B S R & Co. LLP
Chartered Accountants

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Independent Auditor's Report

To the Members of Tata Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tata Securities Limited (the 'Company'), which comprise the balance sheet as at 31 March 2020, 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 the significant accounting policies and other explanatory information.

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

Basis for Opinion

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

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 Director's 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' Responsibility 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management and 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 in the financial statements made by Management and Board of Directors.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

Independent Auditor's Report *(Continued)*

Tata Securities Limited

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

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

i. The Company does not have any pending litigations as at 31 March 2020 which will impact its financial position;

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

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

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

In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Company at its annual general meeting held on 17 June 2019 and as further explained in Note 41 to the financial statements, the managerial remuneration paid/provided for by the Company during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to 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

Sagar Lakhani
Partner
Membership No. 111855
ICAI UDIN: 20111855AAAAEN7249

Mumbai
17 June 2020

Annexure A to the Independent Auditor's Report of even date on the Financial Statements of Tata Securities Limited

(i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a program of verification to cover all the items of fixed assets once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all the fixed assets were physically verified by management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c. The Company does not have any immovable property in its name, accordingly, the provision of clause 3(i)(c) of the Order is not applicable to the Company.

(ii) The Company does not have any inventories. Accordingly, the provision of clause 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 (the 'Act'). Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under Sections 185 and 186 of the Companies Act, 2013. Accordingly, the provision of clause 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under apply. Accordingly, the provision of clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.

(vii) a. According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other material statutory dues have been regularly deposited by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of employees' state insurance, duty of customs and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

b. According to the information and explanation given to us, the Company did not have any dues on account of provident fund, income tax, goods and service tax, cess and other material statutory dues which have not been deposited on account of dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company did not have any loans or borrowings from financial institutions, banks or government during the year and has not issued any debentures. Accordingly, the provision of clause 3(viii) of the Order is not applicable to the Company.

Annexure A to the Independent Auditor's Report of even date on the Financial Statements of Tata Securities Limited *(Continued)*

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans, initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provision of clause 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Company at its annual general meeting held on 17 June 2019 and as further explained in Note 41 to the financial statements, the managerial remuneration paid/provided for by the during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

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

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

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

(xv) According to the information and explanations given to us and based on our examination of the records, during the year the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provision of clause 3(xv) of the Order is not applicable.

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

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

Sagar Lakhani
Partner
Membership No. 111855
ICAI UDIN: 20111855AAAAEN7249

Mumbai
17 June 2020

Annexure B to the Independent Auditor's report on the financial statements of Tata Securities Limited for the year ended 31 March 2020.

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

(Referred to in paragraph (1(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 Securities Limited (the 'Company') as of 31 March 2020 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 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to 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 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.

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

Meaning of Internal Financial controls with Reference to the 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

Sagar Lakhani
Partner
Membership No: 111855
ICAI UDIN: 20111855AAAAEN7249

Mumbai
17 June 2020

Tata Securities Limited

Balance Sheet
as at March 31, 2020

Rs in lakh

Particulars	*Note No.*	**As at March 31, 2020 Rs in lakh**	As at March 31, 2019 Rs in lakh
I. ASSETS			
1. Financial assets			
(a) Cash and cash equivalents	*3*	**35**	9
(b) Bank balance other than (a) above	*4*	**1,516**	1,491
(c) Receivables			
(i) Trade receivables	*5*	**46**	31
(d) Investments	*6*	**625**	751
(e) Other financials assets	*7*	**158**	158
Total financial assets		**2,380**	2,440
2. Non-financial assets			
(a) Current tax assets (net)		**303**	291
(b) Property, plant and equipment	*8*	**2**	3
(c) Other intangible assets	*8*	**125**	-
(d) Intangible assets under development	*8*	**12**	-
(e) Other non-financial assets	*9*	**43**	38
Total non-financial assets		**485**	332
Total Assets		**2,865**	2,772
I. LIABILITIES AND EQUITY			
LIBILITIES			
1. Financial liabilities			
(a) Payables			
(i) Trade payables			
- Total outstanding dues of micro enterprises	*10(i)*	**-**	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	*10*	**103**	109
(b) Other financial liabilities	*11*	**47**	44
Total financial liabilities		**150**	153
2. Non-financial liabilities			
(a) Current tax liabilities (Net)		**96**	105
(b) Provisions	*12*	**13**	11
(c) Other non-financial liabilities	*13*	**23**	16
Total non-financial liabilities		**132**	132
3. Equity			
(a) Equity share capital	*14*	**618**	618
(b) Other equity	*15*	**1,965**	1,869
Total Equity		**2,583**	2,487
Total Equity and Liabilities		**2,865**	2,772
Summary of significant accounting policies	*2*		
See accompanying notes forming part of the financial statements	*1-47*		

As per our report of even date

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

For and on behalf of the Board of Directors
Tata Securities Limited

Sagar Lakhani
Partner
Membership No : 111855

Rajiv Sabharwal
Chairman
DIN: 00057333

N. J. Driver
Director
DIN: 00025025

Avijit Bhattacharya
Director
DIN: 02330805

Mumbai
June 17, 2020

Udaya Rao
Manager

Vivek D'Souza
Chief Financial Officer

Tata Securities Limited

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

Rs in lakh

	Particulars	***Note No.***	**For the year ended March 31, 2020**	For the year ended March 31, 2019
			Rs in lakh	Rs in lakh
I	**Revenue from operations :**	*16*		
	Brokerage income		**335**	449
	Income from investment banking services		**-**	14
	Depository participant fees		**1**	6
	Total revenue from operations (I)		**336**	469
II	**Other income**	*17*	**141**	151
III	**Total Revenue (I + II)**		**477**	620
IV	**Expenses :**			
	Finance costs	*18*	**-**	(616)
	Net loss on fair value changes	*19*	**18**	8
	Impairment on financial instruments	*20*	**6**	(6)
	Employee benefits expenses	*21*	**184**	211
	Depreciation and amortisation expenses	*8*	**4**	2
	Other operating expenses	*22*	**165**	169
	Total expenses (IV)		**377**	(232)
V	**Profit before exceptional items and tax (III - IV)**		**100**	852
VI	**Exceptional items**		**-**	-
VII	**Profit before tax (V - VI)**		**100**	852
VIII	**Tax expense**			
	(1) Current tax		**-**	46
	Net tax expenses		**-**	46
IX	**Profit before the year from continuing operations (VII-VIII)**		**100**	806
X	**Other Comprehensive Income**			
	(i) Items that will not be reclassified subsequently to statement of profit or loss			
	- Remeasurement of defined employee benefit plans		**(4)**	2
	Total Other comprehensive income		**(4)**	2
XI	**Total Comprehensive Income of the year (IX+X)** **(Comprising Profit and Other comprehensive income for the year)**		**96**	808
XII	**Earnings per equity share:**			
	(a) Basic (in Rupees)		**1.62**	13.03
	(b) Diluted (in Rupees)		**1.62**	13.03

** Less than Rs. 50,000/-*

Summary of significant accounting policies	*2*	
See accompanying notes forming part of the financial statements	*1-47*	
As per our report of even date		

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

For and on behalf of the Board of Directors
Tata Securities Limited

Sagar Lakhani	**Rajiv Sabharwal**	**N. J. Driver**	**Avijit Bhattacharya**
Partner	*Chairman*	*Director*	*Director*
Membership No : 111855	DIN: 00057333	DIN: 00025025	DIN: 02330805
Mumbai	**Udaya Rao**	**Vivek D'Souza**	
June 17, 2020	*Manager*	*Chief Financial Officer*	

Tata Securities Limited

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

Rs in lakh

Particulars		For the year ended March 31, 2020 Rs. in lakh	For the year ended March 31, 2019 Rs. in lakh
1. Cash flow (used in) / from operating activities			
Profit before taxes:		**100**	852
Adjustments for:			
Depreciation and amortisation		**4**	2
Borrowing cost		**-**	(616)
Net loss on fair value changes		**18**	8
Dividend income		**(29)**	(24)
Provision for employee benefits		**(4)**	(16)
Provision for Life time credit loss*		**(0)**	(0)
Investment (Refer note -46)		**(6)**	-
Impairment loss on financial instruments		**6**	-
Interest Income		**(105)**	(105)
Operating Profit before working capital changes and adjustments for interest received and dividend received		**(16)**	101
Adjustments for:			
(Increase)/Decrease in trade receivables		**(15)**	208
(Increase)/Decrease in other financial / non-financial assets		**(5)**	41
Decrease in trade payables		**(6)**	(41)
Increase/(Decrease) in in other financial / non-financial liabilities and provisions		**13**	(144)
Cash used in operations		**(29)**	165
(Payment)/Refund of Tax		**(21)**	44
CASH FLOW FROM OPERATING ACTIVITIES		**(50)**	209
2. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (including capital advances)		**(1)**	(2)
Purchase of Other intangible assets (including Asset under developement)		**(140)**	-
Interest income on fixed deposits		**105**	111
Investments in fixed deposits		**(25)**	-
Dividend Income		**29**	24
Proceeds from maturity of fixed deposits		**-**	202
Purchase of investment-mutual fund		**-**	(606)
Proceeds from redemption of investment-mutual fund		**108**	-
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**76**	(271)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**26**	(62)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	*3*	**9**	324
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	*3*	**35**	262
Reconciliation of cash and cash equivalents as above with cash and bank balances			
Cash and Cash equivalents at the end of the year		**35**	262
Add : Restricted Cash		**-**	-
Cash and bank balances as at the end of the year		**35**	262

