96.47	13,06.97
	Stage-2	376,72.89	13,05.49	363,67.40	2,26.69	10,78.80
	Stage-3	406,99.47	129,18.50	277,80.96	104,61.74	24,56.75
		<b>9979,10.55</b>	<b>192,27.42</b>	<b>9786,83.13</b>	<b>143,84.90</b>	<b>48,42.52</b>

**Note:** In terms of requirement of RBI notification no. mentioned above on implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reverse for any short fall in impairment allowance under Ind AS 109 and income Recognition and Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The Impairment allowance under Ind AS 109 made by the company exceeds the total provision required under IRACP (Including standard assets provisioning), as at March 31, 2022 and accordingly, no amount is required to be transferred to impairment reverse.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**49 Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)**

For the previous year i.e. financial year 2021-22

(₹ in lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4 - 6
<b>Performing Asset</b>						
Standard Asset	Stage-1	7126,89.39	22,31.09	7104,58.30	44,57.89	(22,26.80)
	Stage-2	591,83.15	14,95.26	576,87.88	20,64.46	(5,69.20)
<b>Subtotal</b>		<b>7718,72.54</b>	<b>37,26.35</b>	<b>7681,46.18</b>	<b>65,22.35</b>	<b>(27,96.00)</b>
<b>Non-Performing Asset (NPA)</b>						
SubStandard	Stage-3	<b>461,56.83</b>	<b>129,42.94</b>	<b>332,13.89</b>	<b>48,15.96</b>	<b>81,26.97</b>
Doubtful up to 1 Year	Stage-3	85,31.05	21,31.27	63,99.79	69,28.94	(47,97.67)
1 to 3 Years	Stage-3	65,17.60	57,55.24	7,62.36	53,84.40	3,70.84
More than 3 Years	Stage-3	7,45.34	7,36.57	8.77	6,51.26	85.32
<b>Subtotal of Doubtful</b>		<b>157,93.99</b>	<b>86,23.08</b>	<b>71,70.92</b>	<b>129,64.60</b>	<b>(43,41.51)</b>
Loss	Stage-3	-	-	-	-	-
<b>Subtotal of NPA</b>		<b>619,50.82</b>	<b>215,66.01</b>	<b>403,84.81</b>	<b>177,80.56</b>	<b>37,85.46</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage-1	20,21.26	23.19	19,98.07	-	23.19
	Stage-2	-	-	-	-	-
	Stage-3	-	-	-	-	-
<b>Subtotal</b>		<b>20,21.26</b>	<b>23.19</b>	<b>19,98.07</b>	<b>-</b>	<b>23.19</b>
<b>TOTAL</b>	Stage-1	7147,10.65	22,54.28	7124,56.37	44,57.89	(22,03.61)
	Stage-2	591,83.15	14,95.26	576,87.88	20,64.46	(5,69.20)
	Stage-3	619,50.82	215,66.01	403,84.81	177,80.56	37,85.46
		<b>8358,44.62</b>	<b>253,15.55</b>	<b>8105,29.06</b>	<b>243,02.91</b>	<b>10,12.65</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**49 Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)**

**49S. Liquidity Coverage Ratio**

Tata Motors Finance Solutions Limited (TMFSL) has constituted an Asset Liability Supervisory Committee (ALCO) to oversee liquidity risk management. ALCO consists of Whole Time/ Executive Director, Non-Executive Director, Group Chief Financial Officer, Chief Financial Officer, Chief Digital and Marketing Officer, Chief Credit Officer, Chief Risk Officer and Head – Treasury. The ALCO meetings are held every quarter. TMFSL has a Risk Management Committee (RMC), a sub-committee of the Board, which oversees overall risks to which the Company is exposed including liquidity risk management (LRM). ALCO's views on liquidity and asset liability management are presented to RMC for its independent review on a regular basis. The ALCO and RMC also updates the Board at regular intervals.

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

RBI has mandated a minimum LCR of 70% and TMFSL's LCR stood at 181% for the quarter ended March 31, 2023.

Below is the quarterly summary of LCR values for financial year 2022-23.

