Tata Motors Passenger Vehicles Limited

Financial Statements together with Independent Auditor's Report for the financial year ended March 31, 2022

B S R & Co. LLP
Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai – 400063, India

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

Independent Auditor's Report

To the Members of Tata Motors Passenger Vehicles Limited (formerly known as TML Business Analytics Services Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tata Motors Passenger Vehicles Limited (formerly known as TML Business Analytics Services Limited) (the "Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its loss and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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

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

are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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 Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

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

   e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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".

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

   a) The Company does not have any pending litigations which would impact its financial position.

   b) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 41 (ii) to the financial statements.

   c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

d) (i) The management has represented that, to the best of its knowledge and belief, 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e) The Company has neither declared nor paid any dividend during the year.

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

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

R Kumar

Rishabh Kumar
Partner
For B S R & Co. LLP
Membership No. 402877
UDIN: 22402877AIUXPW5368

Place: Mumbai
Date: 11 May 2022

Tata Motors Passenger Vehicles Limited (formerly known as TML Business Analytics Services Limited)

Independent Auditors' report on Financial Statements – 31 March 2022 *(Continued)*

Annexure A to the Independent Auditors' report on Financial Statements – 31 March 2022

(Referred to in our report of even date)

(i) (a) (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.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for inward goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except for statement filed for quarter ended 31 December 2021 with State Bank of India, Bank of America, Citibank N.A., HDFC Bank Limited, ICICI Bank Limited, Standard Chartered Bank, Union Bank of India, Kotak Mahindra Bank Limited and Bank of Baroda where differences were noted between the amount as per books of account for December quarter and amount as reported in the quarterly statement. The difference was Rs. 995 crores (amount reported - Rs. 1,249 crores vs amount per books of account - Rs. 254 crores) for debtors. Further, these statements were subsequently rectified after year ended 31 March 2022 and submitted to the respective banks.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any secured loans or secured or unsecured advances in the nature of loans, to companies, firms, limited

RH

liability partnerships or any other parties during the year. The Company has made investments in and granted unsecured loans to companies and other parties in respect of which the requisite information is as below. The Company has not made investments in or granted any unsecured loans to firms, limited liability partnerships or any other parties during the year.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to subsidiaries and employees as below:

Particulars	Loans (Rs. Crores)
Aggregate amount during the year	
- Others – Companies	6,055.00
- Others – Employees	32.00
Balance outstanding as at balance sheet date	
- Others – Companies	1,770.00
- Others – Employees	23.68

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made and the terms and conditions of the loans granted during the year are, prima facie, not prejudicial to the interest of the Company. The Company has not provided any guarantee or security or granted any advances in the nature of loans during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advance in the nature of loan to any party.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, 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.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ('the Act'). In respect of investments made and loans given by the Company, in our opinion the provision of Section 185 and 186 of the Companies Act, 2013 ('the Act') have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3 (v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and services provided by it and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities, except for Provident fund dues referred to in note xx to the financial statements.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, no term loans have been obtained by the company till 31 March 2022.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, as at 31 March 2022 we report that the funds raised on short term basis of Rs 3,404.75 crores have been used for long term investment.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act. The Company does not hold any investment in any associate or joint venture (as defined under the Act) during the year ended 31 March 2022.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its

RK

Tata Motors Passenger Vehicles Limited (formerly known as TML Business Analytics Services Limited)

Independent Auditors' report on Financial Statements – 31 March 2022 ***(Continued)***

subsidiaries, (as defined under the Act). The Company does not hold any investment in any associate or joint venture (as defined under the Act) during the year ended 31 March 2022.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Based on the information and explanations provided to us, the Company does not have a vigil mechanism and is not required to have a vigil mechanism as per the Act or SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, the transactions with related parties are in compliance with Section 188 of the Act, where applicable. The details of the related party transactions have been disclosed in the financial statements as required under Ind AS 24 – Related Party disclosures, specified under the section 133 of the Act, read with relevant rules issued thereunder. The Company does not fall under the definition of the listed company or other class of companies which required to constitute an audit committee under section 177(4)(iv) of the Act and hence the said section is not applicable to the Company.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has six CICs as part of the Group.

Tata Motors Passenger Vehicles Limited (formerly known as TML Business Analytics Services Limited)

Independent Auditors' report on Financial Statements – 31 March 2022 ***(Continued)***

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and 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, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not 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. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

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

R Kumar

Rishabh Kumar
Partner
Membership No. 402877
UDIN: 22402877AIUXPW5368

Place: Mumbai
Date: 11 May 2022

Tata Motors Passenger Vehicles Limited (formerly known as TML Business Analytics Services Limited)

Independent Auditors' report on Financial Statements – 31 March 2022 (Continued)

Annexure B to the Independent Auditors' report on the financial statements of Tata Motors Passenger Vehicles Limited (Formerly known as TML Business Analytics Services Limited) for the year ended 31 March 2022.

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

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Tata Motors Passenger Vehicles Limited (formerly known as TML Business Analytics Services Limited) ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding

Tata Motors Passenger Vehicles Limited (formerly known as TML Business Analytics Services Limited)

Independent Auditors' report on Financial Statements – 31 March 2022 (Continued)

Auditors' Responsibility *(Continued)*

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

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

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

R Kumar

Rishabh Kumar
Partner
For B S R & Co. LLP
Membership No. 402877
UDIN: 22402877AIUXPW5368

Place: Mumbai
Date: 11 May 2022

Tata Motors Passenger Vehicles Limited (Formerly known as "TML Business Analytics Services Limited")

Balance Sheet

(₹ in crores)

	Notes	As at March 31, 2022	As at March 31, 2021
I. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property, plant and equipment	4(b)	5,737.00	5,612.79
(b) Capital work-in-progress	4(c)	478.75	791.35
(c) Right of use assets	5 (c)	736.95	708.08
(d) Other intangible assets	6 (b)	3,709.20	3,956.64
(e) Intangible assets under development	6 (c)	298.09	782.51
(f) Financial assets			
(i) Loans and advances	7	27.11	22.61
(ii) Other financial assets	9	80.05	87.39
(g) Non-current tax assets (net)		4.31	-
(h) Other non-current assets	11	21.99	30.74
		11,093.45	11,992.11
(2) CURRENT ASSETS			
(a) Inventories	13(b)	1,592.47	1,022.74
(b) Financial assets			
(i) Trade receivables	14	184.89	89.10
(ii) Cash and cash equivalents	16(b)	422.90	0.15
(iii) Loans and advances	8	1,825.37	49.06
(iv) Other financial assets	10	55.20	26.18
(c) Other current assets	12	337.06	132.05
(d) Asset held for Sale - Investments in subsidiary		33.45	-
		4,451.34	1,319.28
TOTAL ASSETS		15,544.79	13,311.39
II. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	17	9,417.15	0.15
(b) Equity share capital to be issued on purchase of Business	3	-	9,417.00
(c) Other equity		(2,893.56)	(1,463.56)
		6,523.59	7,953.59
LIABILITIES			
(1) NON-CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	18	193.84	176.67
(ii) Lease liabilities		649.34	593.26
(iii) Other financial liabilities	21	2.88	0.12
(b) Provisions	23	139.08	105.92
(c) Other non-current liabilities	25	179.97	88.05
		1,165.11	964.02
(2) CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	19	2.28	-
(ii) Lease liabilities		99.07	92.25
(iii) Trade payables	20		
(a) Total outstanding dues of micro and small enterprises		33.03	16.55
(b) Total outstanding dues of creditors other than micro and small enterprises		4,257.51	1,969.98
(iv) Acceptances		2,036.34	1,436.25
(v) Other financial liabilities	22	177.53	195.20
(b) Provisions	23(c)	341.22	306.42
(c) Other current liabilities	26	909.11	377.13
		7,856.09	4,393.78
TOTAL EQUITY AND LIABILITIES		15,544.79	13,311.39

See accompanying notes to financial statements

In terms of our report attached

For and on behalf of the Board

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

RISHABH KUMAR
Partner
Membership No.402877
UDIN :- 22402877AIUXPW5368
Place: Mumbai

AASIF MALBARI *[DIN: 07345077]*
Director

SHAILESH CHANDRA *[DIN: 07593905]*
MD & Chief Executive Officer

ANINDYA PAUL
Chief Financial Officer

ANJALI SINGH *[ACS: A26664]*
Company Secretary

Date: May 11, 2022

Place: Mumbai

Date: May 11, 2022

Tata Motors Passenger Vehicles Limited (Formerly known as "TML Business Analytics Services Limited")
Statement of Profit and Loss

(₹ in crores)

		Notes	Year ended March 31, 2022	Year ended March 31, 2021
	Revenue from operations			
	Revenue		**32,489.86**	16,650.25
	Other operating revenue		**82.38**	64.59
I.	Total revenue from operations	27 (b)	**32,572.24**	16,714.84
II.	Other Income	28 (b)	**194.12**	165.93
III.	**Total Income (I+II)**		**32,766.36**	16,880.77
IV.	**Expenses**			
	(a) Cost of materials consumed		**19,225.90**	9,430.84
	(b) Purchases of products for sale		**8,823.56**	4,361.25
	(c) Changes in inventories of finished goods, work-in-progress and products for sale		**(406.52)**	501.95
	(d) Employee benefits expense	29	**976.77**	761.44
	(e) Finance costs	30	**215.85**	189.06
	(f) Foreign exchange loss (net)		**11.39**	(0.52)
	(g) Depreciation and amortisation expense		**2,041.54**	1,670.32
	(h) Product development/Engineering expenses		**655.26**	558.73
	(i) Other expenses	31	**2,419.26**	1,525.19
	(j) Amount transferred to capital and other accounts	32	**(36.99)**	(22.60)
	Total Expenses (IV)		**33,926.02**	18,975.66
V.	**Profit/(loss) before exceptional items and tax (III-IV)**		**(1,159.66)**	(2,094.89)
VI.	**Exceptional items**			
	(a) Employee separation cost		-	31.78
	(b) Cost of Purchase of PV Undertaking		**251.34**	-
	(c) Impairment losses/(reversal) in passenger vehicle business		-	(1,182.41)
	(d) Provision/(reversal) for Onerous Contracts and related supplier claims		-	(549.00)
	(e) Provision/(reversal) for impairment of investments in subsidiary companies		**(559.91)**	-
VII.	**Profit/(loss) before tax (V-VI)**		**(851.09)**	(395.26)
VIII.	**Tax expense (net)**			
	(a) Current tax		-	-
	(b) Deferred tax		**0.26**	-
	Total tax expense		**0.26**	-
IX.	**Profit/(loss) for the year (VII-VIII)**		(851.35)	(395.26)
X.	**Other comprehensive income/(loss):**			
	(A) (i) Items that will not be reclassified to profit and loss: Remeasurement (losses)/gain on defined benefit obligations (net)		**(14.90)**	13.85
	(ii) Income tax credit/(expense) relating to items that will not be reclassified to profit and loss		**3.75**	(3.49)
	Total other comprehensive income/(loss), net of taxes		**(11.15)**	10.36
XI.	**Total comprehensive income/(loss) for the year (IX+X)**		(862.50)	(384.90)
XII.	**Earnings/(loss) per share (EPS)**	34		
	(A) Ordinary shares (face value of ₹ 10 each) :			
	(i) Basic	₹	**(0.90)**	(0.42)
	(ii) Diluted	₹	**(0.90)**	(0.42)

See accompanying notes to financial statements

In terms of our report attached

For and on behalf of the Board

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

AASIF MALBARI *[DIN: 07345077]*
Director

SHAILESH CHANDRA *[DIN: 07593905]*
MD & Chief Executive Officer

RISHABH KUMAR
Partner
Membership No.402877
UDIN: 22402877AIUXPW5368
Place: Mumbai

ANINDYA PAUL
Chief Financial Officer

ANJALI SINGH *[ACS: A26664]*
Company Secretary

Date: May 11, 2022

Place: Mumbai

Date: May 11, 2022

Tata Motors Passenger Vehicles Limited (Formerly known as "TML Business Analytics Services Limited")
Cash Flow Statement

(₹ in crores)

	Year ended March 31, 2022	Year ended March 31, 2021
Cash flows from operating activities:		
Profit/(loss) for the year	(851.35)	(395.26)
Adjustments for:		
Depreciation and amortisation expense	2,041.54	1,670.32
Allowances for trade and other receivables	3.68	7.69
Inventory write down/ (write back)	9.16	(6.64)
Provision/(reversal) for loan given to/investment and cost of closure in subsidiary companies	-	56.59
Impairment losses/(reversal) in passenger vehicle business	-	(1,182.41)
Write off/provision (reversal) for tangible/intangible assets (including under development)	-	228.00
Provision/(reversal) for Onerous Contracts and related supplier claims	-	(777.00)
Finance costs	215.85	189.06
Interest income	(55.64)	(34.72)
	2,214.59	150.89
Cash flows from operating activities before changes in following assets and liabilities	1,363.24	(244.37)
Trade receivables	(99.47)	186.60
Loans and advances and other financial assets	(1,802.49)	(24.08)
Other current and non-current assets	(193.13)	171.50
Inventories	(578.89)	308.82
Trade payables and acceptances	2,903.09	260.50
Other current and non-current liabilities	623.65	223.49
Other financial liabilities	(31.52)	22.46
Provisions	67.96	(35.91)
Cash generated from/(used in) operations	2,252.44	869.01
Income taxes paid (net)	(4.31)	-
Net cash from/(used in) operating activities	2,248.13	869.01
Cash flows from investing activities:		
Payments for property, plant and equipments	(610.91)	(659.88)
Payments for other intangible assets	(390.98)	(251.86)
Proceeds from sale of property, plant and equipments	1.90	5.84
Loans to subsidiary company	-	(56.59)
Redemption of investments in subsidiary company	643.15	-
Proceeds towards assembled workforce	10.06	-
Increase in short term inter corporate deposit (net)	(1,770.00)	-
Interest received	55.64	34.72
Net cash used in investing activities	(2,061.14)	(927.77)