** Less than Rs. 50,000/-*

Summary of significant accounting policies	*2*		
See accompanying notes forming part of the financial statements	*1-47*		

As per our report of even date

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

For and on behalf of the Board of Directors
Tata Securities Limited

Sagar Lakhani
Partner
Membership No : 111855

Rajiv Sabharwal
Chairman
DIN: 00057333

N. J. Driver
Director
DIN: 00025025

Avijit Bhattacharya
Director
DIN: 02330805

Mumbai
June 17, 2020

Udaya Rao
Manager

Vivek D'Souza
Chief Financial Officer

Tata Securities Limited

Statement of Changes in Equity

for the year ended March 31, 2020

a. Equity share capital

Particulars	Rs. in Lakh
Balance at April 01, 2018	**383**
Changes in equity share capital during the year	235
Balance at March 31, 2019	**618**
Changes in equity share capital during the year	-
Balance at March 31, 2020	**618**

b. Other equity

(Rs in Lakh)

Particulars	**Reserves and surplus**		**Share options outstanding account**	**Remeasurement of defined benefit liability /asset**	**General Reserve**	**Total equity**
	Securities premium	**Retained earnings**				
Balance at April 01, 2018	**807**	**(1,582)**	**11**	**6**	**554**	**(204)**
Profit for the year	-	806	-	-	-	**806**
Premium on issue of equity shares	1,265	-	-	-	-	**1,265**
Other comprehensive income for the year, net of income tax	-	-	-	2	-	**2**
Total comprehensive income for the year	**1,265**	**806**	**-**	**2**	**-**	**2,073**
Transfer to stock reserve - equity settled options	-	-	(8)	-	8	**-**
Balance at March 31, 2019	**2,072**	**(776)**	**3**	**8**	**562**	**1,869**
Profit for the year	-	100	-	-	-	**100**
Other comprehensive income for the year, net of income tax	-	-	-	(4)	-	**(4)**
Total comprehensive income for the year	**-**	**100**	**-**	**(4)**	**-**	**96**
Transfer to stock reserve - equity settled options	**-**	**-**	(3)	**-**	**3**	**-**
Balance at March 31, 2020	**2,072**	**(676)**	**-**	**4**	**565**	**1,965**

As per our report of even date

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

For and on behalf of the Board of Directors
Tata Securities Limited

Sagar Lakhani
Partner
Membership No : 111855

Rajiv Sabharwal
Chairman
DIN: 00057333

N. J. Driver
Director
DIN: 00025025

Avijit Bhattacharya
Director
DIN: 02330805

Mumbai
June 17, 2020

Udaya Rao
Manager

Vivek D'Souza
Chief Financial Officer

TATA SECURITIES LIMITED

Notes forming part of the financial statements

1. CORPORATE INFORMATION

Tata Securities Limited (TSL) is a wholly owned subsidiary of Tata Capital Limited. The Company is domiciled in India and incorporated under the Companies Act, 2013. The Company is a member of the Bombay Stock Exchange Limited (BSE) registered in the cash segment and of National Stock Exchange of India Limited (NSE) registered in the capital market, futures and options and currency derivatives segments. The Company is also a Depository Participant of Central Depository Services (India) Limited (CDSL) and of National Securities Depository Limited (NSDL). The Company is also registered with SEBI as a Research Analyst.

The Company is also engaged in distribution of mutual fund units, in the capacity of an AMFI registered distributor. The Company has been empanelled with several Asset Management Companies operating in India.

2. SIGNIFICANT ACCOUNTING POLICIES

i. Statement of compliance

These standalone or separate financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act"), other relevant provisions of the Act and other accounting principles generally accepted in India. Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS required a change in the accounting policy hitherto in use. The financial statements were authorised for issue by the Board of Directors (BOD) on June 17, 2020.

ii. Presentation of financial statements

The Balance Sheet, Statement of Profit and Loss and Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III of the Companies Act, 2013 (the 'Act'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS.

A summary of the significant accounting policies and other explanatory information is in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as specified under Section 133 of the Companies Act, 2013 (the 'Act') including applicable Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India.

Amounts in the financial statements are presented in Indian Rupees in Lakh, which is also the Company's functional currency and all amounts have been rounded off to the nearest lakhs unless otherwise indicated.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of entering into the transaction.

Measurement of fair values:

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

Fair value for measurement and/or disclosure purposes for certain items in these financial statements is determined considering the following measurement methods:

Items	**Measurement basis**
Certain financial assets and liabilities (including derivatives instruments)	Fair value
Net defined benefit (asset)/liability	Fair value of planned assets less present value of defined benefit obligations
Property plant and equipment	Value in use under Ind AS 36

Fair values are categorized into different levels (Level 1, Level 2 or Level 3) in a fair value hierarchy based on the inputs used in the valuation techniques. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The levels are described as follows:

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

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

c) Level 3: inputs are unobservable inputs for the valuation of assets or liabilities that the Company can access at the measurement date.

Valuation model and framework used for fair value measurement and disclosure of financial instrument:

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred

iii. Use of Estimates and judgements

The preparation of financial statements requires the management of the Company to make judgements, assumptions and estimates that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses for the reporting period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements have been disclosed as applicable in the respective notes to accounts. Accounting estimates could change from period to period. Future results could differ from these estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Judgements:

Information about judgements made in applying accounting policies that have significant effect on the amounts recognised in the financial statements is included in the following note:

- Note vi - classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Assumptions and estimation of uncertainties:

Information about assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2020 are included in the following notes:

- Note vii - useful life of property, plant, equipment and intangibles.
- Note xi – recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used
- Notes xiii –recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note vi – determination of the fair value of financial instruments with significant unobservable inputs.
- Note viii – measurement of defined benefit obligations: key actuarial assumptions.

iv. Income from Services and distribution of financial products

Fees for financial advisory services are accounted as and when the service is rendered provided there is reasonable certainty of its ultimate realisation.

a. Revenue from brokerage is recognised when the service is performed. Trail brokerage is recognised at the end of the measurement period when the pre-defined thresholds are met. Revenue is net of applicable indirect taxes and sub-brokerage.

b. Investment banking services

Fees for Investment banking services are accounted based on stage of completion of assignments and when there is reasonable certainty of its ultimate realization / collection.

v. Dividend Income

Income from dividend on investment in equity shares of corporate bodies and units of mutual funds is accounted when the Company's right to receive dividend is established.

vi. Financial asset

On initial recognition, depending on the Company's business model for managing the financial assets and its contractual cash flow characteristics, a financial asset is classified as measured at;

1. amortised cost;
2. fair value through other comprehensive income (FVOCI); or
3. fair value through profit and loss (FVTPL).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost using Effective Interest Rate (EIR) method if it meets both of the following conditions and is not recognised as at FVTPL:

1. The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made an investment – by – investment basis.

All financials assets not classified and measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate the financials assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL, if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss. The transaction costs and fees are also recorded related to these instruments in the statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on de-recognition is recognised in the statement of profit or loss.

Financial assets (other than Equity Investments) at FVOCI	Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

1. the rights to receive cash flows from the asset have expired, or
2. the Company has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset, or
3. the Company has neither transferred nor retained substantially all the risks and rewards of the ownership of the asset, but has transferred control of the asset

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.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

Financial liability, Equity and Compound Financial Instruments

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities are subsequently measured at the amortised cost using the effective interest method, unless at initial recognition, they are classified as fair value through profit and loss. Interest expense are recognised in the Statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

Classification

The Company classifies its financial liability as "Financial liability measured at amortised cost" except for those classified as financial liabilities measured at fair value through profit and loss (FVTPL).

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment of Trade receivable

Impairment allowance on trade receivables is made on the basis of simplified approach, in addition to specific provision considering the uncertainty of recoverability of certain receivables.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

a) Cash, Cash equivalents and bank balances

Cash, Cash equivalents and bank balances include fixed deposits, margin money deposits, and earmarked balances with banks are carried at amortised cost. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents

vii. Property, plant and equipment ('PPE')

a. PPE

Property, plant and equipment (PPE) acquired by the Company are reported at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. Estimated cost of dismantling and removing the item and restoring the site on which its located does not arise for owned assets. The acquisition cost includes any cost attributable for bringing an asset to its working condition net of tax/duty credits availed, which comprises of purchase consideration and other directly attributable costs of bringing the assets to their working condition for their intended use. PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

b. Capital work-in-progress

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress" and carried at cost, comprising direct cost, related incidental expenses and attributable interest.

c. Other intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to the acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. Expenses on software support and maintenance are charged to the Statement of Profit and Loss during the year in which such costs are incurred.

d. Intangible assets under development

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

e. Depreciation and Amortisation

Depreciable amount for tangible property, plant and equipment is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of computer equipment in whose case the life of the assets has been assessed based on the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, etc. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis. Depreciation for additions to/deductions on owned assets is calculated pro rata to the remaining period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life. All capital assets with individual value less than Rs. 5,000 are depreciated fully in the year in which they are purchased.

Purchased software / licenses are amortised over the estimated useful life during which the benefits are expected to accrue. The method of Residual values and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis. Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

Estimated useful life considered by the Company are:

Asset	Estimated Useful Life
Computer Equipment	Owned: 3 to 4 years
Office Equipment	Owned: 5 years
Software Licenses	Owned: 1 to 10 years

f. Impairment of assets

Upon an observed trigger or at the end of each accounting year, the Company reviews the carrying amounts of its PPE, investment property and intangible asset to determine whether there is any indication that the asset have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

g. De-recognition of property, plant and equipment and intangible asset

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

viii. Employee Benefits

Defined Employee benefits include provident fund, superannuation fund, employee state insurance scheme.