No.	Particulars	(₹ in lakhs)							
		Quarter ended March 31, 2023		Quarter ended December 31, 2022		Quarter ended September 30, 2022		Quarter ended June 30, 2022	
		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
<b>High Quality Liquid Assets (HQLA)</b>									
(i)	Fixed Deposits (unencumbered)	-	-	-	-	-	-	-	-
(ii)	Cash & Bank Balance	60,45.22	60,45.22	74,17.75	74,17.75	75,90.60	75,90.60	107,31.50	107,31.50
(iii)	Investment in Government Securities	350,25.09	350,25.09	280,39.62	280,39.62	301,26.33	301,26.33	245,53.02	245,53.02
<b>1</b>	<b>Total HQLA</b>	<b>410,70.31</b>	<b>410,70.31</b>	<b>354,57.37</b>	<b>354,57.37</b>	<b>377,16.94</b>	<b>377,16.94</b>	<b>352,84.52</b>	<b>352,84.52</b>
<b>Cash Outflow</b>									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	183,84.45	211,42.12	74,50.16	85,67.69	178,28.42	205,02.68	96,34.14	110,79.26
4	Secured wholesale funding	251,93.48	289,72.50	185,61.36	213,45.57	269,53.97	309,97.07	154,55.18	177,73.45
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	309,44.21	355,85.84	442,84.16	509,26.78	368,93.55	424,27.58	333,55.73	383,59.09
(i)	Loan commitment towards vehicle financing	-	-	-	-	-	-	-	-
(ii)	Other Outflow	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	45,04.03	51,79.63	38,70.89	44,51.53	34,82.57	40,04.96	16,28.47	18,72.74
<b>8</b>	<b>Total Cash Outflow</b>	<b>790,26.17</b>	<b>908,80.09</b>	<b>741,66.58</b>	<b>852,91.57</b>	<b>851,58.51</b>	<b>979,32.29</b>	<b>600,73.51</b>	<b>690,84.54</b>
<b>Cash Inflow</b>									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	1069,39.02	802,04.27	1144,93.38	858,70.03	1109,40.05	832,05.04	923,54.51	692,65.89
11	Other cash inflows	2907,59.60	2180,69.70	3239,47.60	2429,60.70	2995,36.88	2246,52.66	2593,84.77	1945,38.58
(i)	Mutual Funds								
(ii)	Other Fixed Deposit having maturity < 30 days								
(iii)	Other Inflows								
(iv)	Available Credit Lines								
<b>12</b>	<b>Total Cash Inflow</b>	<b>3976,98.62</b>	<b>2982,73.97</b>	<b>4384,40.98</b>	<b>3288,30.73</b>	<b>4104,76.93</b>	<b>3078,57.70</b>	<b>3517,39.28</b>	<b>2638,04.46</b>
13	Total HQLA		410,70.31		354,57.37		377,16.94		352,84.52
14	Total Net Cash Outflow		227,20.02		213,22.89		244,83.07		172,71.13
15	LIQUIDITY COVERAGE RATIO (%)		181%		166%		154%		204%

**Notes:**

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**49 Additional disclosures given in terms of the Non Banking Financial Companies - Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as amended)**

Below is the quarterly summary of LCR values for financial year 2021- 2022.