Tata Motors Passenger Vehicles Limited (Formerly known as "TML Business Analytics Services Limited")
Statement of Changes in Equity for the year ended March 31, 2022

A. Equity Share Capital

(₹ in crores)

Particulars	
Balance as at April 1, 2021	0.15
Issuance of shares on purchase of PV undertaking	9,417.00
Balance as at March 31, 2022	9,417.15

B. Other Equity

(₹ in crores)

Particulars	Capital Reserve	Merger Deficit adjustment account (refer note 3)	Retained earnings (Refer note below)	Total other equity
Balance as at April 1, 2021	-	(1,464.44)	0.88	(1,463.56)
Profit/ (Loss) for the year	-	(578.60)	(272.75)	(851.35)
Capital Reserve	85.99	-	-	85.99
Other comprehensive income/(loss) for the year	-		(11.15)	(11.15)
Total comprehensive loss for the year	85.99	(2,043.04)	(283.02)	(2,240.07)
Openinng balance sheet adjustment pursuant to common control transaction (Refer note 3)	-	(653.50)	-	(653.50)
Balance as at March 31, 2022	85.99	(2,696.54)	(283.02)	(2,893.56)

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

See accompanying notes to financial statements

In terms of our report attached

For and on behalf of the Board

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

RISHABH KUMAR
Partner
Membership No. 402877
UDIN 22402877AIUXPW5368
Place: Mumbai

Date: May 11, 2022

AASIF MALBARI *[DIN: 07345077]*
Director

Place: Mumbai

SHAILESH CHANDRA *[DIN: 07593905]*
MD & Chief Executive Officer

ANINDYA PAUL
Chief Financial Officer

ANJALI SINGH *[ACS: A26664]*
Company Secretary
Date: May 11, 2022

Tata Motors Passenger Vehicles Limited (Formerly known as "TML Business Analytics Services Limited")
Cash Flow Statement

	(₹ in crores)	
	Year ended March 31,	
	2022	2021
Cash flows from financing activities		
Repayment of lease liabilities (including interest)	-	(164.39)
Interest paid	(199.24)	(139.54)
Net cash from/(used in) financing activities	(199.24)	(303.93)
Net increase in cash and cash equivalents	(12.25)	(362.69)
Cash and cash equivalents as at April 1, (opening balance)	0.15	-
Cash inflow on PV undertaking purchased from TML	1,200.00	
Openinng balance sheet adjustment pursuant to common control transaction (Refer note 3)	(765.00)	362.84
Effect of foreign exchange on cash and cash equivalents	-	-
Cash and cash equivalents as at March 31, (closing balance)	422.90	0.15
Non-cash transactions:		
Liability towards property, plant and equipment and other intangible assets purchased on credit/deferred credit	-	-

In terms of our report attached

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

RISHABH KUMAR
Partner
Membership No. 402877
UDIN: 22402877AIUXPW5368
Place: Mumbai

Date: May 11, 2022

For and on behalf of the Board

AASIF MALBARI *[DIN: 07345077]*
Director

SHAILESH CHANDRA *[DIN: 07593905]*
MD & Chief Executive Officer

ANINDYA PAUL
Chief Financial Officer

ANJALI SINGH ACS: *[ACS: A26664]*
Company Secretary

Place: Mumbai

Date: May 11, 2022

Tata Motors Passenger Vehicles Limited (Formerly known as "TML Business Analytics Services Limited")
Statement of Changes in Equity for the year ended March 31, 2021

A. **Equity Share Capital**

(₹ in crores)

Particulars	
Balance as at April 1, 2020	-
Proceeds from issue of shares	0.15
Balance as at March 31, 2021	0.15

B. **Other Equity**

(₹ in crores)

Particulars	Merger Deficit adjustment account	Retained earnings	Total other equity
Balance as at April 1, 2020	-	-	-
Openinng balance sheet adjustment pursuant to common control transaction	(1,307.85)	-	(1,307.85)
Balance as at April 1, 2020 (Restated)	(1,307.85)	-	(1,307.85)
Profit/ (Loss) for the year	(385.78)	(9.48)	(395.26)
Other comprehensive income/(loss) for the year		10.36	10.36
Total comprehensive income/(loss) for the year	(1,693.63)	0.88	(1,692.75)
Openinng balance sheet adjustment pursuant to common control transaction	229.19	-	229.19
Balance as at March 31, 2021	(1,464.44)	0.88	(1,463.56)

Note :

1. Common control merger adjustment represents the movement between opening and closing net identified assets / liabilities of PV undertaking adjusted for loss for the period and purchase consideration.
2. Retained earnings are the profits that the Company has earned till date.
3. Merger deficits are the deficits created because of purchase of PV undertaking from Tata Motors Limited.

See accompanying notes to financial statements

In terms of our report attached

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

RISHABH KUMAR
Partner
Membership No.402877
UDIN: 22402877AIUXPW5368
Place: Mumbai

Date: May 11, 2022

For and on behalf of the Board

AASIF MALBARI [DIN: 07345077]
Director

SHAILESH CHANDRA *[DIN: 07593905]*
MD & Chief Executive Officer

ANINDYA PAUL
Chief Financial Officer

ANJALI SINGH ACS: A26664
Company Secretary

Place: Mumbai

Date: May 11, 2022

1. **Background and operations**

Tata Motors Passenger Vehicles Limited (Formerly known as TML Business Analytics Services Limited) referred to as ("the Company"), designs, manufactures and sells a wide range of automotive vehicles.
The Company is a public limited Company incorporated and domiciled in India and has its registered office at Mumbai, India. As at March 31, 2022, TMPVL is a wholly owned subsidiary of Tata Motors Limited (TML). Tata Motors Limited (TML) directly or indirectly, holds 100% equity interest in TMPVL. These standalone financial statements were approved by the Board of Directors and authorised for issue on May 11, 2022.

2. **Significant accounting policies**

a. **Statement of compliance**

These financial statements have been 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").

b. **Basis of preparation**

The financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period. 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.

c. **Going concern**

The Company's financial statements have been prepared on a going concern basis.
The Company has performed an assessment of its financial position as at March 31, 2022 and forecasts of the Company for a period of eighteen months from the date of these financial statements (the 'Going Concern Assessment Period' and the 'Foreseeable Future').
In developing these forecasts, the Company has modelled a base case, which has been further sensitised using severe but plausible downside scenarios. The base case covers the Going Concern Assessment Period and considers the estimated on-going impact of the COVID-19 global pandemic and a cautious view of the impact of near-term supply chain challenges related to global semi-conductor shortages. It also accounts for other end-market and operational factors throughout the Going Concern Assessment Period. The base case assumes continued recovery in industry volumes based upon external industry forecasts. This has been further sensitized using more severe but plausible scenarios considering external market commentaries and other factors impacting the global economy and automotive industry. Management do not consider more extreme scenarios than the ones assessed to be plausible.
In evaluating the forecasts, the Company has taken into consideration both the sufficiency of liquidity to meet obligations as they fall due as well as potential impact on compliance with financial covenants during the forecast period. These forecasts indicate that, based on cash generated from operations, the existing funding facilities, the Company will have sufficient liquidity to operate and discharge its liabilities as they become due, without breaching any relevant covenants and the need for any mitigating actions.
Based on the evaluation described above, management believes that the Company has sufficient financial resources available to it at the date of approval of these financial statements and that it will be able to continue as a 'going concern' in the foreseeable future and for a period of at least September 30, 2023.

d. **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 the reported amounts of assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the period presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods 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 the following notes:

i) Note 4, Note 5 and Note 6 - Property, plant and equipment and Intangible assets- useful life and impairment
ii) Note 24 - Recoverability/recognition of deferred tax assets
iii) Note 23 - Provision for product warranty
iv) Note 38- Assets and obligations relating to employee benefits
v) Estimation of uncertainties relating to the global health pandemic from COVID-19.

The World Health Organisation in February 2020 declared COVID-19 as a pandemic. Covid-19 pandemic has rapidly spread throughout the world, including India. Governments in India and across the world have taken significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. Consequently, Company's manufacturing plants and offices had to be closed down/operate operate under restrictions for a considerable period of time during the year. Lockdowns/restrictions have impacted the Company operationally including on commodity prices, supply chain matters (including semiconductor supplies) and consumer demand. More recently, the next wave of the pandemic has impacted India and the Company is monitoring the situation closely taking into account the increasing level of infections in India and across the world and directives from the various Governments. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic in the preparation of the financial results including but not limited to its assessment of Company's liquidity and going concern, recoverable values of its property, plant and equipment, intangible assets, intangible assets under development and the net realisable values of other assets. However, given the effect of these lockdowns and restrictions on the overall economic activity and in particular on the automotive industry, the impact assessment of COVID-19 on the abovementioned financial statement captions is subject to significant estimation uncertainties due to its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial statements.

e. **Cost recognition**

Costs and expenses are recognised when incurred and are classified according to their nature. Expenditure are capitalized where appropriate, in accordance with the policy for internally generated intangible assets and represents employee costs, stores and other manufacturing supplies, and other expenses incurred for construction and product development undertaken by the Company.
Material and other cost of sales as reported in the statement of profit and loss is presented net of the impact of realised foreign exchange relating to derivatives hedging cost exposures.

f. Impairment

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.

Intangible assets not yet available for use, are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired.

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.

g. Foreign currency

These financial statements are presented in Indian rupees, which is the functional currency of Tata Motors Passenger Vehicles Limited. 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 arising on settlement of transactions and translation of monetary items are recognized in the statement of Profit or Loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalized as part of borrowing costs.

h. Segments

The Company primarily operates in the automotive segment.

i. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

i. Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103.

ii. Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

iii. Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts.

iv. Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability.

v. Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration.

The Company is assessing the impact of these changes and will accordingly incorporate the same for the financial statements for the year ended March 2023.

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

3. **Business Combination**

Pursuant to the schemes of Arrangement between Tata Motors Limited (TML, parent company) and the company, the Passenger Vehicle (PV) undertaking of TML has been transferred as a going concern and on a slump sale basis effective January 1, 2022. As PV undertaking is transferred from parent company, the merger has been accounted in accordance with "Pooling of Interest Method" laid down by Appendix C of Indian Accounting Standard 103 (Ind AS 103): (Business combinations of entities under common control), notified under the Companies Act, 2013. Accordingly, all assets, liabilities of PV undertaking have been recorded in the books of account of the Company at their existing carrying amounts and in the same form. The difference, between the equity shares issued and all assets and liabilities of PV undertaking, has been debited to Merger Deficit adjustment account. Comparative accounting period presented in the financial statements of the Company has been restated for the accounting impact of the transfer, as stated above, as if the purchase has occurred from the beginning of the comparative period in the financial statements i.e. April 1, 2020.

Following are the assets and liabilities taken over by the Company on January 1, 2022

(₹ in crores)

Particulars	As at January 1, 2022
Non Current Assets	
Property, Plant and Equipment	5,559.61
Capital work-in-progress	733.65
Right to use assets	725.56
Other intangible assets	3,899.35
Intangible assets under development	190.58
Financial assets	
(i) Investments	600.67
(i) Loans and advances	23.71
(ii) Other financial assets	88.05
Other non-current assets	40.02
Total Non current Assets	**11,861.20**
Current Assets	
Inventories	1,615.44
Financial assets	
(i) Trade receivables	92.89
(ii) Cash and cash equivalents	1,200.00
(iii) Loans and advances	22.28
(iv) Other financial assets	27.50
Other current assets	149.95
Total Current Assets	**3,108.06**
Total Assets	**14,969.26**
Non-Current Liabilities	
Financial liabilities	
(i) Borrowings	189.55
(ii) Lease liabilities	640.13
(iii) Other financial liabilities	4.24
Provisions	102.85
Other non-current liabilities	137.66
Total Non current Liabilities	**1,074.43**
Current Liabilities	
Financial liabilities	
(i) Lease liabilities	87.58
(ii) Trade payables	3,822.96
(iii) Acceptances	2,190.76
(iv) Other financial liabilities	204.28
Provisions	338.09
Other current liabilities	530.70
Total Current Liabilities	**7,174.37**
Total Liability	**8,248.80**
Net Assets	**6,720.46**
Less: Consideration paid for purchase of PV undertaking from TML	**9,417.00**
Merger Deficit adjustment account	**(2,696.54)**

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

3. Business Combination (Continued..)

Re-stated Balance sheet as on March 31,2021

(₹ in crores)