Defined contribution benefits includes gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The eligible employees of the Company are entitled to receive benefits under the 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), which is recognised as an expense in the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees in the year in which they occur. These contributions to provident fund are administered by the Regional Provident Fund Commissioner.

The Company's contribution to superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense in the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Past service cost is recognised immediately to the extent that the benefits are already vested. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

Long term service awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. The obligation is measured on the basis of actuarial valuation using projected unit credit method and remeasurements gains/ losses are recognised in P&L in the period in which they arise.

Share based payment transaction

The stock options of the Parent Company, granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date as per Black and Scholes model. The fair value of the options is treated as discount and accounted as employee compensation cost, with a corresponding increase in other equity, over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense, with a corresponding increase in other equity, in respect of such grant is transferred to the General reserve within other equity.

ix. Operating Segments

The Company's operating segments consist of Distribution Business, Wealth Management and Investment Banking
The main business is distribution of financial products. All other activities revolve around the main business and are carried out within India. As such, there are no separate reportable segments as per the provisions of Ind As 108 operating segment.
The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors.

x. Earnings per share

Basic earnings per share has been computed by dividing net income attributable to ordinary equity holders 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 anti-dilutive

xi. Taxation

Income Tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss, other comprehensive income or directly in equity when they relate to items that are recognized in the respective line items.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax loss) enacted or substantively enacted by the reporting date.
Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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

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.

xii. Goods and Services Input Tax Credit

Goods and Services input tax credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

xiii. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

(i) an entity has a present obligation (legal or constructive) as a result of a past event; and

(ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

(i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

(ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.
Contingent assets are not recognised in the financial statements

xiv. Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

i. changes during the period in operating receivables and payables transactions of a non-cash nature;

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and

iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

xv. Dividend payable (including dividend distribution tax)

Interim dividend declared to equity shareholders, if any, is recognised as liability in the period in which the said dividend has been declared by the Directors. Final dividend declared, if any, is recognised in the period in which the said dividend has been approved by the Shareholders.

xvi. New Ind AS issued but not effective as on March 31, 2020

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new Ind AS, interpretations and amendments to Ind AS are not expected to have a significant impact on the Company's financial statements and the Company's statement of financial position.

Applicable to financial year ended March 31, 2021 Company's financial statements:

- Amendments to References to Conceptual Framework in Ind AS Standards
- Definition of a Business (Amendments to Ind AS 103)
- Definition of Material (Amendment to Ind AS 1 and Ind AS 8)

Rs in lakh

	PARTICULARS	As at March 31, 2020 Rs in lakh	As at March 31, 2019 Rs in lakh
3	**CASH AND CASH EQUIVALENTS**		
	(a) Balance with Banks		
	(i) In Current accounts	**33**	8
	(ii) In Client accounts	**2**	1
	Total	**35**	9
4	**OTHER BALANCES WITH BANKS**		
	Balances with banks		
	(a) In deposit accounts (Refer note below)	**1,468**	1,443
	(b) Interest accrued but not due on fixed deposits	**48**	48
	Total	**1,516**	1,491

Note:
Deposits include lien with Banks and Stock Exchanges as margin amounting to Rs.378 lakh (March 31, 2019: Rs.378 lakh)

5	**TRADE RECEIVABLES**		
	(i) Receivables considered good - Unsecured	**46**	31
	(ii) Trade receivables - credit impaired	**66**	66
		112	97
	Less: Allowance for impairment loss		
	(i) Impairment loss allowance *	**(0)**	(0)
	(ii) Credit impaired	**(66)**	(66)
	Total	**46**	31

** Less than Rs. 50,000/-*

6	**INVESTMENTS**		
	(A) Investments measured at fair value through profit or loss		
	Mutual and other funds (unquoted)	**608**	716
	Fully paid equity shares (quoted)	**23**	35
	Less: Allowance for Impairment	**(6)**	-
	Total	**625**	751

Note:
(a) The market value of quoted investments is equal to the carrying value.
(b) The Company dose not have any Investment outside india.

7	**OTHER FINANCIAL ASSETS**		
	(a) Security deposits	**156**	157
	(b) Receivable from related parties	**2**	1
	Total	**158**	158

Notes to the financial statements *(Continued)*

as at March 31, 2020

Rs in lakh

8 Property, plant and equipment

Particulars	Gross Block					Accumulated Depreciation				Net Carrying Value
	Opening balance as at April 1, 2019	**Additions/ Adjustments**	**Deletions**	**Written off during the year**	**Closing balance as at March 31, 2020**	**Opening Balance as at April 01, 2019**	**Depreciation for the year**	**Deletions / Adjustments**	**Closing balance as at March 31, 2020**	**As at March 31, 2020**
TANGIBLE :										
Office Equipment *	**1**	**-**	**-**	**-**	**1**	**1**	**0**	**-**	**1**	**-**
	1	*-*	*-*	*-*	*1*	*0*	*1*	*-*	*1*	*0*
Computer Equipment	**5**	**1**			**6**	**3**	**1**		**4**	**2**
	3	*2*	*-*	*-*	*5*	*2*	*1*	*-*	*3*	*2*
Tangible Assets-Total	**6**	**1**	**-**	**-**	**7**	**4**	**1**	**-**	**5**	**2**
	4	***2***	***-***	***-***	***6***	***2***	***2***	***-***	***4***	***2***
INTANGIBLE ASSETS (other than internally generated) :										
Software *	**0**	**128**	**-**	**-**	**128**	**0**	**3**	**-**	**3**	**125**
	0	*-*	*-*	*-*	*0*	*-*	*0*	*-*	**0**	**0**
Intangible Assets-Total	**0**	**128**	**-**	**-**	**128**	**0**	**3**	**-**	**3**	**125**
	0	*-*	*-*	*-*	*0*	*-*	*0*	*-*	*0*	*0*
Total	**6**	**129**	**-**	**-**	**135**	**4**	**4**	**-**	**8**	**127**
	4	***2***	***-***	***-***	***6***	***2***	***2***	***-***	***4***	***3***
Intangible assets under development										**12**
										-

Figures in italics relate to March 31, 2019.

*Less than Rs. 50,000/-

Notes to the financial statements *(Continued)*

as at March 31, 2020

Rs in lakh

	PARTICULARS	As at March 31, 2020	As at March 31, 2019
		Rs in lakh	Rs in lakh
9	**OTHER NON-FINANCIAL ASSETS (UNSECURED - CONSIDERED GOOD)**		
	(a) Prepaid expenses	**12**	12
	(b) Gratuity asset (Net)	**3**	9
	(c) Balances with government authorities	**26**	6
	(d) Other advances	**2**	11
	Total	**43**	38
10	**TRADE PAYABLES**		
	(a) Others		
	(i) Accrued expenses	**95**	100
	(ii) Others	**8**	9
	Total	**103**	109

Note - 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 :

10(i)	**TOTAL OUTSTANDING DUES OF MICRO ENTERPRISES AND SMALL ENTERPRISES**		
	(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	**-**	-
	(b) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**-**	-
	(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	**-**	-
	(d) The amount of interest accrued and remaining unpaid at the end of each accounting year;	**-**	-
	(e) The amount of interest accrued and remaining unpaid at the end of each accounting year;	**-**	-
	Total	**-**	-
11	**OTHER FINANCIAL LIBILITIES**		
	(a) Accrued employee benefit expenses	**46**	43
	(b) Salary Payable	**1**	1
	Total	**47**	44
12	**PROVISIONS**		
	(a) Provision for compensated absences	**12**	10
	(b) Provision for long-term service award	**1**	1
	Total	**13**	11

Notes to the financial statements *(Continued)*
as at March 31, 2020

Rs in lakh

	PARTICULARS	As at March 31, 2020	As at March 31, 2019
		Rs in lakh	Rs in lakh
13	**OTHER NON-FINANCIAL LIBILITIES**		
	(a) Statutory dues	**19**	12
	(b) Others	**4**	4
	Total	**23**	16
14	**SHARE CAPITAL**		
	AUTHORISED		
	81,000,000 (Previous year 81,000,000) Equity shares of Rs. 10 each	**8,100**	8,100
	20,000,000 (Previous year 20,000,000) Preference shares of Rs. 10 each	**2,000**	2,000
		10,100	10,100
	ISSUED, SUBSCRIBED AND FULLY PAID UP		
	6,183,837 (Previous year 6,183,837) Equity shares of Rs. 10 each fully paid up	**618**	618
	Total	**618**	618

14 (a) Reconciliation of number of shares outstanding

PARTICULARS	No. of shares	Rs in lakh
Opening Share Capital as on April 01, 2018		
Equity shares	38,29,418	383
8.50% Compulsory Convertible Cumulative Preference Shares	1,50,00,000	1,500
Issued during the year	23,54,419	235
Preference shares converted during the year	(1,50,00,000)	(1,500)
Closing Share Capital as on March 31, 2019	61,83,837	618
Issued during the year	-	-
Closing Share Capital as on March 31, 2020	61,83,837	618
	61,83,837	**618**

14 (b) The entire Equity Share Capital of the Company is held by Tata Capital Limited (the Holding Company) and its nominees. Tata Sons Private Limited is the ultimate holding company.