No.	Particulars	(₹ in lakhs)							
		Quarter ended March 31, 2022		Quarter ended December 31, 2021		Quarter ended September 30, 2021		Quarter ended June 30, 2021	
		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
<b>High Quality Liquid Assets (HQLA)</b>									
(i)	Fixed Deposits (unencumbered)	-	-	191,37.99	191,37.99	346,76.16	346,76.16	296,72.76	296,72.76
(ii)	Cash & Bank Balance	150,55.57	150,55.57	64,04.85	64,04.85	31,78.29	31,78.29	34,19.95	34,19.95
(iii)	Investment in Government Securities	259,76.39	259,76.39	40,47.63	40,47.63	-	-	-	-
<b>1</b>	<b>Total HQLA</b>	<b>410,31.96</b>	<b>410,31.96</b>	<b>295,90.47</b>	<b>295,90.47</b>	<b>378,54.45</b>	<b>378,54.45</b>	<b>330,92.71</b>	<b>330,92.71</b>
<b>Cash Outflow</b>									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	476,53.19	548,01.16	175,17.57	201,45.21	46,01.45	52,91.67	89,97.89	103,47.58
4	Secured wholesale funding	226,25.56	260,19.39	180,14.84	207,17.07	215,14.32	247,41.46	230,35.86	264,91.24
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	47.77	54.93	2,43.30	2,79.79
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	336,76.38	387,27.84	169,11.71	194,48.47	75,16.28	86,43.72	98,67.21	113,47.29
7	Other contingent funding obligations	23,13.82	26,60.89	20,13.54	23,15.57	19,36.32	22,26.77	16,99.95	19,54.94
<b>8</b>	<b>Total Cash Outflow</b>	<b>1062,68.95</b>	<b>1222,09.28</b>	<b>544,57.66</b>	<b>626,26.32</b>	<b>356,16.14</b>	<b>409,58.55</b>	<b>438,44.21</b>	<b>504,20.84</b>
<b>Cash Inflow</b>									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	605,29.19	453,96.89	562,23.08	421,67.31	289,07.17	216,80.38	413,89.33	310,42.00
11	Other cash inflows	2341,72.12	1756,29.09	2227,04.60	1670,28.45	2246,83.57	1685,12.68	1439,40.43	1079,55.33
<b>12</b>	<b>Total Cash Inflow</b>	<b>2947,01.31</b>	<b>2210,25.98</b>	<b>2789,27.68</b>	<b>2091,95.76</b>	<b>2535,90.74</b>	<b>1901,93.06</b>	<b>1853,29.76</b>	<b>1389,97.33</b>
13	Total HQLA		410,31.96		295,90.47		378,54.45		330,92.71
14	Total Net Cash Outflow		305,52.32		156,56.58		102,39.64		126,05.21
15	LIQUIDITY COVERAGE RATIO (%)		134%		189%		370%		263%

(i) Total Unweighted Value (average) and Total weighted Value (average) are calculated taking simple averages of monthly observations for the respective quarter.

(ii) Inflows from fully performing exposures represents inflow from both secured and unsecured loans and advances.

**49T. Other disclosures**

- There was no penalty imposed by RBI and other regulators during the financial year 2022-23. (financial year 2021-22: Nil)
- The Company has not purchased any non-performing financial assets during the financial year 2022-23. (financial year 2021-22: Nil)
- The Company does not have any exposure in real estate sector during the financial year 2022-23. (financial year 2021-22: Nil)
- The Company has not exceeded the prudential exposure limits in respect to single borrower limit / group borrower limit during the financial year 2022-23. (financial year 2021-22: Nil)
- The Company is only registered with Reserve Bank of India as a Systemically Important Non Deposit Taking Non Banking Financial Company.
- The Company has not entered in to any securitisation transactions during the financial year 2022-23 or holds any securitisation exposure as on March 31, 2023. (financial year 2021-22: Nil)
- The Company has not drawn down any amounts from the reserves during the financial year 2022-23 except as disclosed in Statement of Changes in Equity. (financial year 2021-22: Nil)
- The Company has not sold any Financial Assets to Securitisation / Reconstruction Company for Asset Reconstruction during financial year 2022-23. (financial year 2021-22: Nil)
- The Company has not financed any products of parent company during the financial year 2022-23. (financial year 2021-22: Nil)
- Overseas assets (for those with joint ventures and subsidiaries abroad)**  
The Company does not have any joint venture or subsidiary abroad, hence not applicable
- Unsecured advances**  
As at March 31, 2023, the amount of unsecured advances stood at ₹ 1733,60.76 Lakhs (March 31, 2022: ₹ 835,64.67 Lakhs)  
The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or authority
- The Company does not have any exceptional items of income and expenditure of during the financial year 2022-23. (financial year 2021-22: Nil)
- The Company does not have any divergence in provisioning and gross NPA reported by company and assessed by RBI in inspection report for FY 21-22.
- The auditor does not expressed any modified opinion in its audit report for financial year ended March 2022.