Particulars	Year Ended March 31, 2021		
	Before effect of bussiness combination	Effect of PV undertaking purchased from TML	Revised balance post effect of business combination
Non Current Assets			
Property, Plant and Equipment	-	5,612.79	5,612.79
Capital work-in-progress	5.84	785.51	791.35
Right to use assets	-	708.08	708.08
Other intangible assets	-	3,956.64	3,956.64
Intangible assets under development	1.15	781.36	782.51
Financial assets			
(i) Loans and advances	-	22.61	22.61
(ii) Other financial assets	-	87.39	87.39
Other non-current assets	-	30.74	30.74
Total Non current Assets	**6.99**	**11,985.12**	**11,992.11**
Current Assets			
Inventories		1,022.74	1,022.74
Financial assets			
(i) Trade receivables	-	89.10	89.10
(ii) Cash and cash equivalents	0.15	-	0.15
(iii) Loans and advances	-	49.06	49.06
(iv) Other financial assets	-	26.18	26.18
Other current assets	-	132.05	132.05
Total Current Assets	**0.15**	**1,319.13**	**1,319.28**
Total Assets	**7.14**	**13,304.25**	**13,311.39**
Non-Current Liabilities			
Financial liabilities			
(i) Borrowings	-	176.67	176.67
(ii) Lease liabilities	-	593.26	593.26
(iii) Other financial liabilities	-	0.12	0.12
Provisions	-	105.92	105.92
Other non-current liabilities	-	88.05	88.05
Total Non current Liabilities	-	**964.02**	**964.02**
Current Liabilities			
Financial liabilities			
(i) Lease liabilities	-	92.25	92.25
(ii) Trade payables	-	1,986.53	1,986.53
(iii) Acceptances	-	1,436.25	1,436.25
(iv) Other financial liabilities	16.48	178.72	195.20
Provisions	-	306.42	306.42
Other current liabilities	-	377.13	377.13
Total Current Liabilities	**16.48**	**4,377.30**	**4,393.78**
Total Liability	**16.48**	**5,341.32**	**5,357.80**
Net Assets	**(9.34)**	**7,962.93**	**7,953.59**

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

3. **Business Combination (Continued..)**

Re-stated Statement of Profit and loss for the year ended March 31, 2021

(₹ in crores)

		Year Ended March 31, 2021		
		Before effect of bussiness combination	Effect of PV undertaking purchased from TML	Revised balance post effect of business combination
	Revenue from operations			
	Revenue	-	16,650.25	16,650.25
	Other operating revenue	-	64.59	64.59
I.	Total revenue from operations	-	16,714.84	16,714.84
II.	Other Income	-	165.93	165.93
III.	**Total Income (I+II)**	-	**16,880.77**	**16,880.77**
IV.	**Expenses**			
	(a) Cost of materials consumed	-	9430.84	9,430.84
	(b) Purchases of products for sale	-	4361.25	4,361.25
	(c) Changes in inventories of finished goods, work-in-progress and products for sale	-	501.95	501.95
	(d) Employee benefits expense	-	761.44	761.44
	(e) Finance costs	-	189.06	189.06
	(f) Foreign exchange loss (net)	-	(0.52)	(0.52)
	(g) Depreciation and amortisation expense	-	1670.32	1,670.32
	(h) Product development/Engineering expenses	-	558.73	558.73
	(i) Other expenses	9.48	1515.71	1,525.19
	(j) Amount transferred to capital and other accounts	-	(22.60)	(22.60)
	Total Expenses (IV)	**9.48**	**18,966.18**	**18,975.66**
V.	**Profit/(loss) before exceptional items and tax (III-IV)**	**(9.48)**	**(2,085.41)**	**(2,094.89)**
VI.	**Exceptional items**			
	(a) Employee separation cost	-	31.78	31.78
	(b) Impairment losses/(reversal) in passenger vehicle business	-	(1,182.41)	(1,182.41)
	(c) Provision/(reversal) for Onerous Contracts and related supplier claims	-	(549.00)	(549.00)
VII.	**Profit/(loss) before tax (V-VI)**	**(9.48)**	**(385.78)**	**(395.26)**
VIII.	**Tax expense (net)**			
	(a) Current tax	-	-	-
	(b) Deferred tax	-	-	-
	Total tax expense	-	-	-
IX.	**Profit/(loss) for the year (VII-VIII)**	**(9.48)**	**(385.78)**	**(395.26)**
X.	**Other comprehensive income/(loss):**			
	(i) Remeasurement (losses)/gain on defined benefit obligations (net)	-	13.85	13.85
	(ii) Income tax credit/(expense) relating to items that will not be reclassified to profit and loss	-	(3.49)	(3.49)
	Total other comprehensive income/(loss), net of taxes	-	**10.36**	**10.36**
XI.	**Total comprehensive income/(loss) for the year (IX+X)**	**(9.48)**	**(375.42)**	**(384.90)**

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

3. Business Combination (Continued..)

Details of profit and loss for nine months ended December 31, 2021 of PV undertaking, which has been included in the statement of profit and loss for the year ended March 31, 2022 of the Company, applying

(₹ in crores)

		9 Month of PV undertaking	Profit & Loss for the year ended March 31,2022 without common control adjustment
	Revenue from operations		
	Revenue	21,313.29	11,176.57
	Other operating revenue	58.36	24.02
I.	Total revenue from operations	21,371.65	11,200.59
II.	Other Income	164.64	29.48
III.	**Total Income (I+II)**	**21,536.29**	**11,230.07**
IV.	**Expenses**		
	(a) Cost of materials consumed	12,495.72	6,730.18
	(b) Purchases of products for sale	5,576.49	3,247.07
	(c) Changes in inventories of finished goods, work-in-progress and products for sale	44.77	(451.29)
	(d) Employee benefits expense	704.99	271.78
	(e) Finance costs	147.51	68.34
	(f) Foreign exchange loss (net)	8.12	3.27
	(g) Depreciation and amortisation expense	1,508.67	532.87
	(h) Product development/Engineering expenses	407.75	247.51
	(i) Other expenses	1,787.56	631.70
	(j) Amount transferred to capital and other accounts	(6.78)	(30.21)
	Total Expenses (IV)	**22,674.80**	**11,251.22**
V.	**Profit/(loss) before exceptional items and tax (III-IV)**	**(1,138.51)**	**(21.15)**
VI.	**Exceptional items**		
	(a) Provision for impairment of investments in subsidiary companies	(559.91)	-
	(b) Cost of Purchase of PV Undertaking	-	251.34
VII.	**Profit/(loss) before tax (V-VI)**	**(578.60)**	**(272.49)**
VIII.	**Tax expense (net)**		
	(a) Current tax	-	-
	(b) Deferred tax	-	-
	Total tax expense	-	-
IX.	**Profit/(loss) for the period (VII-VIII)**	**(578.60)**	**(272.49)**

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

4. **Property, plant and equipment**

(a) Accounting policy

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Freehold land is measured at cost and is not depreciated.

Cost includes purchase price, non-recoverable taxes and duties, labour cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

Interest cost incurred for constructed assets is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

Depreciation is provided on the Straight Line Method (SLM) over the estimated useful lives of the assets considering the nature, estimated usage, operating conditions, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support. Taking into account these factors, the Company has decided to retain the useful life hitherto adopted for various categories of property, plant and equipments, which are different from those prescribed in Schedule II of the Act.

Estimated useful lives of assets are as follows:

Type of Asset	Estimated useful life (years)
Buildings, Roads, Bridge and culverts	4 to 60 years
Plant, machinery and equipment	8 to 20 years
Computers and other IT assets	4 to 6 years
Vehicles	4 to 10 years
Furniture, fixtures and office appliances	5 to 15 years

The useful lives is reviewed at each year end. Changes in expected useful lives are treated as change in accounting estimates.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

An item of property, plant and equipment is derecognized on disposal. Any gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss.

(b) Property, plant and equipment

(₹ in crores)

	Owned assets						
	Land	Buildings	Plant, machinery and equipments	Furniture and fixtures	Vehicles	Computers & other IT assets	Total
Cost as at April 1, 2021	**786.74**	**774.63**	**12,368.56**	**44.89**	**48.61**	**53.59**	**14,077.02**
Additions	-	**21.00**	**874.61**	**0.38**	**3.60**	**8.26**	**907.85**
Disposals/adjustments	-	**28.08**	**(232.92)**	**22.06**	**(29.60)**	**22.49**	**(189.89)**
Cost as at March 31, 2022	**786.74**	**823.71**	**13,010.25**	**67.33**	**22.61**	**84.34**	**14,794.98**
Accumulated depreciation as at April 1, 2021	-	**(305.28)**	**(8,062.42)**	**(22.00)**	**(31.13)**	**(43.40)**	**(8,464.23)**
Depreciation for the year	-	**(32.93)**	**(752.72)**	**(3.08)**	**(6.37)**	**(4.19)**	**(799.29)**
Disposal/adjustments	-	**(21.07)**	**231.70**	**(12.88)**	**23.95**	**(16.16)**	**205.54**
Accumulated depreciation as at March 31, 2022	-	**(359.28)**	**(8,583.44)**	**(37.96)**	**(13.55)**	**(63.75)**	**(9,057.98)**
Net carrying amount as at March 31, 2022	**786.74**	**464.43**	**4,426.81**	**29.37**	**9.06**	**20.59**	**5,737.00**
Assets taken on purchase of PV undertaking	(815.87)	(40.46)	-	-	1.74	-	(854.59)
Cost as at April 1, 2020	1,602.61	802.27	11,927.51	61.30	53.74	52.93	14,500.36
Restated cost as at April 1, 2020	**786.74**	**761.81**	**11,927.51**	**61.30**	**55.48**	**52.93**	**13,645.77**
Additions	-	12.82	542.81	0.56	2.97	0.78	559.94
Disposals/adjustments	-		(101.76)	(16.97)	(9.84)	(0.12)	(128.69)
Cost as at March 31, 2021	786.74	774.63	12,368.56	44.89	48.61	53.59	14,077.02
Assets taken on purchase of PV undertaking	-	16.33	-	-	(0.61)	-	15.72
Accumulated depreciation as at April 1, 2021	-	(355.31)	(7,839.69)	(29.05)	(30.99)	(43.88)	(8,298.92)
Restated accumulated depreciation as at April 1, 2020	-	**(338.98)**	**(7,839.69)**	**(29.05)**	**(31.60)**	**(43.88)**	**(8,283.20)**
Depreciation for the year	-	(20.58)	(672.23)	(3.01)	(8.55)	(2.33)	(706.70)
Reversal of Impairment loss	-	56.88	468.83	0.63	1.65	2.77	530.76
Disposal/adjustments	-	(2.60)	(19.33)	9.43	7.37	0.04	(5.09)
Accumulated depreciation as at March 31, 2021	-	(305.28)	(8,062.42)	(22.00)	(31.13)	(43.40)	(8,464.23)
Net carrying amount as at March 31, 2021	786.74	469.35	4,306.14	22.89	17.48	10.19	5,612.79

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

Tata Motors Passenger Vehicles Limited (Formerly known as "TML Business Analytics Services Limited")
NOTES FORMING PART OF FINANCIAL STATEMENTS

4. **Property, plant and equipment (Continued)**

(c) **Capital work-in-progress**

	For the year ended March 31, 2022	2021
Balance at the beginning	791.35	509.30
Additions	595.26	627.04
Capitalised during the year	(907.86)	(413.36)
(Write off)/(Provision)/reversal of impairment	-	68.37
Balance at the end	478.75	791.35

(d) **Ageing of tangible assets under development**

(₹ in crores)

	As at March 31, 2022				
	Up to 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	298.81	90.11	65.40	24.43	478.75
Projects temporarily suspended	-	-	-	-	-
As at March 31, 2022	298.80	90.11	65.40	24.43	478.75

	As at March 31, 2021				
	Up to 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	490.47	230.09	45.63	25.16	791.35
Projects temporarily suspended	-	-	-	-	-
As at March 31, 2021	490.47	230.09	45.63	25.16	791.35

(e) **Expected Completion schedule of tangible assets under development where cost and time overrun has exceeded original plan**

	As at March 31, 2022				
	Up to 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1	**138.71**	-	-	-	**138.71**
Project 2	**23.07**	-	-	-	**23.07**
Project 3	**13.74**	-	-	-	**13.74**
Project 4	**12.97**	-	-	-	**12.97**
Project 5	**12.90**	-	-	-	**12.90**
Project 6	**7.13**	-	-	-	**7.13**
Project 7	**4.48**	-	-	-	**4.48**
Project 8	**2.24**	-	-	-	**2.24**
Project 9	**1.91**	-	-	-	**1.91**
Project 10	**0.02**	-	-	-	**0.02**
As at March 31, 2022	**217.17**	-	-	-	**217.17**

	As at March 31, 2021				
	Up to 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1	23.79	6.00	-	-	29.79
Project 2	-	4.12	-	-	4.12
Project 3	97.86	25.23	-	-	123.09
Project 4	12.26	8.90	-	-	21.16
Project 5	272.29	141.00	-	-	413.29
As at March 31, 2021	406.20	185.25	-	-	591.45

Original plan is considered as that plan which is approved and on the basis of which implementation progress is evaluated. Such original plan includes management's estimates and assumptions w.r.t future business, economy / industry and regulatory environments.

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

5. Leases

(a) Accounting policy

Lessee:

At inception of a contract, the Company assesses whether a contract is, or contain a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

i) The contract involves the use of an identified asset –this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substation right, then the asset is not identified;

ii) The Company has the right to substantially all of the economic benefits from the use of the asset throughout the period of use; and

iii) The Company has the right to direct the use of the asset. The Company has this right when it has the decision making rights that are most relevant to changing how and for what purposes the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- The Company has the right to operate the asset; or
- The Company designed the asset in a way that predetermines how and for what purposes it will be used.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimated dilapidation costs, less any lease incentives received. The right-of-use asset is subsequently amortised using the straight-line method over the shorter of the useful life of the leased asset or the period of lease. If ownership of the leased asset is automatically transferred at the end of the lease term or the exercise of a purchase option is reflected in the lease payments, the right-of-use asset is amortised on a straightline basis over the expected useful life of the leased asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using, the Company's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future lease payments.

Lease payments include fixed payments, i.e. amounts expected to be payable by the Company under residual value guarantee, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease if the lease term considered reflects that the Company shall exercise termination option. The Company also recognises a right of use asset which comprises of amount of initial measurement of the lease liability, any initial direct cost incurred by the Company and estimated dilapidation costs.