14 (c) Rights and restrictions attached to shares
Equity Shares: The Company has equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. Dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

14 (d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date :

During the five-year period ended March 31, 2020 (March 31, 2019):

- NIL (March 31, 2019: 2,354,419 equity shares of INR 10 each have been allotted as fully paid up pursuant to conversion of 8.50% Compulsorily Convertible Cumulative Preference Shares)

Notes to the financial statements *(Continued)*

15 OTHER EQUITY

(a) Securities Premium Account	**2,072**	2,072
(b) Deficit in Profit and Loss	**(676)**	(776)
(c) General Reserve	**565**	562
(d) Other Comprehensive Income	**4**	8
(e) Share options outstanding account	**-**	3
Total	**1,965**	1,869

15 (a) Nature & Purpose of Reserves

As part of a qualitative disclosure, Company is required to present disclosures as required by Para 79 of Ind AS-1 i.e. nature & purpose of each reserve :

Sr. No.	Particulars	Nature & Purpose of Reserves
(a)	Securities Premium Account	Premium on issue of shares above par value
(b)	Deficit in Profit and Loss	Accumulated profits
(c)	General reserve	Free reserves created by appropriation of profits of earlier years and transfer of fair value of options granted to employees from ESOP Reserve to General Reserve on lapse / forefeiture / exercise of options by employees
(d)	Other Comprehensive income	Reserve on account of items measured through Other Comprehensive Income
(e)	Share options outstanding account	Fair value of options granted to employees

for the year ended March 31, 2020

Rs in lakh

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
	Rs in lakh	Rs in lakh

16 REVENUE FROM OPERATIONS

(a) Brokerage Income		
(i) Distribution Income	**335**	449
(b) Income from Investment Banking services	**-**	14
(c) Depository Participant Fees	**1**	6
Total	**336**	469

Rs in lakh

	PARTICULARS	**For the year ended March 31, 2020**	For the year ended March 31, 2019
		Rs in lakh	Rs in lakh
17	**OTHER INCOME**		
	(a) Interest on Income Tax Refund	**-**	15
	(b) Interest Income on Fixed Deposits	**105**	105
	(c) Dividend on investments	**29**	24
	(d) Miscellaneous Income	**7**	7
	Total	**141**	151
18	**FINANCE COST**		
	Dividend on Compulsorily Convertible Cumulative Preference Shares (including dividend distribution tax thereon)	**-**	(616)
	Total	**-**	(616)

Note:
Finance cost for the year ended March 31, 2019 included a reversal of Rs.616 lakh of dividend accrued on Compulsorily Convertible Cumulative Preference Shares (CCCPS) that was no longer payable as the CCCPS had been converted into equity shares in March 2019. Prior to conversion of the CCCPS, the CCCPS dividend was not declared due to accumulated losses in the company.

19	**NET LOSS / (GAIN) ON FAIR VALUE CHANGES**		
	Unrealised loss on financial instruments measured at fair value through profit or loss	**18**	8
	Total	**18**	8
20	**IMPAIRMENT OF FINANCIAL INSTRUMENTS**		
	On Financial Instruments measured at amortized cost		
	(i) Investments	**6**	-
	(ii) Trade Receivables *	**0**	(6)
	Total	**6**	(6)
	*Less than Rs. 50,000/-		
21	**EMPLOYEE BENEFIT EXPENSES**		
	(a) Salaries, wages and bonus	**174**	199
	(b) Contribution to provident and other fund	**9**	16
	(c) Staff welfare expenses	**1**	(4)
	(d) Share based payments to employees *	**-**	0
	Total	**184**	211
	*Less than Rs. 50,000/-		

Rs in lakh

PARTICULARS	**For the year ended March 31, 2020**	For the year ended March 31, 2019
	Rs in lakh	Rs in lakh

22 OTHER OPERATING EXPENSES

(a) Administration and Support expenses	**8**	8
(b) Corporate social responsibility expenses	**8**	-
(c) Communication expenses	**1**	4
(d) Director's Sitting Fees	**3**	4
(e) Legal and Professional fees	**60**	14
(f) Repairs and Maintenance	**2**	2
(g) Rent	**35**	41
(h) Membership and Subscription	**12**	36
(i) Travelling and conveyance	**2**	4
(j) SEBI registration fees	**4**	5
(k) Record management expenses	**3**	3
(l) Auditors remuneration	**12**	12
(m) Miscellaneous expenses	**15**	36
Total	**165**	169

22 (a) Auditors' Remuneration (excluding GST)

Auditors' Remuneration	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
	Rs in lakh	**Rs in lakh**
(a) Statutory Audit Fees	**7**	7
(b) Tax Audit Fees	**2**	2
(c) Other Services #	**3**	3
(d) Out of Pocket Expenses*	**0**	0
Total	**12**	12

*Less than Rs. 50,000/-
Includes Certification fees

22 (b) Expenditure incurred for corporate social responsibility

(i) Gross amount required to be spent by the Company during the year is Rs 8 lakh (FY 2018-19 :Rs NIL)

(ii) Amount spent during the year on:

Particulars	**Paid**	**Yet to be paid**	**Total**
Construction / acquisition of any asset	-	-	-
On purposes other than above	8	-	-
Total	**8**	**-**	**-**

Rs in lakh

23. Financial Instruments :

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(vi) to the financial statements.

A. Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:
a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
b) Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

c) Level 3 inputs are unobservable inputs for the valuation of assets or liabilities that the Company can access at measurement date. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Valuation techniques include net present value and discounted cash flow models, income approach, comparison with similar instruments for which observable market prices exist, option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free returns, benchmark interest rates and credit spreads used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Observable prices or model inputs are usually available in the market for listed equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

B. Valuation framework

The Company has established a policy for the measurement of fair values addressing the requirement to independently verify the results of all significant fair value measurements. Specific controls include:
1) verification of observable pricing basis actual market transactions;
2) re-performance of model valuations;
3) a review and approval process for new models and changes to models
4) annual calibration and back-testing of models against observed market transactions;
5) analysis and investigation of significant annual valuation movements; and
6) review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous year.

When third party information, such as valuation agency report is used to measure fair value, the Company assesses the documents and evidence used to support the conclusion that the valuations meet the requirements of Ind AS. This includes:
1) understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
2) when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
3) if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

Significant valuation issues are reported to the Board of Directors.

Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortised cost	Total Carrying Value
Financial Assets:				
Cash and cash equivalents	-	-	35	35
Other balances with banks	-	-	1,516	1,516
Trade receivables and other receivables	-	-	46	46
Investments	625	-	-	625
Other financial assets	-	-	158	158
Total	**625**	**-**	**1,755**	**2,380**
Financial Liabilities:				
Trade and other payables	-	-	103	103
Other financial liabilities	-	-	47	47
Total	**-**	**-**	**150**	**150**

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortised cost	Total Carrying Value
Financial Assets:				
Cash and cash equivalents	-	-	9	9
Other balances with banks	-	-	1,491	1,491
Trade receivables and other receivat	-	-	31	31
Investments	751	-	-	751
Other financial assets	-	-	158	158
Total	**751**	**-**	**1,689**	**2,440**
Financial Liabilities:				
Trade and other payables	-	-	109	109
Other financial liabilities	-	-	44	44
Total	**-**	**-**	**153**	**153**

Carrying amounts of cash and cash equivalents, other balances with banks, trade and other receivables, trade and other payables as on March 31, 2020 and March 31, 2019 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of other financials assets and other financial liabilities, subsequently measured at amortised cost is not significant in each of the year presented.

Fair value hierarchy:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
Level 2- Inputs are inputs, other than quoted prices included within level 1, that are observable for the investment. This category includes inputs from Net Asset Value (NAV) published by the fund as on the measurement date.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis:

As at March 31, 2020	Level 1	Level 2	Total
Financial Assets:			
Equity Shares	17	-	17
Mutual fund units	-	608	608
Total	**17**	**608**	**625**

As at March 31, 2019	Level 1	Level 2	Total
Financial Assets:			
Equity Shares	35	-	35
Mutual fund units	-	716	716
Total	**35**	**716**	**751**

The following table summarises valuation techniques used to determine fair value, valuation inputs and relationship to fair value.

Financial Instruments	Fair Value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at March 31, 2020	As at March 31, 2019				
Equity shares	17	35	Level 1	Published Market Price	N.A.	N.A.
Mutual Fund Units	608	716	Level 2	Net Asset Value	Net Asset Value	Higher the Net Asset Value higher the fair value of unquoted units

24. Employee Stock Purchase/Option Scheme

Employee of the Company who meet the eligibility criteria (as defined under each scheme) will be entitled to the Stock Purchase / Stock options Scheme offered by Tata Capital Limited

25. Deferred Tax

The Company has not recognized net deferred tax assets as at March 31, 2020 on the following item, since it is not probable that the economic benefits will flow in future years against which such deferred tax assets can be realized.

Particulars	Closing balance as at 31st Mar 2020	DTA @25.17% as at 31st Mar 2020	Closing balance as at 31st Mar 2019	DTA @27.82% as at 31st Mar 2019
Deferred Tax Asset (A)				
On Business Losses as per Income Tax *	3,269	823	4,391	1,222
On Unabsorbed Dep. as per Income Tax	326	82	326	91
Provision for doubtful debts	66	17	66	18
Employee benefits - Leave encashment	12	3	10	3
On account of depreciation on fixed assets	63	16	97	27
Deferred Tax Liability (B)	Nil	Nil	Nil	Nil
Net Deferred Tax Asset (A-B)		**940**		**1,360**
Total		**940**		**1,360**

* The Company has business Losses as per Income Tax Act 1961 of Rs. 942 lakh expiring in FY 2020-21, Rs. 1,210 lakh expiring in FY 2021-22 and Rs. 1,117 lakh expiring in FY 2023-24 (PY Rs. 1,116 lakh expiring in 2019-20, 942 lakh expiring in FY 2020-21, Rs. 1,210 lakh expiring in FY 2021-22 and Rs. 1,117 lakh expiring in FY 2023-24).