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**50 Fair value measurements**

**(a) Financial instruments by categories**

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

(₹ in lakhs)

Financial assets	Amortised cost	FVTPL	FVOCI	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a) Investments	303,52.98	200,09.94	-	-	-	503,62.92
(b) Loans	5539,84.71	-	4232,42.97	-	-	9772,27.68
(c) Trade & other receivables	35,26.23	-	-	-	-	35,26.23
(d) Cash and cash equivalents	895,88.03	-	-	-	-	895,88.03
(e) Other financial assets	136,85.19	-	-	-	-	136,85.19
(f) Derivative financial instruments	-	-	-	13,40.42	-	13,40.42
<b>Total</b>	<b>6911,37.14</b>	<b>200,09.94</b>	<b>4232,42.97</b>	<b>13,40.42</b>	<b>-</b>	<b>11357,30.47</b>

(₹ in lakhs)

Financial liabilities	Amortised Cost	FVTPL	FVOCI	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a) Borrowings	7330,31.92	-	-	-	-	7330,31.92
(b) Debt securities	1648,33.34	-	-	-	-	1648,33.34
(c) Trade & other payables	56,58.20	-	-	-	-	56,58.20
(d) Other financial liabilities	227,18.21	-	-	-	-	227,18.21
<b>Total</b>	<b>9262,41.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9262,41.67</b>

**(b) Fair value hierarchy**

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

(₹ in lakhs)

Particulars	As at March 31,2023					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>						
(a) Investments	200,09.94	200,09.94	200,09.94	-	-	200,09.94
(b) Derivative instruments	13,40.42	13,40.42	-	13,40.42	-	13,40.42
(b) Loans	4232,42.97	4232,42.97	-	-	4232,42.97	4232,42.97
<b>Total</b>	<b>4445,93.33</b>	<b>4445,93.33</b>	<b>200,09.94</b>	<b>13,40.42</b>	<b>4232,42.97</b>	<b>4445,93.33</b>

(₹ in lakhs)

Particulars	As at March 31,2023					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at amortised cost for which fair value is disclosed</b>						
(a) Loans	5539,84.71	5482,04.57	-	-	5482,04.57	5482,04.57
<b>Total</b>	<b>5539,84.71</b>	<b>5482,04.57</b>	<b>-</b>	<b>-</b>	<b>5785,57.55</b>	<b>5785,57.55</b>

(₹ in lakhs)

Particulars	As at March 31,2023					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
<b>Financial liabilities measured at amortised cost for which fair value is disclosed</b>						
(a) Debt securities	1302,32.96	1285,56.06	-	1285,56.06	-	1285,56.06
<b>Total</b>	<b>1302,32.96</b>	<b>1285,56.06</b>	<b>-</b>	<b>1285,56.06</b>	<b>-</b>	<b>1285,56.06</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**50 Fair value measurements**

**(a) Financial instruments by categories**

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

(₹ in lakhs)

Financial assets	Amortised cost	FVTPL	FVOCI	Total carrying value
(a) Investments	297,02.23	51,50.00	-	348,52.23
(b) Loans	6351,71.43	-	1733,36.37	8085,07.80
(c) Trade & other receivables	78,21.41	-	-	78,21.41
(d) Cash and cash equivalents	1900,52.91	-	-	1900,52.91
(e) Other bank balances	-	-	-	-
(f) Other financial assets	66,17.87	-	-	66,17.87
<b>Total</b>	<b>8693,65.85</b>	<b>51,50.00</b>	<b>1733,36.37</b>	<b>10478,52.22</b>

(₹ in lakhs)

Financial liabilities	Amortised Cost	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Total carrying value
(a) Borrowings	6638,23.51	-	-	6638,23.51
(b) Debt securities	1886,07.15	-	-	1886,07.15
(c) Trade & other payables	45,47.32	-	-	45,47.32
(d) Other financial liabilities	345,94.50	-	-	345,94.50
<b>Total</b>	<b>8915,72.48</b>	<b>-</b>	<b>-</b>	<b>8915,72.48</b>

**(b) Fair value hierarchy**

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

(₹ in lakhs)

Particulars	As at March 31 2022					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>						
(a) Investments	51,50.00	51,50.00	-	51,50.00	-	51,50.00
b) Loans	1733,36.37	1733,36.37	-	-	1733,36.37	1733,36.37
<b>Total</b>	<b>1784,86.37</b>	<b>1784,86.37</b>	<b>-</b>	<b>51,50.00</b>	<b>1733,36.37</b>	<b>1784,86.37</b>