Payment made towards short term leases (leases for which non-cancellable term is 12 months or lesser) and low value assets (lease of assets worth less than ₹0.03 crore) are recognised in the statement of Profit and Loss as rental expenses over the tenor of such leases.

Lessor:

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on contractual terms & substance of the lease arrangement. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(b) The Company leases a number of buildings, plant and equipment, IT hardware and software assets, certain of which have a renewal and/or purchase option in the normal course of the business. Extension and termination options are included in a number of leases across the Company. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension or termination option. The Company re-assesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within its control. It is recognised that there is potential for lease term assumptions to change in the future due to the effects of the COVID-19 pandemic, and this will continue to be monitored by the Company where relevant. The Company's leases mature between 2022 and 2029.

When measuring lease liability, the Group discounted lease payments using its incremental borrowing rate at April 1, 2020. The weighted average rate applied is 8.39 %. (2021: 8.58 %)

The following amounts are included in the Balance Sheet :	(₹ in crores)	
	As at March 31, 2022	As at March 31, 2021
Current lease liabilities	99.07	92.25
Non-current lease liabilities	649.34	593.26
Total lease liabilities	748.41	685.51

The following amounts are recognised in the statement of profit and loss :	(₹ in crores)	
	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense on lease liabilities	57.36	44.64
Expenses related to short-term leases	0.91	-
Expenses related to low-value assets, excluding short-term leases of low-value assets	2.95	0.65

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

5. Leases (Continued)

(c) Leases

(₹ in crores)

	Land	Buildings	Plant, machinery and equipments	Vehicles	Computers & other IT assets	Total
Cost as at April 1, 2021	29.66	130.79	730.60	10.92	7.81	909.78
Additions	-	29.92	107.28	30.76	0.38	168.34
Disposals/adjustments	-	(23.72)	-	-	(0.42)	(24.14)
Cost as at March 31, 2022	29.66	136.99	837.88	41.68	7.77	1,053.98
Accumulated amortisation as at April 1, 2021	(0.78)	(44.39)	(150.13)	(0.75)	(5.67)	(201.72)
Amortisation for the year	(0.39)	(21.70)	(96.52)	-	(0.80)	(119.41)
Amortisation - considered as employee cost	-	-	-	(8.54)	-	(8.54)
Disposal/adjustments	-	11.67	-	0.55	0.42	12.64
Accumulated amortisation as at March 31, 2022	(1.17)	(54.42)	(246.65)	(8.74)	(6.05)	(317.03)
Net carrying amount as at March 31, 2022	28.49	82.57	591.23	32.94	1.72	736.95
Common control merger adjustments	-	31.28	-	-	-	31.28
Cost as at April 1, 2020	29.66	99.26	368.74	-	5.36	503.02
Restated cost as at April 1, 2020	29.66	130.54	368.74	-	5.36	534.30
Additions	-	14.81	385.02	10.92	2.45	413.20
Disposals/adjustments	-	(14.56)	(23.16)	-	-	(37.72)
Cost as at March 31, 2020	29.66	130.79	730.60	10.92	7.81	909.78
Common control merger adjustments	-	(8.69)	-	-	-	(8.69)
Accumulated amortisation as at April 1, 2020	(0.39)	(32.90)	(107.20)	-	(4.80)	(145.29)
Restated accumulated amortisation as at April 1, 2020	(0.39)	(41.59)	(107.20)	-	(4.80)	(153.98)
Amortisation for the year	(0.39)	(18.94)	(78.66)	-	(0.92)	(98.91)
Amortisation - considered as employee cost	-	-	-	(0.75)	-	(0.75)
Reversal of Impairment Loss	-	6.81	31.33	-	0.05	38.19
Disposal/adjustments	-	9.33	4.40	-	-	13.73
Accumulated amortisation as at March 31, 2021	(0.78)	(44.39)	(150.13)	(0.75)	(5.67)	(201.72)
Net carrying amount as at March 31, 2021	28.88	86.40	580.47	10.17	2.14	708.06

(d) There are certain vehicles which are being given to the customers along with operations and maintenance of the same. These are accounted as finance lease as the material risks and rewards are transferred to the lessee.

The average effective interest rate contracted approximates 12.5 per cent (2021: 12.5 per cent) per annum.

The following amounts are included in the Balance Sheet :

(₹ in crores)

	As at March 31, 2022	As at March 31, 2021
Current lease receivables	12.67	12.50
Non-current lease receivables	67.34	80.23
Total lease receivables	80.01	92.73

The following amounts are recognised in the statement of profit and loss :

(₹ in crores)

	Year ended March 31, 2022	Year ended March 31, 2021
Finance income on the net investment in finance leases	15.69	17.80

The table below provides details regarding the contractual maturities of finance lease liabilities:

As at March 31, 2022 (₹ in crores)

	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total contractual cash flows
Finance lease receivables	12.68	13.01	54.32	-	80.01

As at March 31, 2021 (₹ in crores)

	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total contractual cash flows
Finance lease receivables	12.49	12.67	67.57	-	92.73

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

6. Other Intangible assets

(a) Accounting policy

Intangible assets purchased are measured at cost or fair value as on the date of acquisition less accumulated amortisation and impairment, if any.

Amortisation is provided on a straight-line basis over estimated useful lives of the intangible assets as per details below:

	Estimated amortisation period
Software	4 years

The amortisation period for intangible assets with finite useful lives is reviewed at each year-end. Changes in expected useful lives are treated as changes in accounting estimates.

Internally generated intangible asset

Research costs are charged to the statement of Profit and Loss in the year in which they are incurred.

Product development costs incurred on new vehicle platform, engines, transmission and new products are recognised as intangible assets, when feasibility has been established, the Company has committed technical, financial and other resources to complete the development and it is probable that asset will generate future economic benefits.

The cost of an internally generated intangible asset is the sum of directly attributable expenditure incurred from the date when the intangible asset first meets the recognition criteria to the completion of its development.

Interest cost incurred is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings if no specific borrowings have been incurred for the asset.

Product development costs is amortised over the life of the related product, being a period of 24 months to 120 months.

Product development expenditure is measured at cost less accumulated amortisation and impairment, if any. Amortisation is not recorded on product engineering in progress until development is complete.

Derecognition of intangible assets

An item of intangible assets is derecognized on disposal or when fully amortized and no longer in use. Any gain or loss arising from derecognition of an item of intangible assets is included in profit or loss.

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

6. **Other Intangible assets (Continued)**

(b) Other Intangible assets

(₹ in crores)

	Computer Software	Product development	Total
Cost as at April 1, 2021	36.12	7,115.82	7,151.94
Additions	11.50	860.84	872.34
Fully amortised not in use	-	(615.37)	(615.37)
Disposals/adjustments	46.56	-	46.56
Cost as at March 31, 2022	94.18	7,361.29	7,455.47
Accumulated amortisation as at April 1, 2021	(35.84)	(3,159.46)	(3,195.30)
Amortisation for the year	(1.28)	(1,121.56)	(1,122.84)
Fully amortised not in use	-	615.36	615.36
Disposals/adjustments	(43.49)	-	(43.49)
Accumulated amortisation as at March 31, 2022	(80.61)	(3,665.66)	(3,746.27)
Net carrying amount as at March 31, 2022	13.57	3,695.63	3,709.20
Cost as at April 1, 2020	36.04	6,585.67	6,621.71
Additions	0.08	530.15	530.23
Cost as at March 31, 2021	36.12	7,115.82	7,151.94
Accumulated amortisation as at April 1, 2020	(35.64)	(2,708.82)	(2,744.46)
Amortisation for the year	(0.20)	(879.72)	(879.92)
Reversal of Impairment loss	-	429.08	429.08
Accumulated amortisation as at March 31, 2021	(35.84)	(3,159.46)	(3,195.30)
Net carrying amount as at March 31, 2021	0.28	3,956.36	3,956.64

(c) **Intangible assets under development**

	For the year ended March 31, 2022	2021
Balance at the beginning	**782.51**	892.51
Additions	**387.93**	304.22
Capitalised during the year	**(872.34)**	(530.23)
(Write off)/(Provision)/reversal of impairment	**(0.01)**	116.01
Balance at the end	**298.09**	782.51

(d) **Ageing of intangible assets under development**

(₹ in crores)

As at March 31, 2022	Up to 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	269.40	25.37	3.32	-	298.09
Projects temporarily suspended	-	-	-	-	-
As at March 31, 2022	269.40	25.37	3.32	-	298.09

As at March 31, 2021	Up to 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	286.36	145.28	116.25	234.62	782.51
Projects temporarily suspended	-	-	-	-	-
As at March 31, 2021	286.36	145.28	116.25	234.62	782.51

(e) **Expected Completion schedule of Intangible assets under development where cost and time overrun has exceeded original plan**

As at March 31, 2022	Up to 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1	**7.71**	-	-	-	**7.71**
Project 2	-	**4.18**	-	-	**4.18**
Project 3	**56.62**	-	-	-	**56.62**
	64.33	**4.18**	-	-	**68.51**

As at March 31, 2021	Up to 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1	42.72	-	-	-	42.72
Project 2	-	-	-	4.57	4.57
Project 3	594.76	-	-	-	594.76
	637.48	-	-	**4.57**	**642.05**

Original plan is considered as that plan which is approved and on the basis of which implementation progress is evaluated. Such original plan includes management's estimates and assumptions w.r.t future business, economy / industry and regulatory environments.

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

(₹ in crores

7. Loans and advances- non current

	As at March 31, 2022	2021
Unsecured :		
(a) Loans to employees-Considered Good	16.90	13.42
(b) Others-Considered Good	10.21	9.19
Total	**27.11**	**22.61**

8. Loans and advances- current

	As at March 31, 2022	2021
Unsecured :		
(a) Advances and other receivables (net of allowances for credit impaired balances of ₹ **1.00 crores** and ₹1.00 crores as at March 31, 2022 and 2021, respectively)	**23.52**	6.24
(b) Intercorporate deposits		
Considered good	**1,770.00**	-
(c) Dues from fellow subsidiary companies		
Considered good	**31.85**	42.82
Total	**1,825.37**	49.06

Note:

	As at March 31, 2022	2021
Dues from Holding company and it's fellow subsidiary companies:		
(a) Tata Motors Limited	**31.66**	-
(b) Tata Passenger Electric Mobility Limited	**0.19**	-
(c) Tata Motors European Technical Centre PLC	-	42.82
Total	**31.85**	42.82

9. Other financial assets - non-current

	As at March 31, 2022	2021
(a) Finance lease receivable	**67.34**	80.23
(b) Recoverable from suppliers	**4.72**	1.44
(c) Others	**7.99**	5.72
Total	**80.05**	87.39

10. Other financial assets - current

	As at March 31, 2022	2021
(a) Derivative financial instruments	**28.78**	-
(b) Interest accrued on loans and deposits	**0.06**	-
(c) Finance lease receivable	**12.67**	12.50
(d) Recoverable from suppliers	**13.57**	13.59
(e) Security deposits	**0.12**	0.09
Total	**55.20**	26.18

11. Other non-current assets

	As at March 31, 2022	2021
(a) Capital advances	**18.75**	30.67
(b) Others	**3.24**	0.07
Total	**21.99**	30.74

12. Other current assets

	As at March 31, 2022	2021
(a) Advance to suppliers and contractors (net of allowances for credit impaired balances of **₹11.93** crores and ₹ 10.66 crores as at March 31, 2022 and 2021, respectively)	**24.88**	3.24
(b) Taxes recoverable, statutory deposits and dues from government (net of allowances for credit impaired balances of **₹ 0.32** crores and ₹ 0.32 crores as at March 31, 2022 and 2021, respectively)	**225.08**	115.86
(c) Prepaid expenses	**85.46**	12.90
(d) Employee benefits	**1.60**	-
(e) Others	**0.04**	0.05
Total	**337.06**	132.05

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

(₹ in crores)

13. Inventories

(a) Accounting policy

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials, components and consumables are ascertained on a moving weighted average basis. Cost, including fixed and variable production overheads, are allocated to work-in-progress and finished goods determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

(b) Inventories

	As at March 31, 2022	2021
(a) Raw materials and components	**987.85**	561.49
(b) Work-in-progress	**164.08**	115.56
(c) Finished goods	**287.59**	207.77
(d) Stores and spare parts	**46.80**	34.61
(e) Consumable tools	**14.70**	11.48
(f) Goods-in-transit - Raw materials and components	**91.45**	91.83
Total	**1,592.47**	1,022.74

During the year ended March 31, 2022 and 2021, the Company recorded inventory write-down expenses of **₹9.16 crores** and ₹(6.64) crores, respectively.

Cost of inventories (including cost of purchased products) recognized as expense during the year ended March 31, 2022 and 2021 amounted to **₹31,373.01 crores** and ₹17,190.27 crores, respectively.