26. Income Tax :

A. The income tax expense consist of the following:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax:		
Current tax expense for the year	-	46
Total income tax expense recognised in the period	-	**46**

The reconciliation of estimated income tax expense at statutory income tax rate income tax expense reported in statement of profit and loss is as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before income taxes	100	852
Indian statutory income tax rate	25.17%	27.82%
Expected income tax expense	25	237
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax	(7)	(7)
Recognition of previously unrecognised tax losses and unabsorbed depreciation	(19)	(55)
Impact of unrecognised timing differences	(8)	(6)
Non deductible expenses	9	(170)
Impact of MAT	-	46
	-	
Total income tax expense	**0**	**46**

B. Amounts recognised in OCI

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Before tax	Tax (Expense) Benefit	Net of Tax	Before tax	Tax (Expense) Benefit	Net of Tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability (asset)	(4)	-	(4)	2	-	2
	(4)	**-**	**(4)**	**2**	**-**	**2**

27. Change in tax rate :

The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Ordinance dated September 20, 2019 inserted a new section 115BAA in the Income Tax Act, 1961, which provides an option to the Company for paying income tax at reduced rates as per the provisions / conditions defined in the said section. The Company has a one-time option to opt for a reduced maximum marginal tax rate (MMR) of 25.17% (Base tax - 22%, Surcharge - 10% and Health & education cess - 4%) instead of 27.82% (Base tax - 25%, Surcharge - 7% and Health & education cess - 4%) in the current financial year or in the future financial years. Further, if the Company adopts the new tax rate of 25.17%, the minimum alternate tax (MAT) under section 115JB will not be applicable and the Company shall not be entitled to claim the brought forward MAT credits. As on March 31, 2020, the Company has elected to exercise the option of lower MMR, accordingly there is no tax payable for the year under the normal provisions due to brought forward losses. Further, the Company shall not be entitled to claim the brought forward MAT credits of Rs. 2.37 crore. The said MAT credits were not recognized in books of accounts due to absence of probable future taxable profit against which such assets could be offset.

28. Operating Leases :

The Company does not have any non-cancellable leases. The total lease rentals of Rs. 35 lakh (Previous year: Rs.41 lakh) is debited under the head "Other expenses - Rent' under Note 22 in the Statement of Profit & Loss.

29. Earning per share :

Earnings per share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating earnings per share are as stated below:

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Profit after tax	Rs In Lacs	**100**	806
Profit after tax for attributable to Equity share holders	Rs In Lacs	**100**	806
Weighted average number of Equity shares used in computing Basic EPS	No's	**61,83,837**	61,83,837
Face value of equity shares	Rupees	**10**	10
Basic and diluted earning per share	**Rupees**	**1.62**	13.03

30. Disclosure as required by Accounting Standard (Ind AS) – 24 on "Related Party Disclosures" detailed below:

Names of the related parties and description of relationship:

Relationship	Related Party
Ultimate Holding Company	Tata Sons Private Limited
Holding Company	Tata Capital Limited
Subsidiaries of Holding Company	Tata Capital Housing Finance Limited Tata Capital Financial Services Limited Tata Cleantech Capital Limited Tata Capital Growth Fund
Other Related Parties (with which the company had transactions)	Tata AIG General Insurance Company Limited Tata Consultancy Services Limited Tata AIA Life Insurance Company Limited Tata Teleservices (Maharashtra) Limited
Key Management Personnel	Mr. Rajiv Sabharwal (Non- Executive Director and Chairman) Mr. P. D. Karkaria (Ceased to be Non-Executive Director w.e.f. November 06, 2018) Mr. F. J. Da Cunha (Ceased to be Non-Executive Director w.e.f. February 29, 2020) Mr. N. J. Driver (Non- Executive Director) Mr. Avijit Bhattacharya (Non- Executive Director) Ms. Udaya Rao (Manager) Mr. Aneesh Hosangadi (Ceased to be Chief Financial Officer w.e.f. June 29, 2018) Mr. Vivek D'Souza (Chief Financial Officer) Ms. Zeal Gokani (Ceased to be Company Secretary and Compliance Officer w.e.f. August 14, 2019)

SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES :

Sr No.	Party Name	Group	P&L / BS line item	Nature of Transaction / balances	FY 19-20	FY 18-19
1	Tata Sons Private Limited (Formerly known as Tata Sons Limited)	a) Expenditure	Other Expenses	Brand Equity Contribution	1	1
			Other Expenses	Rates & Taxes	1	-
		b) Liabilities	Trade Payable	Provision for Brand Equity Contribution	1	1
2	Tata Capital Limited	a) Expenditure	Other Expenses	Insurance Expenses *	0	0
		b) Liabilities	Share Capital	Conversion of Convertible Preference Shares into Equity Shares	-	1,500
3	Tata Capital Financial Services Limited	a) Expenditure	Rent	Rent Expenses	31	41
			Membership Expenses	Reimbursement of Expenses	34	26
		b) Income	Depository Participant Fees	DP Income	1	1
		c) Asset	Fixed Assets	Assets transfer to TCFSL	-	1
		d) Asset	Receivable from related parties	Trade Receivable #	1	1
		e) Liabilities	Accrued Expenses	Trade Payable	4	3
4	Tata Cleantech Capital Limited	a) Income	Depository Participant Fees	DP Income *	0	0
		b) Asset	Receivable from related parties	Trade Receivable #	0	0
5	Tata Capital Housing Finance Limited	a) Expenditure	Rent	Rent Expenses	4	-
		b) Asset	Fixed Assets	Assets transfer to TCHFL*	-	0
		c) Income	Depository Participant Fees	DP Income *	0	0
		d) Asset	Receivable from related parties	Trade Receivable #	1	1
		e) Liabilities	Accrued Expenses	Trade Payable	4	-
6	Tata AIG General Insurance Company Limited	a) Expenditure	Other Expenses	Insurance Expenses *	-	0
7	Tata AIA Life Insurance Company Limited	a) Expenditure	Other Expenses	Insurance Expenses *	1	0
8	Tata Consultancy Services Limited	a) Liabilities	Accrued Expenses	Trade Payable	-	4
9	Tata Capital Growth Fund	a) Income	Depository Participant Fees	DP Income *	0	0
		b) Asset	Trade Receivable	Trade Receivable #	0	0
10	Tata Teleservices (Maharashtra) Limited	a) Expenditure	Communication Expenses	Communication Expenses	1	2
		b) Liabilities	Accrued Expenses	Trade Payable *	0	-
11	Key Management Personnel (KMP)	a) Expenditure	Director Sitting Fees	Director Sitting Fees	3	4
		a) Expenditure	Employee Benefit expenses	Remuneration to KMP		
				- Short Term Employee Benefits	57	34
				- Post Employment Benefits	2	2
				- Termination Benefits	0	-
			ESOP	- Share based payemnts (No. of Shares)		
				(a) Options granted **	1,24,217	58,333
				(b) Options exercised	41,325	23,333

** Amount Less than Rs.50,000/-*

*** ESOP have been granted by Tata Capital Limited*

 # All the balances above are not secured

The above related party transactions are at Arm's legth and in the ordinary course of business.

The above figures do not include provisions for encashable leave, gratuity and premium paid, as separate actuarial valuation / premium paid are not available.

31. Long Term Service Award :

Long Term Service award is an employee benefit in recognition for their loyalty and continuity of service for five years and above, the same is actuarially valued. The Long Term Service award expense for financial year 2019-20 is 0.16 lakh (Previous year Nil) and the provision as at March 31, 2020 is Rs.1 lakh (Previous year Rs.1 lakh)

Notes to the financial statements *(Continued)*

for the year ended March 31, 2020

Rs in lakh

32. Segment Reporting :

In accordance with Ind AS 108 on Operating Segment, the Company has identified three business segments i.e. Distribution Business, Investment Banking business, Wealth Managment and Others and one Geographical Segment viz. India, as secondary segment. The business segments are the primary segments.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Segment Revenue		
(a) Distribution Business	**335**	449
(b) Wealth Management	**-**	-
(c) Investment Banking	**-**	14
Total	**335**	463
Less : Inter segment Revenue	**-**	-
Total Income	**335**	463
Segment Results		
(a) Distribution Business	**157**	300
(b) Wealth Management	**(80)**	-
(c) Investment Banking	**-**	(104)
Total	**77**	196
Add : Unallocated Corporate Income	**142**	157
Less : Unallocated Corporate Expenses	**(123)**	501
Profit before taxation	**96**	854
Less : Provision for taxation	**-**	(46)
Profit after taxation	**96**	808

Particulars	As at March 31, 2020	As at March 31, 2019
Segment Assets		
(a) Distribution	**66**	54
(b) Wealth Management	**154**	-
(c) Investment Banking	**-**	3
(d) Unallocated #	**2,645**	2,715
Total	**2,865**	2,772
Segment Liabilities		
(a) Distribution	**55**	52
(b) Wealth Management	**13**	-
(c) Investment Banking	**-**	-
(d) Unallocated #	**214**	233
Total	**282**	285
Capital Employed		
(a) Distribution	**11**	2
(b) Wealth Management	**141**	-
(c) Investment Banking	**-**	3
(d) Unallocated #	**2,431**	2,482
Total	**2,583**	2,487

The deposits paid to NSE and BSE for equity licences and the balances payable to equity based clients are included in the unallocated segment due to closure of equity business.