(₹ in lakhs)

Particulars	As at March 31 2022					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at amortised cost for which fair value is disclosed</b>						
(a) Loans	6351,71.43	6409,65.49	-	-	6409,65.49	6409,65.49
<b>Total</b>	<b>6351,71.43</b>	<b>6409,65.49</b>	<b>-</b>	<b>-</b>	<b>6409,65.49</b>	<b>6409,65.49</b>

(₹ in lakhs)

Particulars	As at March 31 2022					
	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
<b>Financial liabilities measured at amortised</b>						
(a) Debt securities	1586,69.55	1625,42.99	-	1625,42.99	-	1625,42.99
<b>Total</b>	<b>1586,69.55</b>	<b>1625,42.99</b>	<b>-</b>	<b>1625,42.99</b>	<b>-</b>	<b>1625,42.99</b>

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

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

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

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**50 Fair value measurements**

**Valuation technique used to determine fair value of financial instruments**

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

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

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

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

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

**Fair value of financial assets/liabilities measured at amortised cost**

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

**Reconciliation for financial assets in level 3 is as given below.**

Particulars	For the year	For the year ended
	ended March 31	March 31,
	2023	2022
Balance at the beginning of the year	1733,36.37	-
Additions during the year	3238,50.98	1627,21.78
Mark to market (loss)/gain recognized in OCI	138,10.66	106,14.59
Mark to market gain recognized in P&L	-	-
Realised during the year	(877,55.04)	-
<b>Balance at the end of the year</b>	<b>4232,42.97</b>	<b>1733,36.37</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**51 Financial risk management**

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

**(A) Credit Risk**

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

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

**Exposure to Credit Risk**

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

**Financial assets that are neither past due or impaired**

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

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

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

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

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

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

The Company creates & secures first and exclusive collateral charge at the time of loan origination on all vehicles for which vehicle financing loans are given. Hypothecation endorsement is obtained in favor of the Company in the Registration Certificate of the Vehicle funded under the vehicle finance category. Any surplus remaining after settlement of outstanding loan by way of sale of vehicle (collateral) is returned to the customer. Other than the above, for the corporate lending loan exposure, wherever required the Company obtains security cover in the form of immoveable properties by creating charge over the collateral.

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

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

The maximum credit exposure to any single customer from the financing business as of March 31, 2023 was ₹ 151,96.46 lakhs (March 31, 2022 was ₹ 155,59.05 lakhs).

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

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

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

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

Particulars	(₹ in lakhs)							
	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
<b>As at 31st March 2022</b>	<b>692,385</b>	<b>2,194</b>	<b>79,488</b>	<b>1,556</b>	<b>61,951</b>	<b>21,566</b>	<b>833,823</b>	<b>25,316</b>
Transfers during the year								
Transfer to Stage-1	26,433	1,835	(20,893)	(296)	(5,540)	(1,539)	-	-
Transfer to Stage-2	(25,001)	(68)	25,444	139	(443)	(71)	0	-
Transfer to Stage-3	(9,644)	(29)	(15,184)	(350)	24,828	379	-	-
	<b>(8,212)</b>	<b>1,738</b>	<b>(10,633)</b>	<b>(507)</b>	<b>18,845</b>	<b>(1,231)</b>	<b>0</b>	<b>-</b>
Impact of change in credit risk on account of stage movement	-	(1,599)	-	574	-	38,125		37,101
Changes in Opening Credit Exposure	(1,790,053)	792	(36,926)	(516)	(1,678)	(5,741)	(1,828,658)	(5,465)
New Credit Exposure during the year (net of repayments)	2,023,964	1,919	5,745	157	2,017	635	2,031,725	2,711
Amount Written off During the year	-	-	-	-	(40,435)	(40,435)	(40,435)	(40,435)
<b>As at 31st March 2023</b>	<b>918,084</b>	<b>5,044</b>	<b>37,674</b>	<b>1,264</b>	<b>40,700</b>	<b>12,919</b>	<b>996,455</b>	<b>19,228</b>

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
Notes forming part of financial statements for the year ended March 31, 2023