14. Trade receivables (unsecured)

	As at March 31, 2022	2021
Receivables considered good	**184.89**	89.10
Credit impaired receivables	**160.66**	158.25
	345.55	247.35
Less : Allowance for credit impaired receivables	**(160.66)**	(158.25)
Total	**184.89**	89.10

15. Allowance for trade receivables, loans and other receivables

	For the year ended March 31, 2022	2021
Balance at the beginning	**170.23**	192.28
Allowances made during the year	**3.68**	7.69
Provision for loan/intercorporate deposits given to fellow subsidiary companies	-	(19.55)
Written off	-	(10.19)
Balance at the end	**173.91**	170.23

16. Cash and cash equivalents

(a) Accounting policy

Cash and cash equivalents comprises cash on hand, demand deposits and highly liquid investments with an original maturity of up to three month that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

(b) Cash and cash equivalents

	As at March 31, 2022	2021
(i) Cheques on hand	**18.97**	-
(ii) Balances with banks (refer note below)	**183.93**	0.15
(iii) Deposits with banks	**220.00**	-
Total	**422.90**	0.15

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

(₹ in crores)

17. Equity Share Capital	As at March 31, 2022	2021
(a) Authorised:		
20,00,00,00,000 Ordinary shares of ₹ 10 each (as at March 31, 2021: 150,000 Ordinary shares of ₹10 each)	20,000.00	0.15
Total	20,000.00	0.15
(b) Issued:		
9,417,150,000 Ordinary shares of ₹10 each (as at March 31, 2021: 150,000 Ordinary shares of ₹10 each)	9,417.15	0.15
Total	9,417.15	0.15
(c) Subscribed and paid up:		
9,417,150,000 Ordinary shares of ₹10 each (as at March 31, 2021: 150,000 Ordinary shares of ₹10 each)	9,417.15	9,417.15
	9,417.15	9,417.15

(d) The movement of number of shares and share capital	Year ended March 31, 2022		Year ended March 31, 2021	
	(No. of shares)	(₹ in crores)	(No. of shares)	(₹ in crores)
(i) Ordinary shares				
Balance as at April 1	1,50,000	0.15	-	-
Add: Issued during the year (Part of subscription to memorandum of association)	-	-	1,50,000	0.15
Add: Allotment of shares on account of Demerger Scheme (Refer note 3)	9,417,000,000	9,417.00	-	-
Balance as at March 31	941,71,50,000	9,417.15	1,50,000	0.15

(e) Number of shares held by each shareholder holding more than 5 percent of the issued share capital :

	Year ended March 31, 2022		Year ended March 31, 2021	
	(No. of shares)	(₹ in crores)	(No. of shares)	(₹ in crores)
Ordinary shares :				
(a) TML Business Services Limited (formerly Concorde Motors (India) Limited)		150,000	100.00%	150,000
(b) Tata Motors Limited	100.00%	941,70,00,000	-	-

(f) Disclosure of Shareholding of Promoters	Period ended March 31, 2022		Period ended March 31, 2021	
Promoter name	(No. of shares)	% of Issued Share Capital	(No. of shares)	% of Issued Share Capital
(a) TML Business Services Limited (formerly Concorde Motors (India) Limited)	150,000*	-	150,000	100%
(b) Tata Motors Limited	9,417,000,000	100%		

* Less than 1%

(g) Information regarding issue of shares in the last five years
(a) During the current year, the company has issued 9,417,000,000 shares without payment being received in cash, pursuant to scheme of demerger (Refer note 3)
(b) The Company has not issued any bonus shares.
(c) The Company has not undertaken any buy-back of shares.

(₹ in crores)

	As at March 31, 2022	2021
18. Long-term borrowings		
Secured:		
Term loans:		
Government loan (refer note (i) below)	193.84	176.67
Total	193.84	176.67

19. Short-term borrowings	As at March 31, 2022	2021
Secured:		
Loans from banks	2.28	-
	2.28	-

Information regarding long-term borrowings

(i) **Nature of security (on loans including interest accrued thereon) :**

The term loan of **₹ 587.08 crores** (recorded in books at **₹ 193.84 crores**) is due for repayment from the quarter ending March 31, 2033 to quarter ending March 31, 2039, along with simple interest at the rate of 0.10% p.a. The loan is secured by a second and subservient charge (creation of charge is under process) over Company's freehold land together with immovable properties, plant and machinery and other movable assets (excluding stock and book debts) situated at Sanand plant in the State of Gujarat.

Reconciliation of movements of liabilities to cash flows arising from financing activities (₹ in crores)

	Short-term borrowings	Long-term borrowings	Total
Balance at April 1, 2020	-	161.00	161.00
Amortisation / EIR adjustments of prepaid borrowings (net)	-	(161.00)	(161.00)
Balance at March 31, 2021	-	-	-
Balance at March 31, 2021	-	-	-
Amortisation / EIR adjustments of prepaid borrowings (net)	-	193.84	193.84
Balance at March 31, 2022	2.28	193.84	196.12

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

20 Trade payables

(₹ in crores)

	As at March 31, 2022					
	Not due	Overdue				
		Up to 1 year	1-2 years	2-3 years	More than 3 years	Total
Outstanding dues of micro and small enterprises						
(a) Undisputed dues	22.58	9.29	0.24	0.23	0.69	33.03
Total	**22.58**	**9.29**	**0.24**	**0.23**	**0.69**	**33.03**
Outstanding dues of creditors other than micro and small enterprises						
(a) Undisputed dues	3,460.16	774.19	2.36	2.56	18.24	4,257.51
Total	**3,460.16**	**774.19**	**2.36**	**2.56**	**18.24**	**4,257.51**
Balance as at March 31, 2022	**3,482.74**	**783.48**	**2.60**	**2.79**	**18.93**	**4,290.54**

(₹ in crores)

	As at March 31, 2021					
	Not due	Overdue				
		Up to 1 year	1-2 years	2-3 years	More than 3 years	Total
Outstanding dues of micro and small enterprises						
(a) Undisputed dues	7.30	6.34	0.65	0.24	2.02	16.55
Total	**7.30**	**6.34**	**0.65**	**0.24**	**2.02**	**16.55**
Outstanding dues of creditors other than micro and small enterprises						
(a) Undisputed dues	1,713.26	197.50	26.88	9.45	22.89	1,969.98
Total	**1,713.26**	**197.50**	**26.88**	**9.45**	**22.89**	**1,969.98**
Balance as at March 31, 2021	**1,720.56**	**203.84**	**27.53**	**9.69**	**24.91**	**1,986.53**

21. Other financial liabilities – non-current

(₹ in crores)

	As at March 31,	
	2022	2021
Rental Deposit	**2.76**	-
Others	**0.12**	0.12
Total	**2.88**	0.12

22. Other financial liabilities – current

(₹ in crores)

	As at March 31,	
	2022	2021
(a) Liability for capital expenditure (refer note below)	**62.66**	81.27
(b) Deposits and retention money	**100.93**	103.96
(c) Derivative financial instruments	**13.94**	-
(d) Others	-	9.97
	177.53	195.20

Note:

Includes ₹ **2.58** crores (₹9.73 crores as at March 31, 2021) outstanding towards principal and interest provision on dues of micro enterprises and small enterprises as per MSMED ACT 2006.

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

23. **Provisions**

(a) Accounting policy

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. When the effect of the time value of money ismaterial, provisions are determined by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Product warranty expenses

The estimated liability for product warranties is recognised when products are sold or when new warranty programmes are initiated. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future warranty claims, customer goodwill and recall complaints. The timing of outflows will vary depending on when warranty claim will arise, being typically up to six years. The Company also has back- toback contractual arrangement with its suppliers in the event that a vehicle fault is proven to be a supplier's fault.

Estimates are made of the expected reimbursement claim based upon historical levels of recoveries from supplier, adjusted for inflation and applied to the population of vehicles under warranty as on Balance Sheet date. Supplier reimbursements are recognised as separate asset.

Provision for onerous obligations

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting its obligations under the contract. It is recognized when the Company has entered into a binding legal agreement for the purchase of components from suppliers that exceeds the benefits from the expected future use of the components and the Company sells the finished goods using the components at a loss.

(₹ in crores)

(b) Provisions-non current	As at March 31, 2022	As at March 31, 2021
(i) Employee benefits obligations	122.38	89.80
(ii) Warranty	16.70	16.12
Total	139.08	105.92

(₹ in crores)

(c) Provisions-current	As at March 31, 2022	As at March 31, 2021
(i) Warranty	119.01	76.40
(ii) Provision for onerous contract and related supplier claims	219.36	228.00
(iii) Employee benefits obligations	2.85	2.02
Total	341.22	306.42

Note

Onerous contract and Warranty provision movement

(₹ in crores)

	Year ended March 31, 2022	
	Onerous contract	Warranty
Balance at the beginning	228.00	92.52
Provision/(reversal) made during the year	(8.64)	165.01
Provision used during the year	-	(121.82)
Balance at the end	219.36	135.71
Current	219.36	119.01
Non-current	-	16.70

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

24. Income taxes

(a) Accounting policy

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

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognised to the extent it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 the 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 tax assets and liabilities on a net basis.

(b) The reconciliation of income tax expense calculated as per tax rates applicable to individual entities with income tax expense is as follows:

	(₹ in crores) Year ended March 31, 2022	2021
Profit/(loss) before tax	(851.09)	(395.26)
Income tax expense at tax rates applicable to individual entities	(214.20)	(138.12)
Deferred tax assets not recognized for common control transactions	145.62	134.81
Deferred tax assets not recognized as realisation is not probable	115.40	-
Others	(46.55)	3.31
Income tax expense reported in statement of profit and loss	0.26	0.00

Note:

The company has decided to opt for the New Tax Regime inserted by section 115BAA of the Income-tax Act, 1961 and enacted by the Taxation Laws (Amendment) Ordinance, 2019 ("the Ordinance") which is applicable from Financial Year beginning April 1, 2019. It has accordingly applied the tax rates as applicable under the provisions of section 115BAA of the Income-tax Act, 1961 in the financial statements for the year ended March 31, 2022.

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

	Opening balance	Recognised in profit and loss	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:				
Compensated absences and retirement benefits	(3.49)	(0.26)	3.75	-
Total deferred tax assets	(3.49)	(0.26)	3.75	-
Total deferred tax liabilities	-	-	-	-
Net Deferred tax assets / (liabilities)	(3.49)	(0.26)	3.75	-

As at March 31, 2022, unrecognised deferred tax assets amount to **₹714.43** crores which can be carried forward indefinitely. These relate primarily to depreciation carry forwards and other deductible temporary difference. The deferred tax asset has not been recognised on the basis that its recovery is not probable in the foreseeable future.

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

24. Income taxes (Continued)

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

(₹ in crores)

	Opening balance	Recognised in profit and loss	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:				
Compensated absences and retirement benefits	-	-	(3.49)	(3.49)
Total deferred tax assets	-	-	(3.49)	(3.49)
Total deferred tax liabilities	-	-	-	-
Net Deferred tax assets / (liabilities)	-	-	(3.49)	(3.49)

25. Other non-current liabilities

	As at March 31, 2022	2021
(a) Contract liabilities (note (a) below)	**178.51**	88.05
(b) Employee Benefit Obligations - Funded	**1.46**	-
Total	**179.97**	88.05

26. Other current liabilities

	As at March 31, 2022	2021
(a) Contract liabilities (note (a) below)	**623.42**	346.66
(b) Statutory dues (GST,Property Tax, TDS, TCS etc)	**265.63**	-
(c) Others	**20.06**	30.47
Total	**909.11**	377.13

Note:

(a) Contract liabilities	As at March 31, 2022	2021
Opening contract liabilities	**434.71**	232.25
Amount recognised in revenue	**(261.01)**	(143.37)
Amount received in advance during the year	**628.23**	352.01
Amount refunded to customers	-	(6.18)
Closing contract liabilities	**801.93**	**434.71**

		As at March 31, 2022	2021
Advances received from customers	Current	**535.61**	253.32
Deferred revenue	Current	**87.81**	93.34
	Non-current	**178.51**	88.05
		801.93	**434.71**

Performance obligations in respect of amount received in respect of future maintenance service and extended warranty will be fulfilled over a period of 6 years from year ending March 31, 2022 till March 31, 2027.

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

27. **Revenue recognition**

(a) **Accounting policy**

The Company generates revenue principally from-

i) Sale of products - passenger vehicles and vehicle parts

The Company recognises revenues on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products aredelivered to dealers

or when delivered to a carrier for export sales, which is when control including risks and rewards and title of ownership pass to the customer.

The Company offers sales incentives in the form of variable marketing expense to customers, which vary depending on the timing and customer of any subsequent sale of the vehicle. This sales incentive is accounted for as a revenue reduction and is constrained to a level that is highly probable not to reverse the amount of revenue recognised when any associated uncertainty is subsequently resolved. The Company estimates the expected sales incentive by market and considers uncertainties including competitor pricing, ageing of retailer stock and local market conditions.

The consideration received in respect of transport arrangements for delivering of vehicles to the customers are recognised net of their costs within revenues in the income statement.

Revenues are recognised when collectability of the resulting receivable is reasonably assured.

ii) Sale of services - maintenance service and extended warranties for passenger vehicles.

Income from sale of maintenance services and extended warranties are recognised as income over the relevant period of service or extended warranty.

When the Company sells products that are bundled with maintenance service or extended period of warranty, such services are treated as a separate performance obligation only if the service or warranty is optional to the customer or includes an additional service component. In such cases, the transaction price allocated towards such maintenance service or extended period of warranty is recognised as a contract liability until the service obligation has been met.

The Company operates certain customer loyalty programs under which customer is entitled to reward points on the spend towards Company's products. The reward points earned by customers can be redeemed to claim discounts on future purchase of certain products or services. Transaction price allocated towards reward points granted to customers is recognised as a deferred income liability and transferred to income when customers redeem their reward points.

Sales of services include certain performance obligations that are satisfied over a period of time. Any amount received in advance in respect of such performance obligations that are satisfied over a period of time is recorded as a contract liability and recorded as revenue when service is rendered to customers.

Refund liabilities comprise of obligation towards customers to pay for discounts and sales incentives.