33. Financial risk review :

A **Liquidity risk**

Maturity analysis for financial liabilities and financial assets

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

ASSETS	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial assets						
Cash and cash equivalents	35	-	35	9	-	9
Bank Balance other than (a) above	1,511	5	1,516	1,491	-	1,491
Trade Receivables	46	-	46	31	-	31
Investments	579	46	625	688	63	751
Other financial assets	2	156	158	1	157	158
Total	**2,173**	**207**	**2,380**	**2,220**	**220**	**2,440**
Financial liabilities	**150**	**-**	**150**	**153**	**-**	**153**
Trade Payables	103	-	103	109	-	109
Other financial liabilities	47	-	47	44	-	44
Total	**150**	**-**	**150**	**153**	**-**	**153**

Impact of COVID 19

A long-drawn nation-wide lockdown necessitated by the outbreak of COVID-19 pandemic, has not impacted the liquidity risk of the Company.

33. Financial risk review(continued)

B. **Liquidity risk**

ii. Maturity analysis for financial liabilities and financial assets

The following tables set out the remaining contractual maturities of the Companies financial liabilities and financial assets:

As at March 31, 2020	Carrying amount	Less than 1 month	1–3 months	3 months –1 year	1–5 years	More than 5 years
Financial liability by type						
Trade payables	103	103	-	-	-	-
Other financial liabilities	47	-	-	47	-	-
Total	**150**	**103**	**-**	**47**	**-**	**-**
Financial asset by type						
Cash and cash equivalents	35	35	-	-	-	-
Bank balances	1,516	222	79	1,210	5	-
Receivables	46	46	-	-	-	-
Investments	625	579	-	-	-	46
Other Financial Assets	158	2	-	-	-	156
Total	**2,380**	**884**	**79**	**1,210**	**5**	**202**

33. Financial risk review(continued)

C. **Liquidity risk**

ii. Maturity analysis for financial liabilities and financial assets

The following tables set out the remaining contractual maturities of the Companies financial liabilities and financial assets:

As at March 31, 2019	Carrying amount	Less than 1 month	1–3 months	3 months –1 year	1–5 years	More than 5 years
Financial liability by type						
Trade payables	109	109	-	-	-	-
Other financial liabilities	44	-	-	44	-	-
Total	**153**	**109**	**-**	**44**	**-**	**-**
Financial asset by type						
Cash and cash equivalents	9	9	-	-	-	-
Bank balances	1,491	247	6	1,238	-	-
Receivables	31	31	-	-	-	-
Investments	751	688	-	-	-	63
Other Financial Assets	158	1	-	-	-	157
Total	**2,440**	**976**	**6**	**1,238**	**-**	**220**

Rs in lakh

34. Credit Risk :

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable.

A. Method of Expected Credit Loss

The Company has computed ECL on trade receivables using the Simplified Method. This approach uses historical credit loss experience, for a revenue stream, of the Company to estimate Lifetime Expected Credit Loss and compute a provision matrix.

For 2020, historical data of trade receivable is averaged for 5 years i.e. from 2019 till 2015. Based on reasonable and supportable information that is available without undue cost or effort, for 2019 similar data is averaged for 5 years which is from 2018 till 2014.

B. Revenue Stream wise ECL

As at March 31, 2020

Particulars	Trade receivables	ECL	Unbilled	ECL	% of ECL
Brokerage income *	46	0	-	-	0.57%
Depository fees *	0	0	0	0	0.57%
Other Income	-	-	-	-	-
Total *	**46**	**0**	**0**	**0**	**-**

As at March 31, 2019

Particulars	Trade receivables	ECL	Unbilled	ECL	% of ECL
Brokerage income *	22	0	-	-	0.60%
Depository fees *	2	0	4	0	0.60%
Other Income *	1	0	2	0	0.60%
Total *	**25**	**0**	**6**	**0**	**0.60%**

Deposits with Bank and bank balances, the Company doesn’t exepct any ECL.

* Less than Rs.50,000/-

C. Movement in loss allowance

As at March 31, 2020

Particulars	Trade receivables	ECL	Unbilled	ECL
Opening balance *	25	0	6	0
Addition during the year *	46	0	0	0
Reversed during the year *	(25)	(0)	(6)	(0)
Closing balance *	**46**	**0**	**0**	**0**

As at March 31, 2019

Particulars	Trade receivables	ECL	Unbilled	ECL
Opening balance *	239	1	4	0
Addition during the year *	25	0	6	0
Reversed during the year *	(239)	(1)	(4)	(0)
Closing balance *	**25**	**0**	**6**	**0**

* Less than Rs.50,000/-

Impact of COVID 19
No part of trade and other receivables has become impaired as a part of COVID - 19 outbreak.

35. Market Risk :

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates - will affect the Company’s income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

A. Currency Risk

The Company is not exposed to any currency risk as all the transactions are in INR which is the reporting and the functional currency of the entity.

B. Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments/borrowings will fluctuate because of fluctuations in the interest rates.

The Company does not account for any fixed-rate borrowings at fair value through profit or loss and doesn’t have any floating rate interest bearing investment and borrowings. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Impact of COVID 19
The Compny does not envisage any imapct of COVID-19 on interest rate risk.

Notes to the financial statements *(Continued)*
for the year ended March 31, 2020

Rs in lakh

36. Revenue from contracts with customers

(a) Below table provides disaggregation of the Company's revenue from contracts with customers

	PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
i.	**Type of service**		
	- Fee and commission income	**336**	468
	Total	**336**	468
ii.	**Primary geographical market:**		
	- Outside India	**-**	-
	- India	**336**	468
	Total revenue from contracts with customers	**336**	468
iii.	**Timing of revenue recognition**		
	- at a point in time upon rendering services	**336**	468
	- over period of time upon rendering services	**-**	-
	Total	**336**	468
iv.	**Trade receivables towards contracts with customers**		
	- Opening Balance	**31**	243
	- Closing Balance	**46**	31
v.	**Impairment on trade receivables towards contracts with customers ***	**(0)**	(0)

* Less than Rs. 50,000/-

The unbilled revenue of Rs. 0.28 lakh as at March 31, 2020 (as at March 31, 2019 : Rs. 6.28 lakh) has been considered as Contract assets, which are billable on completion of milestones specified in the contracts.

As on March 2020/2019, the Company doesn't have any unsatisified/partially satisified performance obligation.

Note 37
Employee benefit expenses

A. Defined contribution plans
The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company have recognised ₹ 6.38 Lakhs (Year ended 31 March 2019 ₹ 7.38 Lakhs) for Provident Fund contributions and ₹ 0.24 Lakhs (Year ended 31 March 2019 ₹ 0.24 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

B. Defined benefit plan
The Company provides gratuity for employees in India as per payment of Gratuity Act, 1972. The gratuity scheme for employees is as under:

Eligibility	Continuous service for 5 years (not applicable in case of death or disability while in service)
Benefit payable upon	Retirement, Withdrawal, Death/Diability
Benefit payable	For service less than 10 years: 15/26 X Salary X Service
	For service greater than 10 years: Salary X Service
Salary definition	Last drawn monthly basic salary + Dearness Allowance
Service definition	Number of years of service rounded to the nearest integer
Normal retirement age	60 years

There are no statutory minimum funding requirements for gratuity plans mandated in India. However, a Company can fund the benefits by way of a separate irrevocable Trust to take advantage of tax exemptions and also to ensure security of benefits.

The Tata Capital Limited Gratuity Scheme is funded by way of a separate irrevocable Trust and the Company is expected to make regular contributions to the Trust. The fund is managed internally by the Company and the assets are invested as per the pattern prescribed under Rule 67 of IT Rules. The asset allocation of the Trust is set by Trustees from time to time, taking into account the membership profile, the liquidity requirements of the plan and risk appetite of the plan sponsor as per the investment norms.

The Tata Capital Limited Gratuity Scheme is funded by way of a separate irrevocable Trust. The Trustees are responsible for the investment of the assets of the Trust as well as the day to day administration of the scheme. The asset allocation of the Trust is set by the Trustees from time to time, taking into account the membership profile, the liquidity requirements of the Plan and risk appetite of the Plan sponsor as per the investment norms. Administrative expenses of the trust are met by the company. The Trustees are required to conduct necessary business e.g. Approval of Trust's Financial Statements, Review Investment performance.

Defined benefit plans provide for a lumpsum payment made on exit, either by way of retirement, death, diability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lumpsum at exit.

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

1. Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
2. Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

3. Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Movement in net defined benefit (asset) liability

a) Reconciliation of balances of Defined Benefit Obligations.