**51 Financial risk management**

Particulars	(₹ in lakhs)							
	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
<b>As at 31st March 2021</b>	<b>587,984</b>	<b>5,875</b>	<b>81,746</b>	<b>3,477</b>	<b>24,741</b>	<b>3,992</b>	<b>694,470</b>	<b>13,344</b>
Transfers during the year								
Transfer to Stage-1	12,941	(136)	(12,208)	(360)	(733)	496	(0)	-
Transfer to Stage-2	(52,589)	(250)	53,001	491	(412)	(241)	0	-
Transfer to Stage-3	(23,939)	(376)	(16,784)	(1,036)	40,723	1,411	-	-
	<b>(63,587)</b>	<b>(762)</b>	<b>24,009</b>	<b>(905)</b>	<b>39,578</b>	<b>1,666</b>	<b>0</b>	<b>-</b>
Impact of change in credit risk on account of stage movement	-	(2,644)	-	(281)	-	16,524		13,599
Changes in Opening Credit Exposure	(1,312,246)	(1,099)	(43,472)	(1,092)	(4,569)	4,375	(1,360,287)	2,184
New Credit Exposure during the year (net of repayments)	1,480,234	824	17,206	356	8,512	1,320	1,505,952	2,500
Amount Written off During the year	-	-	-	-	(6,312)	(6,312)	(6,312)	(6,312)
<b>As at 31st March 2022</b>	<b>692,385</b>	<b>2,194</b>	<b>79,489</b>	<b>1,556</b>	<b>61,950</b>	<b>21,565</b>	<b>833,823</b>	<b>25,315</b>

**Modification of financial assets not resulting in derecognition:**

There has been no modification of financial assets during financial year ended March 31, 2023 and March 31, 2022.

**(B) Management of Liquidity risk**

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

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

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

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

Particulars	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	(₹ in lakhs)
						Total contractual cashflows
<b>Non derivatives</b>						
Borrowings	7330,31.92	3551,02.16	3015,42.68	1739,22.39	-	<b>8305,67.24</b>
Trade and other payables	56,58.20	56,58.20	-	-	-	<b>56,58.20</b>
Lease Liability	1,39.64	24.88	24.94	70.98	76.41	<b>1,97.20</b>
Debt securities	1648,33.34	1027,58.01	748,62.21	-	-	<b>1776,20.21</b>
Other financial liabilities (other than lease liabilities)	225,78.57	225,78.57	-	-	-	<b>225,78.57</b>
<b>Total</b>	<b>9262,41.67</b>	<b>4861,21.82</b>	<b>3764,29.83</b>	<b>1739,93.38</b>	<b>76.41</b>	<b>10366,21.42</b>

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

Particulars	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	(₹ in lakhs)
						Total contractual cashflows
<b>Non derivatives</b>						
Borrowings	6638,23.51	3327,06.77	2372,30.66	2106,60.25	-	<b>7805,97.68</b>
Trade and other payables	46,60.83	44,79.01	1,78.06	1,17.26	-	<b>47,74.34</b>
Debt securities	1886,07.15	700,42.24	679,19.17	748,10.56	-	<b>2127,71.97</b>
Other financial liabilities	345,94.50	337,28.48	-	8,66.02	-	<b>345,94.50</b>
<b>Total</b>	<b>8916,85.99</b>	<b>4409,56.50</b>	<b>3053,27.89</b>	<b>2864,54.09</b>	<b>-</b>	<b>10327,38.49</b>

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**51 Financial risk management**

**Foreign currency risk**

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

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

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

**Interest rate risk**

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

The Company borrow through various instruments which has floating rate/ interest rate reset clause which is exposed to interest rate risk.

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

As at the end of reporting year, the Company had following variable interest rate borrowings:

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Variable rate borrowings *	7013,60.18	6732,29.86

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

**Interest rate sensitivity analysis**

Profit or loss is sensitive to interest expense from variable rate borrowings as a result of changes in interest rate. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact (decrease/increase in case of profit/(loss) before tax of ₹70,13.60 lakhs and ₹ 67,32.29 lakhs on income for the year ended March 31, 2023 and March 31, 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.

**Capital management**

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

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

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

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

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

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

Particulars	As at March 31,	
	2023	2022
CRAR (%) *	23.16%	20.39%
CRAR - Tier I capital (%)	19.90%	20.10%
CRAR - Tier II capital (%)	3.26%	0.29%

\* The above ratio has been computed in accordance with the guidelines issue by RBI.