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

(₹ in crores)

27. (b) Revenue From Operations

	Year ended March 31, 2022	2021
(a) Sale of products (refer note 1 below)		
(i) Vehicles	26,240.88	13,302.44
(ii) Spare parts	1,408.78	934.59
(iii) Miscellaneous products	4,674.13	2,321.50
Total Sale of products	32,323.79	16,558.53
(b) Sale of services	166.07	91.72
Revenue	32,489.86	16,650.25
(c) Other operating revenues	82.38	64.59
Total	32,572.24	16,714.84

Note:

(1) Includes variable marketing expenses netted off against revenue	812.60	661.14

28. Other income

(a) Accounting policy

Government Grants and Incentives

Other income includes export and other recurring and non-recurring incentives from Government (referred as "incentives").

Government grants are recognised when there is a reasonable assurance that the Company will comply with the relevant conditions and the grant will be received.

Government grants are recognised in the statement of profit and loss, either on a systematic basis when the Company recognises, as expenses, the related costs that the grants are intended to compensate or, immediately if the costs have already been incurred. Government grants related to assets are deferred and amortised over the useful life of the asset. Government grants related to income are presented as an offset against the related expenditure, and government grants that are awarded as incentives with no ongoing performance obligations to the Company are recognised as income in the period in which the grant is received.

(₹ in crores)

(b) Other income

	Year ended March 31, 2022	2021
(a) Interest income	55.64	34.72
(b) Government incentives	138.48	131.21
Total	194.12	165.93

(₹ in crores)

29. Employee benefits expense

	Year ended March 31, 2022	2021
(a) Salaries, wages and bonus	800.29	640.30
(b) Contribution to provident fund and other funds	53.37	47.59
(c) Staff welfare expenses	123.11	73.55
	976.77	761.44

(₹ in crores)

30. Finance costs

	Year ended March 31, 2022	2021
(a) Interest	98.26	85.39
Less: Transferred to capital account	(7.54)	-
	90.72	85.39
(b) Discounting charges	125.13	103.67
	215.85	189.06

Note:

The weighted average rate for capitalisation of interest relating to general borrowings were approximately 8.85% for the year ended March 31, 2022 and March 31, 2021

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

31. Other expenses

(₹ in crores)

		Year ended March 31,	
		2022	2021
(a)	Processing charges	306.43	163.20
(b)	Consumption of stores & spare parts	138.61	98.03
(c)	Power and fuel	154.74	105.66
(d)	Freight, transportation, port charges etc.	228.00	133.38
(e)	Publicity	418.74	306.29
(f)	Warranty expenses ^	165.01	67.93
(g)	Information technology/computer expenses	108.17	75.71
(h)	Allowances made/(reversed) for trade and other receivables (net)	0.34	(5.02)
(j)	Works operation and other expenses (note below)	899.22	580.01
	Total	2,419.26	1,525.19

Note:

Works operation and other expenses include:

(₹ in crores)

		Year ended March 31,	
		2022	2021
(a)	Auditors' Remuneration (excluding GST)		
	(i) Audit Fees	1.50	0.05
	(ii) Other Services	-	0.10

32. Amount transferred to capital and other accounts

(₹ in crores)

		Year ended March 31,	
		2022	2021
(a)	Capital work in progress	(11.16)	(22.60)
(b)	Intangible asset under development	(13.03)	-
(c)	Product development/Engineering expenses	(12.80)	-
	Total	(36.99)	(22.60)

33. Commitments and contingencies

Contingent Liability of the company as at March 31, 2022 is ₹ **Nil** (as at 31st March-21 ₹ Nil)

Commitments

The Company has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various

civil contracts of a capital nature amounting to **₹637.20 crores** as at March 31, 2022 (₹Nil as at March 31, 2021), which are yet to be executed.

The Company has entered into various contracts with vendors and contractors for the acquisition of intangible assets of a capital nature amounting to **₹99.48 crores** as at March 31, 2022, (₹ Nil crores as at March 31, 2021), which are yet to be executed.

The Company has contractual obligation towards Purchase Commitment (net of provisions) for **₹4,108.00 crores** as at March 31, 2022 (₹Nil as at March 31, 2021)

34. Earnings/(loss) per Share ("EPS")

(a) Accounting policy

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be antidilutive.

(b) EPS

			Year ended March 31,	
			2022	2021
(a)	Profit/(loss) after tax	₹ cror	(851.35)	(395.26)
(b)	The weighted average number of Ordinary shares for Basic EPS (Refer Note below)	Nos.	9,417,150,000	9,417,150,000
(c)	The nominal value per share	₹	10	10
(d)	Earnings per share (Basic)	₹	(0.90)	(0.42)
(e)	Earnings per share (Diluted)	₹	(0.90)	(0.42)

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

35. **Financial instruments**

(a) **Accounting policy**

(i) **Recognition:**

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 on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Initial measurement

Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in profit or loss.

Subsequently, financial instruments are measured according to the category in which they are classified.

Classification and measurement – financial assets

Classification of financial assets is based on the business model in which the instruments are held as well as the characteristics of their contractual cash flows. The business model is based on management's intentions and past pattern of transactions. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Company reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets are classified into three categories

Financial assets at amortised cost: Financial assets having contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this category. Subsequently, these are measured at amortised cost using the effective interest method less any impairment losses.

Financial assets at fair value through other comprehensive income (Debt instruments): Financial assets having contractual terms that give rise on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows as well as to sell the financial asset, are classified in this category. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in other comprehensive income apart from any expected credit losses or foreign exchange gains or losses, which are recognised in profit or loss.

Financial assets at fair value through profit and loss: Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in profit and loss.

Classification and measurement – financial liabilities:

Financial liabilities are classified as subsequently measured at amortised cost unless they meet the specific criteria to be recognised at fair value through profit or loss.

Other financial liabilities are measured at amortised cost using the effective interest method. Subsequent to initial recognition, these are measured at fair value with gains or losses being recognised in profit or loss.

Financial liabilities at fair value through profit and loss: Derivatives, including embedded derivatives separated from the host contract, unless they are designated as hedging instruments, for which hedge accounting is applied, are classified into this category. These are measured at fair value with changes in fair value recognised in the statement of Profit and Loss.

Financial guarantee contracts: These are initially measured at their fair values and, are subsequently measured at the higher of the amount of loss allowance determined or the amount initially recognised less, the cumulative amount of income recognised.

Other financial liabilities: These are measured at amortised cost using the effective interest method.

(ii) **Determination of fair value:**

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.

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received).

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation methods.

(iii) **Derecognition of financial assets and financial liabilities:**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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 a collateralised borrowing for the proceeds received. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial instrument is derecognised, the cumulative gain or loss in equity is transferred to the statement of profit and loss unless it was an equity instrument electively held at fair value through other comprehensive income. In this case, any cumulative gain or loss in equity is transferred to retained earnings. Financial assets are written off when there is no reasonable expectation of recovery. The Company reviews the facts and circumstances around each asset before making a determination. Financial assets that are written off could still be subject to enforcement activities.

Financial liabilities are decrecognised when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

(iv) **Impairment of financial assets:**

The Company recognises a loss allowance for expected credit losses on a financial asset that is at amortised cost or at fair value through other comprehensive income. Expected credit losses are forward looking and are measured in a way that is unbiased and represents a probability-weighted amount, takes into account the time value of money (values are discounted using the applicable effective interest rate) and uses reasonable and supportable information.

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

35. Financial instruments (Continued)

(b) Disclosures on financial instruments

Financial assets and liabilities

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

(₹ in crores)

	Cash, and other financial assets at amortised cost	Derivatives other than in hedging relationship (at fair value through profit or loss)	Total carrying value	Total fair value
Financial assets				
(a) Trade receivables	184.89	-	184.89	184.89
(b) Cash and cash equivalents	422.90	-	422.90	422.90
(c) Loans and advances - non-current	27.11	-	27.11	27.11
(d) Loans and advances - current	1,825.37	-	1,825.37	1,825.37
(e) Other financial assets - non-current	80.05	-	80.05	80.05
(f) Other financial assets - current	26.42	28.78	55.20	55.20
Total	2,566.74	28.78	2,595.52	2,595.52

	Derivatives other than in hedging relationship (at fair value)	Other financial liabilities (at amortised cost)	Total carrying value	Total fair value
Financial liabilities				
(a) Long-term borrowings (including Current maturities of long-term borrowings)	-	193.84	193.84	215.01
(b) Lease liabilities- non current	-	649.34	649.34	642.32
(c) Short-term borrowings	-	2.28	2.28	2.28
(d) Lease liabilities- current	-	99.07	99.07	99.07
(e) Trade payables	-	4,290.54	4,290.54	4,290.54
(f) Acceptances	-	2,036.34	2,036.34	2,036.34
(g) Other financial liabilities - non-current	-	2.88	2.88	2.88
(h) Other financial liabilities - current	13.94	163.59	177.53	177.53
Total	13.94	7,437.88	7,451.82	7,465.97

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

35. Disclosures on financial instruments (Continued)

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2021.

(₹ in crores)

	Cash, and other financial assets at amortised cost	Derivatives other than in hedging relationship (at fair value through profit or loss)	Total carrying value	Total fair value
Financial assets				
(a) Trade receivables	89.10	-	89.10	89.10
(b) Cash and cash equivalents	0.15	-	0.15	0.15
(d) Loans and advances - non-current	22.61	-	22.61	22.61
(e) Loans and advances - current	49.06	-	49.06	49.06
(f) Other financial assets - non-current	87.39		87.39	87.39
(g) Other financial assets - current	26.18		26.18	26.18
Total	274.49	-	274.49	274.49

	Derivatives other than in hedging relationship (at fair value)	Other financial liabilities (at amortised cost)	Total carrying value	Total fair value
Financial liabilities				
(a) Long-term borrowings (including Current maturities of long-term borrowings)	-	176.67	176.67	169.75
(b) Lease liabilities- non current	-	593.26	593.26	593.18
(c) Lease liabilities- current	-	92.25	92.25	92.25
(d) Trade payables	-	1,986.53	1,986.53	1,986.53
(e) Acceptances	-	1,436.25	1,436.25	1,436.25
(f) Other financial liabilities - non-current	-	0.12	0.12	0.12
(g) Other financial liabilities - current	-	195.20	195.20	195.20
Total	-	4,480.28	4,480.28	4,473.28

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

35. Disclosures on financial instruments (Continued)

Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

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

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

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

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2022 and 2021.

Derivatives are fair valued using market observable rates and published prices together with forecast cash flow information where applicable.

(₹ in crores)

	As at March 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
(a) Derivative assets	-	28.78	-	28.78
Total	-	28.78	-	28.78
Financial liabilities measured at fair value				
(a) Derivative liabilities	-	13.94	-	13.94
Total	-	13.94	-	13.94

There was no Financial assets or Liabilities which were to be measured at fair value for March 31,2021

(₹ in crores)

	As at March 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value				
(a) Long-term borrowings (including Current maturities of long-term borrowings)	-	215.01	-	215.01
(b) Short-term borrowings	-	2.28	-	2.28
Total	-	217.29	-	217.29

(₹ in crores)

	As at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value				
(a) Long-term borrowings (including Current maturities of long-term borrowings)		176.67	-	176.67
(b) Short-term borrowings	-	-	-	-
Total	-	176.67	-	176.67

There was no Financial assets which were to be not measured at fair value for March 31,2021

Other short-term financial assets and liabilities are stated at amortised cost which is approximately equal to their fair value.

The fair value of borrowings which have a quoted market price in an active market is based on its market price and for other borrowings the fair value 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.

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, substantially for 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.

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

35. Disclosures on financial instruments (Continued)

Offsetting

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability, simultaneously.

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis.

The following table discloses the amounts that have been offset, in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at March 31, 2022:

(₹ in crores)

	Gross amount recognised	Gross amount recognised as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement		Net amount after offsetting
				Financial instruments	Cash collateral (received/pledged)	
Financial assets						
(a) Derivative financial instruments	28.78	-	28.78	(7.26)	-	21.52
(b) Trade receivables	648.86	(463.97)	184.89	-	-	184.89
(c) Loans and advances-current	1,797.87	27.50	1,825.37	-	-	1,825.37
Total	2,475.51	(436.47)	2,039.04	(7.26)	-	2,031.78
Financial liabilities						
(a) Derivative financial instruments	13.94	-	13.94	(7.26)	-	6.68
(b) Trade payables	4,727.01	(436.47)	4,290.54	-	-	4,290.54
(c) Other financial liabilities	177.53	-	177.53	-	-	177.53
Total	4,918.48	(436.47)	4,482.01	(7.26)	-	4,474.75

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at March 31, 2021:

(₹ in crores)

	Gross amount recognised	Gross amount recognised as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement		Net amount after offsetting
				Financial instruments	Cash collateral (received/pledged)	
Financial assets						
(a) Trade receivables	282.77	(193.67)	89.10	-	-	89.10
(b) Loans and advances-current	49.06	-	49.06	-	-	49.06
Total	331.83	(193.67)	138.16	-	-	138.16
Financial liabilities						
(a) Trade payables	1,986.53	(193.67)	1,792.86	-	-	1,792.86
(b) Other financial liabilities	195.20	-	195.20	-	-	195.20
Total	2,181.73	(193.67)	1,988.06	-	-	1,988.06

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

35. Disclosures on financial instruments (Continued)

(c) Financial risk management

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

(i) Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(i) (a) Foreign currency exchange rate risk:

The fluctuation in foreign currency exchange rates may have potential impact on the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and statement of cash flows where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in U.S. dollar, Euro and GBP against the respective functional currencies of the Company.

The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange and interest rate exposure. Any weakening of the functional currency may impact the Company's cost of exports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in accordance with its risk management policies.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of each currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 10% while keeping the other variables as constant.

The exposure as indicated below is mitigated by some of the derivative contracts entered into by the Company as disclosed in (iv) derivative financial instruments and risk management below.