	Year ended March 31, 2020		**Year ended March 31, 2019**	
Particulars	**Total Funded**	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Defined Obligations at the beginning of the year	35.73	-	69.33	-
Current service cost	3.00	-	7.73	-
Interest cost	2.57	-	3.90	-
Plan paritcipant's contributions		-		-
Exchange (gain) / loss		-		-
Benefits paid	-	-	(37.36)	-
Past service cost		-		-
Amalgamations / Acquisitions	0.33	-	(7.77)	-
Liabilities assumed on transfer of employees		-		-
Settlement cost / (credit)	-	-	-	-
Curtailment cost / (credit)	-	-	-	-
Plan amendments	-	-	-	-
Change in secured pensioner value		-		-
Due to company ceasing to be a subsidiary		-		-
Due to company becoming subsidiary				
Actuarial (Gains)/ Losses on obligations arising from:		-		-
a. Due to change in financial assumptions	2.36	-	3.65	-
b. Due to change in experience adjustments	1.14	-	(6.32)	-
c. Due to experience adjustments	-	-	2.57	-
Others (please specify below)		-		-
Benefits paid directly by the Company	-	-	-	-
		-		-
		-		-
		-		-
Defined Obligations at the end of the year	**45.14**	**-**	**35.73**	**-**

b) Reconciliation of balances of Fair Value of Plan Assets

	Year ended March 31, 2020		Year ended March 31, 2019	
Particulars	**Total Funded**	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Fair Value at the beginning of the year	**45.13**	**-**	**46.69**	**-**
Expected return on plan assets	(0.13)	-	1.97	-
Actuarial gain / (loss) on plan assets		-		-
Exchange gain/(loss)		-		-
Employer contributions	-	-	37.98	-
Plan paritcipant's contributions		-		-
Benefits paid	-	-	(37.36)	-
Amalgamations / Acquisitions	0.33	-	(7.77)	-
Assets transferred on transfer of employees		-		-
Adjustment on plan settlement				
Change in secured pensioner value	-	-	-	-
Others (please specify below)		-		-
Interest Income on Plan Assets	3.25	-	3.62	-
Due to company ceasing to be a subsidiary		-		-
Fair Value of Plan Assets at the end of the year	**48.59**	**-**	**45.13**	**-**

c) Funded status

Particulars	**Year ended March 31, 2020**		**Year ended March 31, 2019**	
	Total Funded	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Deficit of plan assets over obligations				
Surplus of plan assets over obligations	3.45	-	9.40	-
Unrecognised asset due to asset ceiling				
Total	3.45	-	9.40	-

d) Categories of plan assets

Particulars	**Year ended March 31, 2020**		**Year ended March 31, 2019**	
Particulars	**Total Funded**	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Corporate bonds	9.69	-	19.43	-
Equity shares	2.60	-	4.72	-
Government securities	10.41	-	20.57	-
Insurer managed funds				
PSU bonds				
Equity mutual funds				
Bank balances				
Cash	0.05	-	0.41	-
Equities				
Special deposit scheme				
Index linked gilt				
Secured pensions				
Others (please specify)	25.84	-	-	-
Total	**48.59**	**-**	**45.13**	**-**

e) Amount recognised in Balance sheet

	Year ended March 31, 2020		**Year ended March 31, 2019**	
	Total Funded	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Present value of the defined benefit obligation	45.14	-	35.73	-
Fair value of plan assets	48.59	-	45.13	-
Unrecognised asset due to asset ceiling				
Unrecognised past service costs				
Net asset / (liability) recognised in the Balance Sheet	**3.45**	**-**	**9.40**	**-**
Net asset / (liability) as per financial statements	-		-	

f) Amount recognised in Statement of Profit and Loss	**Year ended March 31, 2020**		**Year ended March 31, 2019**	
	Total Funded	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Current Service Cost	3.00	-	7.73	-
Past Service cost	-	-	-	-
Interest Cost (net)	(0.68)	-	0.28	-
Curtailment cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Received from intra-group companies on transfer of employees				
Expected return on plan assets				
Actuarial loss/(gain) recognised during the year				
Others (please specify)				
Expenses for the year	**2.33**	**-**	**8.01**	**-**

g) Amount recognised in OCI	**Year ended March 31, 2020**		**Year ended March 31, 2019**	
	Total Funded	**Total Unfunded**	**Total Funded**	**Total Unfunded**
a. Due to change in financial assumptions	**2.36**	**-**	**3.65**	**-**
b. Due to change in experience adjustments	**1.14**	**-**	**(6.32)**	**-**
c. Due to experience adjustments	**-**	**-**	**2.57**	**-**
d. (Return) on plan assets (excl. interest income)	0.13	-	(1.97)	-
e. Change in Asset Ceiling				
Total remeasurements in OCI	**3.63**	**-**	**(2.06)**	**-**
Total defined benefit cost recognized in P&L and OCI	**5.95**	**-**	**5.95**	**-**

Total defined benefit cost as per financial statements -

h) Expected cash flows for the following year

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Expected total benefit payments	**61.25**	**51.31**
Year 1	**7.10**	**6.06**
Year 2	**6.20**	**5.03**
Year 3	**5.59**	**4.72**
Year 4	**5.21**	**4.42**
Year 5	**5.16**	**4.27**
Next 5 years	**31.99**	**26.82**

i) Major Actuarial Assumptions

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate (%)	6.30%	7.20%
Salary Escalation/ Inflation (%)	Non CRE: 8.25%, CRE & J Grade:6%	Non CRE: 8.25%, CRE & J Grade:6%
Expected Return on Plan assets (%)	6.30%	7.20%
Attrition		
Mortality Table	**Indian assured lives Mortality (2006-08) (modified) Ult.**	**Indian assured lives Mortality (2006-08) (modified) Ult.**
Medical cost inflation		
Disability		
Withdrawal (rate of employee turnover)	CRE and J Grade : 40%; Non CRE :Less than 5years 25% and more than 5 years 10%	CRE and J Grade : 40%; Non CRE :Less than 5years 25% and more than 5 years 10%
Retirement Age	**60 years**	**60 years**
Weighted Average Duration		
Guaranteed rate of return		
Estimate of amount of contribution in the immediate next year	7.10	6.06

The estimates for future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.
The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation.

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

i) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	March 31, 2020		**March 31, 2019**	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(2.60)	2.91	(2.04)	2.28
Future salary growth (1% movement)	2.84	(2.59)	2.24	(2.04)
Others (Withdrawal rate 5% movement)	(1.37)	2.05	(0.61)	0.89

j) Provision for leave encashment

	March 31, 2020		**March 31, 2019**	
	Non current	Current	Non current	Current
Liability for compensated absences	7.21	4.40	5.59	4.03

Experience adjustments	Defined benefit obligation	Plan assets	Surplus/ (deficit)	Experience adjustments on plan liabilities	Experience adjustments on plan assets
Funded					
2019-20	45.14	48.59	3.45	-1.14	-0.13
2018-19	35.73	45.13	9.40	6.32	1.97
Unfunded					
2019-20	-	-	-	-	-
2018-19	-	-	-	-	-

Tata Securities Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

Note38

Share based payment

The Company is required to present disclosures as required by Para 44, 45, 46, 47, 50, 51 and 52 of Ind AS 102. It is required to present scheme wise terms and conditions of the ESOP schemes, present for the employees of the Company.

All amounts to be presented in Rs crores

A. Description of share based payments:

Particulars	**ESOP 2013**	**ESOP 2017**	**ESOP 2018**	**ESOP 2019**
i. Vesting requirements	**1/3rd at the end of each 12, 24 and 36 months from the date of grant**	**100% at the end of 12 months from the date of grant**	**20% at the end of each 12 and 24 months and 30% at the end of each 36 and 48 months from the date of grant**	**20% at the end of each 12 and 24 months and 30% at the end of each 36 and 48 months from the date of grant**
ii. Maximum term of option	**6 years**	**2 years**	**7 years**	**7 years**
iii. Method of settlement	**Equity settled**	**Equity settled**	**Equity settled**	**Equity settled**
iv. Modifications to share based payment plans	**N.A.**	**N.A.**	**N.A.**	**N.A.**
iv. Any other details as disclosed in the audited Ind AS financial statements	**N.A.**	**N.A.**	**N.A.**	**N.A.**

B. Summary of share based payments

March 31, 2020

Particulars	**ESOP 2013**	**ESOP 2017**	**ESOP 2018**	**ESOP 2019**	**Total**
Outstanding balance at the beginning of the period	**-**	**35,400**	**-**	**-**	**35,400**
Options granted	-	-	-	-	-
Options forfeited	-	-	-	-	-
Options exercised	-	5,000	-	-	5,000
Options expired	-	30,400	-	-	30,400
Options lapsed	-	-	-	-	-
Options outstanding at the end of the period	**-**	**-**	**-**	**-**	**-**
Options exercisable at the end of the period	-	-	-	-	-
For share options exercised:					
Weighted average exercise price at date of exercise	-	-	-	-	33.40
Money realized by exercise of options	-	-	-	-	1,67,000
For share options outstanding					
Range of exercise prices	25.00	33.40	50.60	-	-
Average remaining contractual life of options	-	-	-	-	-
Modification of plans	N.A.	N.A.	N.A.	-	-
Incremental fair value on modification	N.A.	N.A.	N.A.	-	-

March 31, 2019

Particulars	**ESOP 2013**	**ESOP 2017**	**ESOP 2018**	**ESOP 2019**	**Total**
Outstanding balance at the beginning of the period	**-**	**1,25,000**	**-**	**-**	**1,25,000**
Options granted	-	-	-	-	-
Options forfeited	-	55,000	-	-	55,000
Options exercised	-	34,600	-	-	34,600
Options expired	-	-	-	-	-
Options lapsed	-	-	-	-	-
Options outstanding at the end of the period	**-**	**35,400**	**-**	**-**	**35,400**
Options exercisable at the end of the period	-	35,400	-	-	35,400
For share options exercised:					
Weighted average exercise price at date of exercise	-	-	-	-	33.40
Money realized by exercise of options	-	-	-	-	11,55,640
For share options outstanding					
Range of exercise prices	25.00	33.40	50.60	-	-
Average remaining contractual life of options	-	0.00	-	-	0.00
Modification of plans					
Incremental fair value on modification	N.A.	N.A.	N.A.	N.A.	-
	N.A.	N.A.	N.A.	N.A.	0

C. Valuation of stock options

Particulars	ESOP 2013	ESOP 2017	ESOP 2018	ESOP 2019
Share price:	**25.00**	**33.40**	**50.60**	**51.00**
Exercise Price:	**25.00**	**33.40**	**50.60**	**51.00**
Fair value of option:	**8.60**	**8.40**	**23.34**	**23.02**
Valuation model used:	Black Scholes valuation	Black Scholes valuation	Black Scholes valuation	Black Scholes valuation
Expected Volatility:	0.37	0.35	0.38	0.41
Basis of determination of expected volatility:	Average historical volatility over 3 years of comparable companies	Average historical volatility over 2 years of comparable companies	Average historical volatility over 4.85 years of comparable companies	Average historical volatility over 4.85 years of comparable companies
Contractual Option Life (years):	3.00	2.00	7.00	7.00
Expected dividends:	0.00	0.00	0.00	0.00
Risk free interest rate:	8.00%	6.57%	8.04%	6.28%
Vesting Dates	33.33% vesting on July 29, 2014	100% vesting on April 2, 2018	20% vesting on September 30, 2019	20% vesting on August 01, 2020
	66.67% vesting on July 29, 2015	-	40% vesting on September 30, 2020	40% vesting on August 01, 2021
	100% vesting on July 29, 2016	-	70% vesting on September 30, 2021	70% vesting on August 01, 2022
	-	-	100% vesting on September 30, 2022	100% vesting on August 01, 2023
Valuation of incremental fair value on modification	N.A.	N.A.	N.A.	N.A.