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

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**52. Company as a lessee**

The Company has leases for the office premises at its PAN India branches for repossessed vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of revenue) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (refer Note 10)

Leases of rented offices are generally limited to a lease term of 2 to 10 years.

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

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

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Right-of-use assets	Other financial liabilities	Right-of-use assets	Other financial liabilities
	Buildings	Lease Liabilities	Buildings	Lease Liabilities
	(Audited)	(Audited)	(Audited)	(Audited)
Balance at the beginning of the year	-	-	-	-
Additions	1,42.78	1,42.78	-	-
Deletions	-	-	-	-
Depreciation expense	(5.68)	-	-	-
Interest expense	-	3.93	-	-
Payments	-	(7.07)	-	-
<b>Balanced at the end of the year</b>	<b>1,37.10</b>	<b>1,39.64</b>	-	-

(₹ in lakhs)

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

Refer Note 51 on Financial Risk Management for maturity analysis of lease liabilities at March 31, 2023

Set out below, are the amounts recognised in profit and loss	For the year ended	
	March 31	March 31
	2023	2022
Depreciation expense of right-of-use assets	5.68	-
Interest expense on lease liabilities	3.93	-
Rent expense- Short term leases	88.52	-
Leases of low value assets	-	-
Variable lease payments (not being linked to any index or rate)	-	-

(₹ in lakhs)

**53. Information as required by Reserve Bank of India Circular on Resolution Framework for Covid-19 related stress dated August 6, 2020.**

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30th September, 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year **	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31st March, 2023
Personal Loans	0.74	-	-	0.35	0.40
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	167,68.37	33,67.88	4,91.39	66,91.82	6217.28
<b>Total</b>	<b>167,69.13</b>	<b>33,67.88</b>	<b>4,91.39</b>	<b>66,92.17</b>	<b>62,17.68</b>

\*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

\*\* includes contracts settled during half year ended 31/03/2023

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Notes forming part of financial statements for the year ended March 31, 2023**

**54 Fraud**

As required by Reserve Bank of India circular No RBI/2011-12/424 DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated March 02, 2012 on monitoring of frauds, the Company has reported fraud amounting to ₹ 52.26 lakhs during the year ended March 31, 2023 (during the year ended March 31, 2022: ₹ 2,33.46 lakhs) vide form FMR 1.

**55 Direct assignment**

There was transfer of standard loans through direct assignment route during the year ended March 31, 2023 and 2022  
 Following table provide the details of loan transferred during the year indicated.

Particulars	(₹ in Lakhs)	
	For the year ended March 31	For the year ended March 31
	2023	2022
Number of transactions (Count)	6	5
Number of loans assigned (Count)	14,430	18,318
Aggregate principal outstanding amount of loans assigned (Amount)*	151,292	1499,82
Sale consideration (Amount)	136,162	1335,69
Weighted average residual maturity (months)	30.46	27
Weighted average holding period (months)	9.73	14
Retention of beneficial economic interest (Amount)	15,130	16,413
Tangible security coverage	100%	100%
Rating wise distribution of rated loans assigned	NA	NA
Number of instances (transactions) of replacing the transferred loans	NA	NA
Number of transferred loans replaced	NA	NA

\* Indicate 100% principal outstanding amount as on loan assignment date

**56 Code of Social Security, 2020**

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.

**57 Assets held for sale**

The Company 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 and 2022, assets held for sale amounted to ₹ 21,37.67 lakhs ₹ 23,39.76 lakhs respectively. The Company expects to dispose off these assets in open market within next 1 year.