The following table sets forth information relating to foreign currency exposure (other than risk arising from derivatives disclosed at clause (iv) below) as of March 31, 2022:

(₹ in crores)

	U.S. dollar	Euro	GBP	Chinese Yuan	Others [1]	Total
Financial assets	0.22	-	-	-	-	0.22
Financial liabilities	59.22	78.86	137.38	32.09	0.23	307.78

1 Others mainly include currencies such as the Russian ruble, Japanese yen, Swiss franc, Indonesian Rupiahs, Thai bahts and Korean won.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net profit/(loss) before tax by approximately **₹0.02 crores** and **₹30.78 crores** for financial assets and financial liabilities respectively for the year ended March 31, 2022.

(Note: The impact is indicated on the profit/(loss) before tax basis.)

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

35. Disclosures on financial instruments (Continued)

(i) (b) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to changes in fair value of financial instruments or changes in interest income, expense and cash flows of the Company.

As at March 31, 2022 and 2021, financial liabilities of **₹2.28 crores** and ₹Nil crores, respectively, were subject to variable interest rates. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in decrease/increase in profit/(loss) before tax of **₹0.23 crores** and ₹Nil crores for the year ended March 31, 2022 and 2021, respectively.

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.
(Note: The impact is indicated on the profit/(loss) before tax basis).

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

35. Disclosures on financial instruments (Continued)

(ii) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk, principally consist of investments classified as fair value through profit and loss, trade receivables, loans and advances and derivative financial instruments. The Company strives to promptly identify and reduce concerns about collection due to a deterioration in the financial conditions and others of its main counterparties by regularly monitoring their situation based on their financial condition. None of the financial instruments of the Company result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was **₹2,595.52 crores** and ₹274.49 crores as at March 31, 2022 and 2021, respectively, being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, finance receivables, margin money and other financial assets excluding equity investments.

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including short term deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at March 31, 2022, and March 31,2021, that defaults in payment obligations will occur.

Credit quality of financial assets and impairment loss

The ageing of trade receivables as of balance sheet date is given below. The age analysis has been considered from the due date.

(₹ in crores)

	As at March 31,													
	2022							2021						
Trade receivables		Overdue							Overdue					
	Not due	Up to 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total	Not due	Up to 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed														
(a) Considered good	123.56	48.41	0.66	1.81	3.24	7.21	184.89	70.63	11.97	1.69	0.77	5.67	(1.63)	89.10
(b) Which have significant increase in credit risk	-	0.14	0.07	2.50	41.29	116.66	160.66	0.99	0.89	0.70	41.42	16.04	98.21	158.25
Total	123.56	48.55	0.73		44.53	123.87	345.55	71.62	12.86	2.39		21.71	96.58	247.35
Less: Allowance for credit impaired balances							(160.66)							(158.25)
Total							184.89							89.10

Trade receivables overdue more than six months include **₹3.60 crores** as at March 31, 2022 (₹4.38 crores as at March 31, 2021) outstanding from Government organizations in India, which are considered recoverable.

Trade receivables consist of a large number of various types of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of these trade receivables and where appropriate allowance for losses are provided. Further the Company, groups the trade receivables depending on type of customers and accordingly credit risk is determined.

35. Disclosures on financial instruments (Continued)

(iii) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulty to meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks. Further, the Company has access to funds from debt markets through commercial paper programs, non-convertible debentures, senior notes and other debt instruments. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no/low mark to market risks.

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

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

(₹ in crores)

Financial liabilities	Carrying amount	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total contractual cash flows
(a) Trade payables	**4,290.54**	**4,290.54**	-	-	-	**4,290.54**
(b) Acceptances	**2,036.34**	**2,036.34**	-	-	-	**2,036.34**
(c) Borrowings and interest thereon	**196.12**	**2.28**	-	-	**193.84**	**196.12**
(d) Other financial liabilities	**180.41**	**177.53**	-	**2.88**	-	**180.41**
(e) Lease liabilities	**748.41**	**153.37**	**172.09**	**355.85**	**298.56**	**979.87**
(f) Derivative liabilities	**13.94**	**13.94**	-	-	-	**13.94**
Total	**7,465.76**	**6,674.00**	**172.09**	**358.73**	**492.40**	**7,697.22**

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

(₹ in crores)

Financial liabilities	Carrying amount	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total contractual cash flows
(a) Trade payables	1,986.53	1,986.53	-	-	-	1,986.53
(b) Acceptances	1,436.25	1,436.25	-	-	-	1,436.25
(c) Borrowings and interest thereon	176.67	-	-	-	176.67	176.67
(d) Other financial liabilities	195.32	195.20	-	0.12	-	195.32
(e) Lease liabilities	685.51	140.60	142.83	302.98	332.35	918.76
Total	4,480.28	3,758.58	142.83	303.10	509.02	4,713.53

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

35. Disclosures on financial instruments (Continued)

(iv) Derivative financial instruments and risk management

The Company has entered into a variety of foreign currency, interest rates and commodity forward contracts and options to manage its exposure to fluctuations in foreign exchange rates, interest rates and commodity price risk. The counterparty is generally a bank. These financial exposures are managed in accordance with the Company's risk management policies and procedures.

The Company also enters into interest rate swaps and cross currency interest rate swap agreements, mainly to manage exposure on its fixed rate or variable rate debt. The Company uses interest rate derivatives or currency swaps to hedge exposure to exchange rate fluctuations on principal and interest payments for borrowings denominated in foreign currencies.

Specific transactional risks include risks like liquidity and pricing risks, interest rate and exchange rate fluctuation risks, volatility risks, counterparty risks, settlement risks and gearing risks.

Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data.

The fair value of derivative financial instruments is as follows:

(₹ in crores)

	As at March 31, 2022	As at March 31, 2021
(a) Foreign currency forward exchange contracts and options	(8.84)	-
(b) Commodity Derivatives	23.68	-
Total	14.84	-

The gain/(loss) due to fluctuation in foreign currency exchange rates on derivative contracts, recognised in the income statement was **₹3.78 crores** and ₹ Nil for the years ended March 31, 2022 and 2021, respectively.

(v) Commodity Price Risk

The Company is exposed to commodity price risk arising from the purchase of certain raw materials such as aluminium, copper, platinum and palladium. This risk is mitigated through the use of derivative contracts and fixed-price contracts with suppliers. The derivative contracts are not hedge accounted under Ind AS 109 but are instead measured at fair value through profit or loss.

The (gain)/loss on commodity derivative contracts, recognised in the statement of profit and loss was **₹4.28 crores** and ₹Nil for the years ended March 31, 2022 and 2021, respectively.

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

36. **Related-party transactions**

The Company's related parties principally includes holding company Tata Motors Limited and its subsidiaries, joint operations and associates. The Company routinely enters into transactions with these related parties in the ordinary course of business.

All transactions with related parties are conducted at arm's length price under normal terms of business and all amounts outstanding are unsecured and will be

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

	Parent Company	Subsidiaries	Joint Arrangements	Associates and its subsidiaries	Total
(A) Transactions					
Purchase of products	134.63	69.38	7,643.38	-	7,847.39
Sale of products	(694.07)	(451.34)	(2,501.52)	(9.87)	(3,656.80)
Services received	313.48	393.80	0.44	4.25	711.97
Services rendered	(12.79)	(71.51)	-	-	(84.30)
Purchase of property, plant and equipment	11.82	1.70	-	0.09	13.61
Bills discounted	-	417.71	-	4,203.56	4,621.27
Finance taken (including loans and equity)	9,417.00	-	-	-	9,417.00
Interest (income)/expense, dividend (income)/paid, net	(21.99)	(12.76)	32.41	-	(2.34)
Finance given (including loans and equity)	6,055.00	-	-	-	6,055.00
Finance given, taken back (including loans and equity)	4,285.00	-	-	-	4,285.00
(B) Balances					
Amounts receivable in respect of loans and interest thereon	1,770.00	-	-	-	1,770.00
Borrowing towards Lease Liability	-	54.27	20.70	-	74.97
Repayment towards lease liability	-	24.07	-	-	24.07
Amounts payable in respect of loans and interest thereon		-	-	-	-
Amount payable in respect of Lease Liability		296.05	(534.98)	-	(238.93)
Trade and other receivables	153.03	178.10	407.92	9.37	748.42
Trade payables	(190.95)	(235.19)	(1,596.11)	(0.88)	(2,023.13)
Acceptances	-	(79.50)	-	-	(79.50)

36. Related-party transactions (Continued)

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

(₹ in crores)

	Parent Company	Fellow Subsidiaries	Joint Arrangements	Total
A) Transactions				
Purchase of products	795.77	141.69	2,755.29	3,692.75
Sale of products	266.72	(314.28)	(1,095.59)	(1,143.15)
Services received	44.07	28.39	0.12	72.58
Services rendered	(2.82)	(5.17)	(0.05)	(8.05)
Bills discounted	-	-	-	-
Purchase of property, plant and equipment	-	1.32	-	1.32
Sale of property, plant and equipment	-	-	-	-
Sale of business	-	-	-	-
Finance given (including loans and equity)	-	13.37	-	13.37
Finance given, taken back (including loans and equity)	-	-	-	-
Finance taken (including loans and equity)	-	-	-	-
Finance taken, paid back (including loans and equity)	-	-	-	-
Interest (income)/expense, dividend (income)/paid, net	-	(16.98)	-	(16.98)
Borrowing towards lease Liability	-	-	167.99	167.99
Repayment towards lease liability	-	-	14.14	14.14
(B) Balances				
Amounts receivable in respect of loans and interest thereon	-	56.45	-	56.45
Amounts payable in respect of loans and interest thereon	-	-	-	-
Amount payable in respect of Lease Liability	-	-	265.85	265.85
Trade and other receivables	-	107.34	-	107.34
Trade payables	-	(81.64)	(261.12)	(342.76)
Acceptances	-	-	-	-
Assets / deposits given/taken as security	-	-	-	-
Provision for amount receivable (including loans)	-	(38.60)	-	(38.60)

(₹ in crores)

Compensation of key management personnel:	Year ended March 31, 2022	2021
Short-term benefits	**0.56**	-
Post-employment benefits*	**0.01**	-

The compensation of CEO and Managing Director is **₹0.12 crores** and ₹ NIL crores for the year ended March 31, 2022 and 2021, respectively.
Refer note 39 for information on transactions with post employment benefit plans.

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

37. Transactions with struck off companies

The following table summarises the transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 for the year ended / as at March 31, 2022:

Name of struck off Company	Nature of transactions with struck off Company	Transaction amount	Balance outstanding	Relationship with the Struck off company
Axis Systems	Material Purchase	0.41	-	External vendor
Aargee Equipments Private Ltd	Material Purchase	0.15	-	External vendor
Akshay Industries	Services availed	0.13	-	External vendor
Durga Automobiles	Services availed	0.01	-	External vendor
Karnavati Motors	Services availed	0.08	-	External vendor
Lala Enterprises	Services availed	0.02	-	External vendor
Prakash Industries	Material Purchase	0.78	-	External vendor
Pratap Motors	Services availed	0.01	-	External vendor
Rushi Motors	Services availed	0.19	-	External vendor
Shiva Motors	Services availed	0.03	-	External vendor
Sarna Motors*	Services availed	-	-	External vendor
Shreya Industries	Material Purchase	0.01	-	External vendor
Sandeep Automobiles	Services availed	0.01	-	External vendor
Tara Tools	Material Purchase	0.01	-	External vendor
Tangent Technologies	Material Purchase	0.01	-	External vendor
Zenith Motors	Services availed	0.01	-	External vendor

The following table summarises the transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 for the year ended / as at March 31, 2021:

Name of struck off Company	Nature of transactions with struck off Company	Transaction amount	Balance outstanding	Relationship with the Struck off company
Active Automobiles	Services availed	0.03	-	External vendor
Akshay Industries*	Services availed	0.09	-	External vendor
Karnavati Motors	Services availed	0.08	-	External vendor
Tara Tools	Material Purchase	0.20	-	External vendor
Tangent Technologies	Material Purchase	0.06	-	External vendor
Unique Marketing*	Material Purchase	-	-	External vendor
Zenith Motors	Services availed	0.01	-	External vendor

* Less than ₹ 50,000

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

38. Employee benefits

(a) Accounting policy

The employee transferred from the group companies have been considered under continuity of service from employee benefit perspective.

(i) Gratuity

Tata Motors Passenger Vehicles Limited have an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum 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. Tata Motors Passenger Vehicles Limited makes annual contributions to gratuity funds established as trusts. Tata Motors Passenger Vehicles Limited account for the liability for gratuity benefits payable in the future based on an actuarial valuation.

(ii) Superannuation

Tata Motors Passenger Vehicles Limited have two superannuation plans, a defined benefit plan and a defined contribution plan. An eligible employee on April 1, 1996 could elect to be a member of either plan.

Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. The monthly pension benefits after retirement range from 0.75% to 2% of the annual basic salary for each year of service. Tata Motors Passenger Vehicles Limited account for superannuation benefits payable in future under the plan based on an actuarial valuation.

With effect from April 1, 2003, this plan was amended and benefits earned by covered employees have been protected as at March 31, 2003. Employees covered by this plan are prospectively entitled to benefits computed on a basis that ensures that the annual cost of providing the pension benefits would not exceed 15% of salary.

During the year ended March 31, 2015, the employees covered by this plan were given a one-time option to exit from the plan prospectively. Furthermore, the employees who opted for exit were given one- time option to withdraw accumulated balances from the superannuation plan.