D) Options granted and inputs used for measurement of fair value of options, for the key managerial employees and other senior employees

As at March 31, 2020

Name of Scheme	Ms. Udaya Rao		Mr. Vivek D'souza		Ms. Zeal Gokani*	
	Granted	Exercised	Granted	Exercised	Granted	Exercised
ESPS 2009	47,892	-	16,241	16,241	-	-
ESPS 2011	-	-	-	-	-	-
ESOP 2011	-	-	-	-	-	-
PS 2013	-	-	1,751	1,751	-	-
ESPS 2013	-	-	-	-	-	-
ESOP 2013	33,333	-	5,000	3,333	-	-
ESOP 2016	-	-	10,000	10,000	-	-
ESOP 2017	-	-	10,000	10,000	-	-
ESOP 2018	-	-	-	-	-	-
ESOP 2019	-	-	-	-	-	-
Total	**81,225**	**-**	**42,991**	**41,325**	**-**	**-**

*** Ms. Zeal Gokani ceased to be a KMP w.e.f. August 14, 2019.**

As at March 31, 2019

Name of Scheme	Ms. Udaya Rao*		Mr. Aneesh Hosangadi*		Mr. Vivek D'souza*		Ms. Zeal Gokani	
	Granted	Exercised	Granted	Exercised	Granted	Exercised	Granted	Exercised
ESPS 2009	47,892	-	-	-	16,241	16,241	-	-
ESPS 2011	-	-	-	-	-	-	-	-
ESOP 2011	-	-	-	-	-	-	-	-
PS 2013	-	-	-	-	1,751	1,751	-	-
ESPS 2013	-	-	-	-	-	-	-	-
ESOP 2013	33,333	-	-	-	5,000	3,333	-	-
ESOP 2016	-	-	5,000	-	10,000	10,000	-	-
ESOP 2017	-	-	5,000	-	10,000	10,000	-	-
ESOP 2018	-	-	-	-	-	-	-	-
ESOP 2019	-	-	-	-	-	-	-	-
Total	**81,225**	**-**	**10,000**	**-**	**42,991**	**41,325**	**-**	**-**

*** Mr. Aneesh Hosangadi ceased to be a KMP w.e.f. June 29, 2018 and Ms. Udaya Rao was appointed as KMP w.e.f. August 01, 2018, while Mr. Vivek D'souza was appointed as KMP w.e.f. December 24, 2018.**

Rs in lakh

39. Expenditure in foreign currency:

Particulars	As at March 31, 2020	As at March 31, 2019
Membership & Subscription	-	14

40. Earnings in foreign currency :

Particulars	As at March 31, 2020	As at March 31, 2019
Income from Investment Banking services	-	14

41. Capital commitments :

Capital Commitments as at March 31, 2020 of Rs.35.72 lacs (March 31, 2019 is NIL).

42. Managerial remuneration :

The Managerial remuneration paid by the Company during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 ready with Schedule V of the Act vide special resolution passed at the annual general meeting held on 17 June 2019.

43. CCCPS Conversion :

Tata Securities Limited ("TSL" or "the Company") had, issued Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10/- each on a Rights basis to Tata Capital Limited ("TCL"), the holding company. Pursuant to the terms of the issue, the CCCPS could be converted into equity shares, at the option of the CCCPS holder at any time within a period of 5 years from the date of allotment of the CCCPS or mandatorily converted into Equity Shares after the expiry of 5 years from the date of allotment, at the Fair Value.

The Company had appointed Fortress Capital Management Services Private Limited ("Fortress") for determining the Fair Value of the Equity Shares of the Company. According to the Valuation Report issued by Fortress which was approved and adopted by the Board of Directors at its Meeting held on January 25, 2019, the Fair Value of the Equity Shares of the Company was determined at Rs. 63.71 per share, using the Discounted Cash Flow Method.

It was noted that the Board of Directors of TCL had, at its Meeting held on January 28, 2019, approved the amendment to the terms of issuance of CCCPS, for converting any fractions arising, upon conversion of CCCPS into Equity Shares to be rounded off to the next highest number. The details of 1,50,00,000 CCCPS of Rs. 10/- each converted into Equity Shares of the Company, are as under:

Sr No	Date of allotment	ISIN	No of CCCPS	Amount in Rs.	Coupon Rate	Full / Partial Conversion
1	26.03.2014	INE404G030	15,00,000	15,00,00,000	8.5 % p.a.	Full Conversion

Pursuant to the authority granted at the respective Board Meetings in connection with the above issue of CCCPS to any two of the Key Managerial Personnel or Directors of the Company, acting jointly, 1,50,00,000, 8.5% CCCPS of Rs. 10/- each, were converted into 23,54,419 Equity Shares of Rs. 10/- each, at a fair value of Rs. 63.71 per equity share. Fraction arising out of the above conversion of CCCPS into Equity Shares had been rounded off to the highest number.

With the above conversion, the details of the paid-up capital of the Company are, as under:

Particulars	Pre Conversion	Conversion	Post Conversion
Paid-up Share Capital: - Equity Share Capital	3,82,94,180	2,35,44,190	6,18,38,370
- CCCPS	15,00,00,000	(15,00,00,000)	-

The CCCPS issued by the Company, entitled its holders a dividend on a cumulative basis, calculated at a fixed rate of 8.50 % per annum on the face value of the CCCPS commencing from the date of allotment. Pursuant to the terms of the issue, dividend on CCCPS were to be paid by the Company, to the extent that the Company had funds lawfully available for payment of the same and were to be paid first out of and to the extent of profits available for distribution. In view of the accumulated losses of the Company, no dividend was paid.

44. Capital Management :

The Company is a trading member of National Stock Exchange of India (NSE) and of Bombay Stock Exchange (BSE), Depository Participant of Central Depository Services (India) Limited (CDSL) and of National Securities Depository Limited (NSDL). The Company has to maintain the minimum Networth as prescribed by SEBI, Stock Exchanges and Depositories. The Networth is monitored by Company on half yearly basis. Minimum Networth to be maintained is Rs.10 crore.

45. On cessation of equity broking activities in 2003 in Tata Securities Limited (Earstwhile known as Tata TD Waterhouse Securities Limited), the Company had reconciled the stocks held in its beneficiary account on behalf of clients .The stocks after reconciliation was transferred to DP opened in IL&FS Securities Limited (DP a/c no-10920737). In March 20, 2020 DP account was opened in Tata Securities Limited (DP a/c no-257091) and all the stocks from IL&FS Securities Limited (DP a/c no-10920737) DP accounts were transferred to Tata Securities DP accounst except stock of Cyberspace. The Cyberspace stock could not be transfer due to inactive ISIN, so the Cyberspace shares are still lying with IL&FS Securities Limited DP accounts. There is no client outstanding as on March 31, 2020. The value of the stocks as on March 31, 2020 is Rs.6.03 lakhs.

46. Mukesh Konde, equity client of Tata Securities Limited ("TSL") had purchased 35,500 shares of RTS Power Corporation Limited ("RTSPCL") in the year 2009 worth Rs. 106.43 lakhs. Since the said client was unable to pay of Rs.66.4 lacs for the shares purchased, TSL started selling the shares to recover its dues. TSL was able to sell 9,600 shares out of 35,500 shares and recoverd an amount of Rs. 8.01 lakhs. As per the risk policy, the risk team should have sold the shares and recovered the amount. TSL then approached Bombay Stock Exchange for arbitration and recovery of dues for which it got an favourable award on March 03, 2010. Tata Capital legal department has confirmed TSL as the owner of these shares. As the shares were lying in the TSL DP collateral account (shares given by client as margin), these did not form part of investment in the financial statements of TSL.
TSL further recovered an amount of Rs.28.21 lakh by selling the client's residential flat (through an Court Order) and the balance of Rs.30.18 lakhs was written of in September 2014. The RTS Power shares of 25900 have been accounted as Investments in the books of accounts and also passed impairment entry primarily on account of minimal trading in these shares.

47. Figures for the previous period / year have been regrouped wherever necessary to correspond with the current period classification/disclosure.:

As per our report on even date

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

For and on behalf of the Board of Directors
Tata Securities Limited

Sagar Lakhani
Partner
Membership No : 111855

Rajiv Sabharwal
Chairman
DIN: 00057333

N. J. Driver
Director
DIN: 00025025

Avijit Bhattacharya
Director
DIN: 02330805

Place : Mumbai
June 17, 2020

Udaya Rao
Manager

Vivek D'Souza
Chief Financial Officer