As per our report of even date attached  
 For KALYANIWALLA & MISTRY LLP  
 Chartered Accountants  
 Firm Registration Number: 104607W / W100166

For and on behalf of the Board of Directors

Sai Venkata Ramana Damarla  
 Partner  
 Membership No. 107017

Varsha Purandare  
 Director  
 (DIN - 05288076)

P. B. Balaji  
 Director  
 (DIN - 02762983)

Alok Chadha  
 Executive Director  
 (DIN - 09537539)

Place : Mumbai  
 Date: April 28, 2023

Uday Uchil  
 Chief Financial Officer  
 Place : Mumbai  
 Date: April 28, 2023

Neeraj Dwivedi  
 Company Secretary  
 (Membership No. A20874)

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Schedule to the Balance Sheet as at March 31, 2023 of a non-deposit taking NBFC**

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

**LIABILITIES SIDE:**

(₹ in lakhs)

<b>1 Loans and advances availed by the non-banking financial Company inclusive of interest accrued thereon but not paid:</b>	<b>Amount Outstanding</b>	<b>Amount Overdue</b>
(i) Debentures		
Secured	-	-
Unsecured	1330,78.38	-
Deferred Credits	-	-
(ii) Term-loans	6765,34.32	-
(iii) Commercial papers	346,00.38	-
(iv) Other loans		
Working capital demand loan	565,00.00	-
(Net of unamortised borrowing cost and discounting charges ₹ 13,99.62 lakhs; March 31,2022: ₹ 62.40 lakhs).		

**ASSETS SIDE:**

(₹ in lakhs)

<b>2 Break-up of loans and advances including bills receivables [other than those included in (4) below]:</b>	<b>Amount Outstanding</b>
(i) Secured	8992,86.43
(ii) Unsecured	971,68.67

(₹ in lakhs)

<b>3 Break up of leased assets and stock on hire and other assets towards AFC activities:</b>	<b>Amount Outstanding</b>
(i) Lease assets including lease rentals under sundry debtors :	
Financial lease	-
Operating lease	-
(ii) Stock on hire including hire charges under sundry debtors :	
Assets on hire	-
Repossessed assets	-
(iii) Other loans counting towards AFC activities:	
Loans where assets have been repossessed	13,38.95
Loans other than (a) above	9951,16.15

(₹ in lakhs)

<b>4 Break-up of investments:</b>	<b>Amount Outstanding</b>
<b>Current (unquoted)</b>	
Senior pass through certificates	-
<b>Current (quoted)</b>	
Investments in T-bills	24,97.73
Mutual funds	200,09.94
<b>Long-term investments (unquoted)</b>	
Investments in equity shares	105,00.00
Investments in debentures and bonds	-
<b>Long Term Investments:</b>	
<b>1 Quoted :</b>	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Government Securities	278,55.25
(iv) Others	-
<b>2 Unquoted:</b>	
(i) Shares : (a) Equity	
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Government Securities	-
(iv) Others	-

**TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)**  
**Schedule to the Balance Sheet as at March 31, 2023 of a non-deposit taking NBFC**

(₹ in lakhs)

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

Category	Amount net of provisions		
	Secured	Unsecured	Total
(i) Related parties			
Companies in the same group	-	45,50.02	45,50.02
Other related parties	-	-	-
(ii) Other than related parties	8794,75.61	932,02.05	9726,77.66
<b>Total</b>	<b>8794,75.61</b>	<b>977,52.07</b>	<b>9772,27.68</b>

(₹ in lakhs)

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

Category	Cost as at March 31, 2023	Book value (Net of provision)
(i) <b>Related parties</b>		
Quoted	-	-
Unquoted		
Associate	105,00.00	105,00.00
Companies in the same group	-	-
Other related parties	-	-
(ii) <b>Other than related parties</b>		
Quoted	503,62.92	503,62.92
Unquoted	-	-
Others	-	-
<b>Total</b>	<b>608,62.92</b>	<b>608,62.92</b>

(₹ in lakhs)

<b>7 Other information</b>	<b>Amount</b>
(i) Gross non-performing assets	
Related parties	
Other than related parties	406,99.47
(ii) Net non-performing assets	
Related parties	-
Other than related parties	277,80.97
(iii) Assets acquired in satisfaction of debt	-

For and on behalf of the Board of Directors

Varsha Purandare  
 Director  
 (DIN - 05288076)

P. B. Balaji  
 Director  
 (DIN - 02762983)

Alok Chadha  
 Executive Director  
 (DIN - 09537539)

Neeraj Dwivedi  
 Company Secretary  
 (Membership No. A20874)

Uday Uchil  
 Chief Financial Officer

Place : Mumbai  
 Date: April 28, 2023