The Company maintains a separate irrevocable trust for employees covered and entitled to benefits. The Company contributes up to 15% or ₹1,50,000 whichever is lower of the eligible employee's salary to the trust every year. The Company recognises such contribution as an expense when incurred and has no further obligation beyond this contribution.

(iii) Bhavishya kalyan yojana (BKY)

Bhavishya Kalyan Yojana is an unfunded defined benefit plan for employees of Tata Motors Passenger Vehicles Limited. The benefits of the plan include pension in certain cases, payable up to the date of normal superannuation had the employee been in service, to an eligible employee at the time of death or permanent disablement, while in service, either as a result of an injury or as certified by the appropriate authority. The monthly payment to dependents of the deceased/disabled employee under the plan equals equals 50% of the basic salary or 30% of total fixed pay at the time of death or accident or a specified amount, whichever is greater. Tata Motors Passenger Vehicles Limited account for the liability for BKY benefits payable in the future based on an actuarial valuation.

(iv) Provident fund and family pension

In accordance with Indian law, eligible employees of Tata Motors Passenger Vehicles Limited are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The relevant contributions, as specified under the law, are deposited with the Employee Provident fund Organisation.

(v) Post-retirement medicare scheme

Under this unfunded scheme, employees of Tata Motors Passenger Vehicles Limited receive medical benefits subject to certain limits on amounts of benefits, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Company as part of an Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. Tata Motors Passenger Vehicles Limited account for the liability for post-retirement medical scheme based on an actuarial valuation.

(vi) Compensated absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

(vii) Remeasurement gains and losses

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on assets (excluding interest) relating to retirement benefit plans, are recognised directly in other comprehensive income in the period in which they arise. Remeasurement recorded in other comprehensive income is not reclassified to statement of Profit and Loss.

Actuarial gains and losses relating to long-term employee benefits are recognised in the statement of Profit and Loss in the period in which they arise.

(viii) Measurement date

The measurement date of retirement plans is March 31.

The present value of the defined benefit liability and the related current service cost and past service cost are measured using projected unit credit method.

The present value of the post-employment benefit obligations depends on a number of factors, it is determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate, inflation and mortality assumptions.Any changes in these assumptions will impact upon the carrying amount of post-employment benefit obligations.

38. Employee benefits (continued)

Defined Benefit Plan

Pension and post retirement medical plans

The following tables sets out the funded and unfunded status and the amounts recognised in the financial statements for the pension and the post retirement medical plans in respect of Tata Motors Passenger Vehicles Limited:

(₹ in crores)

	Pension Benefits		Post retirement medical Benefits	
	As at March 31,		As at March 31,	
	2022	2021	2022	2021
Change in defined benefit obligations :				
Defined benefit obligation, beginning of the year	**217.82**	194.76	**10.88**	9.46
Current service cost	**15.07**	14.08	**0.75**	0.69
Interest cost	**15.20**	13.41	**0.75**	0.65
Remeasurements (gains) / losses				-
Actuarial losses arising from changes in demographic assumptions	**1.44**	-	**1.02**	-
Actuarial losses arising from changes in financial assumptions	**3.46**	-	**4.86**	0.56
Actuarial (gains) / losses arising from changes in experience adjustments	**4.10**	(3.04)	**(0.52)**	(0.48)
Transfer in/(out) of liability	**(7.52)**	-	**(0.35)**	-
Benefits paid from plan assets	**(6.37)**	(1.39)	-	-
Past service cost - Plan amendment	**5.79**	-	**1.17**	-
Defined benefit obligation, end of the year	**248.99**	217.82	**18.56**	10.88
Change in plan assets:				
Fair value of plan assets, beginning of the year	**195.31**	173.84	-	-
Interest income	**13.58**	11.96	-	-
Remeasurements losses				
Return on plan assets, (excluding amount included in net Interest expense)	**23.55**	10.90	-	-
Employer's contributions	**0.09**	-	-	-
Transfer in/(out) of liability	**(6.59)**	-	-	-
Benefits paid	**(6.37)**	(1.39)	-	-
Fair value of plan assets, end of the year	**219.57**	195.31	-	-

	Pension Benefits		Post retirement medical Benefits	
	As at March 31,		As at March 31,	
	2022	2021	2022	2021
Amount recognised in the balance sheet consists of				
Present value of defined benefit obligation	**248.99**	217.82	**18.56**	10.88
Fair value of plan assets	**219.57**	195.31	-	-
Asset ceiling	**(0.52)**	-	-	-
Net liability	**(28.90)**	(22.51)	**(18.56)**	(10.88)
Amounts in the balance sheet:				
Non–current assets	**1.67**	-	-	-
Non–current liabilities	**(30.57)**	(22.51)	**(18.56)**	(10.88)
Net liability	**(28.90)**	(22.51)	**(18.56)**	(10.88)

BSR & Co. LLP
Western Express Highway, Goregaon (East), Mumbai - 400 063

(₹ in crores)

38. Employee benefits (continued)

Information for funded plans with a defined benefit obligation in excess of plan assets:

	Pension Benefits	
	As at March 31,	
	2022	2021
Defined benefit obligation	-	195.30
Fair value of plan assets	-	195.30

Information for funded plans with a defined benefit obligation less than plan assets:

	Pension Benefits	
	As at March 31,	
	2022	2021
Defined benefit obligation	**217.40**	-
Fair value of plan assets	**219.56**	-

Information for unfunded plans:

	Pension Benefits		Post retirement medical Benefits	
	As at March 31,		As at March 31,	
	2022	2021	2022	2021
Defined benefit obligation	**31.59**	22.52	**18.56**	10.88

Net pension and post retirement medical cost consist of the following components:

	Pension Benefits		Post retirement medical Benefits	
	Year ended March 31,		Year ended March 31,	
	2022	2021	2022	2021
Service cost	**15.07**	14.08	**0.75**	0.69
Net interest cost	**1.62**	1.45	**0.75**	0.65
Past service cost - Plan amendment	**5.79**	-	**1.17**	-
Net periodic cost	**22.48**	15.53	**2.67**	1.34

Other changes in plan assets and benefit obligation recognised in other comprehensive income.

	Pension Benefits		Post retirement medical Benefits	
	Year ended March 31,		Year ended March 31,	
	2022	2021	2022	2021
Remeasurements				
Return on plan assets, (excluding amount included in net Interest expense)	**(23.55)**	(10.90)	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	**1.44**	-	**1.02**	-
Actuarial (gains)/losses arising from changes in financial assumptions	**3.46**	-	**4.86**	0.56
Asset ceiling	**0.52**	-	-	
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	**4.10**	(3.04)	**(0.52)**	(0.48)
Total recognised in other comprehensive income	**(14.03)**	(13.94)	**5.36**	0.08
Total recognised in statement of comprehensive income	**8.45**	1.59	**8.03**	1.42

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

38. Employee benefits (continued)

The assumptions used in accounting for the pension and post retirement medical plans are set out below:

	Pension Benefits		Post retirement medical Benefits	
	As at March 31,		As at March 31,	
	2022	2021	2022	2021
Discount rate	**6.50% - 7.10%**	6.00% - 6.80%	**7.20%**	6.90%
Rate of increase in compensation level of covered employees	**6.00% - 9.00%**	6.00% - 7.00%	**NA**	NA
Increase in health care cost	**NA**	NA	**6.00%**	6.00%

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2022 and 2021 by category are as follows:

	Pension benefits	
	As at March 31,	
	2022	2021
Asset category:		
Cash and cash equivalents	**2.6%**	5.1%
Debt instruments (quoted)	**67.9%**	67.7%
Debt instruments (unquoted)	**0.0%**	0.4%
Equity instruments (quoted)	**8.2%**	6.0%
Deposits with Insurance companies	**21.4%**	20.8%
	100.0%	100.0%

The Company's policy is driven by considerations of maximising 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 bench marks.

The weighted average duration of the defined benefit obligation as at March 31, 2022 is **11.69 years** (March 31, 2021 : 13.05 years).

The Company expects to contribute **₹11.32 crores** to the funded pension plans during the year ended March 31, 2023.

The table below outlines the effect on the service cost, the interest cost and the defined benefit obligation in the event of a decrease/increase of 1% in the assumed rate of discount rate, salary escalation and health care cost:

Assumption	Change in assumption	Impact on defined benefit obligation	Impact on service cost and interest cost
Discount rate	Increase by 1%	**₹27.01 crores**	**₹5.36 crores**
	Decrease by 1%	**₹31.57 crores**	**₹5.76 crores**
Salary escalation rate	Increase by 1%	**₹25.72 crores**	**₹5.39 crores**
	Decrease by 1%	**₹22.69 crores**	**₹4.72 crores**
Health care cost	Increase by 1%	**₹4.06 crores**	**₹0.86 crores**
	Decrease by 1%	**₹3.26 crores**	**₹0.68 crores**

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

39 Ratio

Sr No	Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Change	Reason for Change
a)	Debt Equity Ratio (number of times) [Total Debt[i]/ Shareholders' Equity[ii]]	0.03	0.02	34%	Due to acquisition of PV undertaking from TML.
b)	Debt Service Coverage Ratio (number of times) [(Profit/(loss) before exceptional items and tax+Interest on Borrowings)/(Interest on Borrowings + Repayment of Borrowings[iii])]	(4.37)	(10.08)	-57%	Due to growth in revenue.
c)	Current ratio (number of times) [Current assets (excluding Assets classified as held for sale) / Current liabilities (excluding Liabilities directly associated with Assets Classified as Held For Sale]	0.56	0.30	87%	Due to higher revenue and higher raw material consumed.
d)	Trade receivable turnover (number of times) [Revenue from operations / Average Trade receivables]	237.76	88.90	167%	Due to higher revenue.
e)	Inventory turnover (number of times) [Raw material consumed[v] / average inventory[vi]]	21.14	12.23	73%	Higher raw material consumed in line with higher revenue.
f)	Trade payable turnover (number of times) [Cost of material consumed / Average Trade payables]	8.94	6.14	45%	Higher raw material consumed in line with higher revenue.
g)	Net capital turnover (number of times) [Revenue from operations / Working capital[iv]]	(9.47)	(5.44)	74%	Due to higher revenue.
h)	Net profit margin (%) [Net profit after tax / Revenue from operations]	(2.61%)	(2.36%)	11%	
i)	Return on equity (number of times) [Net profit after tax / Average shareholders' equity]	(0.12)	(0.12)	-1%	
j)	Return on capital employed (number of times) [Profit before interest and tax / Capital employed[vii]]	(0.14)	(0.23)	-40%	Due to reduction in loss.
k)	Return on investments (number of times) [Net profit after tax / Average investments]	Not Applicable	Not Applicable		

Notes:

i Total debts includes non current and current borrowings

ii Equity = Equity share capital + Other equity

iii Repayment of borrowings includes repayment of long-term borrowings, proceeds from short-term borrowings, repayment of short-term borrowings and net change in other short-term borrowings (with maturity up to three months).

iv Working capital = Current assets (excluding Assets classified as held for sale) - Current liabilities (excluding current maturities of long term debt, interest accrued on borrowings and liabilities directly associated with assets classified as held for sale).

v Cost of goods sold includes Cost of materials consumed, Purchases of products for sale and Changes in inventories of finished goods, work-in-progress and products for sale.

vi Inventory includes Raw materials and components, Work-in-progress, Finished goods, Stores and spare parts, Consumable tools and Goods-in-transit - Raw materials and components.

vii Capital employed includes Shareholders' Equity, non current and current borrowings

40. Other statutory information :

(I) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(II) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(III) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(IV) The Company have not advanced or loaned or invested funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) 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 (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(V) The Company have not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) 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 (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(VI) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(VII) The Company is not declared as wilful defaulter by any bank or financial institution (as defined under the companies act,2013) or constorium thereof or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

(VIII) The Company has complied with the number of layers for its holding in downstream companies prescribed under clause (87) of section 2 of the companies Act,2013 read with the Companies(Restriction on number of layers) Rules, 2017

(IX) The Company does not have any transaction which are not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessment under the Income tax Act,1961

(X) The Company has not revalued any of its Property,Plants and Equipments (including Right-of-use Assets) during the year.

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

41. Other notes:

i) **Micro, Small and Medium Enterprises Development Act, 2006**

The information as required to be disclosed under the 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. The amount of principal and interest outstanding during the year is given below :

(₹ in crores)

Particulars		As at March 31, 2022	As at March 31, 2021
(a) Amounts outstanding but not due (including capital creditors) as at March 31,		37.41	26.13
(b) Amounts due but unpaid as at March 31,	- Principal	0.44	0.16
(c) Amounts paid after appointed date during the year	- Principal	51.16	23.06
(d) Amount of interest accrued and unpaid as at March 31,	- Interest	1.09	0.43
(e) Amount of estimated interest due and payable for the period from April 1, 2021 to actual date of payment or May 18, 2021 (whichever is	- Interest	0.01	0.02

ii) The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in books of account.

iii) The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

iv) In accordance with the Rule 6 of The Companies (Account) Rules,2014, as the holding company, i.e. Tata Motors Limited, files its consolidated financial statement with the Registrar of Companies which 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, Tata Motors Passenger Vehicles Limited is not required to prepare its consolidated financial statements for the year ended 31st March-2022.

In terms of our report attached

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

RISHABH KUMAR
Partner
Membership No. 402877
UDIN: 22402877AIUXPW5368
Place: Mumbai
Date: May 11, 2022

For and on behalf of the Board

AASIF MALBARI *[DIN: 07345077]*
Director

Place: Mumbai

SHAILESH CHANDRA *[DIN: 07593905]*
MD & Chief Executive Officer

ANINDYA PAUL
Chief Financial Officer

ANJALI SINGH ACS: A26664
Company Secretary

Date: May 11, 2022