TATA CLEANTECH CAPITAL LIMITED

Annual Report 2020-21

Corporate Information

Board of Directors	Ms. Varsha Purandare Ms. Padmini Khare Kaicker Mr. Rajiv Sabharwal Mr. Manish Chourasia
Chief Financial Officer	Mr. Behzad Bhesania
Company Secretary	Mr. Rajesh Gosia
Statutory Auditors	B S R & Co., LLP
Registered Office	11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013
Corporate Identification Number	U65923MH2011PLC222430

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BOARD'S REPORT

To the Members,

The Board has pleasure in presenting the Tenth Annual Report and the Audited Financial Statements for the Financial Year ("FY") ended March 31, 2021.

1. BACKGROUND

Tata Cleantech Capital Limited ("Company" or "TCCL") is registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Deposit Accepting Non-Banking Financial Company. TCCL engages in the business of providing cash flow based finance and advisory services for projects in Renewable Energy, Energy Efficiency, Waste Management, Water Management and other Infrastructure Projects. TCCL is a joint venture between Tata Capital Limited ("TCL") and International Finance Corporation ("IFC"), Washington D.C., USA, with equity holding in the ratio of 80.50:19.50. The Company has been registered with the RBI as an Infrastructure Finance Company since October 15, 2015.

The Company is headquartered in Mumbai and operates from 4 locations spread across Mumbai, Thane, Delhi and Hyderabad.

2. FINANCIAL RESULTS

2.1 The performance of the Company for Financial Year ended March 31, 2021 is, summarized below:

(₹ in crore)

Particulars	**FY 2020-21**	**FY 2019-20**
Gross Income	**668.68**	**615.87**
Less:		
Finance Costs	378.22	357.93
Net loss on fair value changes	-	-
Impairment of investment in Associates	-	-
Impairment on Financial Instruments	27.97	48.14
Employee Benefits Expense	22.10	21.60
Depreciation, Amortisation and Impairment	1.02	0.91
Other expenses	18.68	21.63
Profit Before Tax	**220.69**	**165.66**
Less: Provision for Tax	52.96	43.09
Profit After Tax	**167.73**	**122.57**
Other comprehensive income	8.39	(1.79)
Less: Tax on other comprehensive income	(2.11)	0.45
Particulars	**FY 2020-21**	**FY 2019-20**
Other comprehensive income after tax	6.28	(1.34)
Less: Non-controlling interest	-	-

Total comprehensive income for the year	**174.01**	**121.23**
Amount brought forward from previous year	234.50	152.94
Amount available for appropriation	**408.51**	**274.17**
Appropriations:		
Special Reserve Account	49.56	39.56
Debenture Redemption Reserve	-	-
Interim Dividend on Equity Shares (Including Tax on Dividend)	-	-
Ind AS 116 transition impact net of tax	-	0.11
Surplus carried to Balance Sheet	**358.95**	**234.50**

2.2 During FY 2020-21, the Company disbursed loans amounting to Rs. 2,448 crore (FY 2019-20: Rs. 2,371 crore). The Company's loan portfolio stood at Rs. 6,281 crore as on March 31, 2021 (FY 2019-20: Rs. 5,362 crore). The Cost to Income ratio in FY 2020-21 was 14.3% as compared to 16.8%, in FY 2019-20. TCCL has maintained the best in class asset quality with only one project being a Non-Performing Asset ("NPA"), as on March 31, 2021.

2.3 Gross Income increased by 9% and stood at Rs. 669 crore (FY 2019-20: Rs. 616 crore). Interest expense increased by 6% to Rs. 378 crore in FY 2020-21, from Rs. 358 crore in FY 2019-20.

2.4 Total Income (Net Interest Margin plus Other Revenue) of the Company increased by 11% from Rs. 257 crore, in FY 2019-20 to Rs. 285 crore, in FY 2020-21. Net Interest Margin as a percentage of average assets stood at 4.6% for FY 2020-21.

2.5 Operating Cost decreased by 13% from Rs. 21 crore in FY 2019-20 to Rs. 18 crore in FY 2020-21. Manpower expenses for FY 2020-21 were Rs. 23 crore as against Rs. 22 crore in FY 2019 -20, an increase of 2%.

2.6 The Company's Net Profit After Tax ("NPAT") for the year increased by 37% from Rs. 122.6 crore in FY 2019 -20 to Rs. 167.8 crore in FY 2020-21.

2.7 As required under Section 45IC of the RBI Act, 1934, 20% of the profits are required to be transferred to a Special Reserve Account. Accordingly, an amount of Rs. 33.55 crore (FY 2019-20: Rs. 24.51 crore), being 20% of the profits, has been transferred to the said Reserve for FY 2020-21. Further, pursuant to Section 36(i)(viii) of the Income Tax Act, 1961, Rs. 16.01 crore (FY 2019-20: Rs. 15.05 crore) has been transferred to the Special Reserve Fund for FY 2020-21. An amount of Rs. 359 crore has been carried to the Balance Sheet as Surplus.

3. SHARE CAPITAL

The Authorised Share Capital of the Company is Rs. 500 crore comprising 5,00,000,000 Equity Shares of Rs. 10/- each.

The Issued, Subscribed and Paid-up Equity Share Capital of the Company as on March 31, 2021, was Rs. 388.01 crore, consisting of 38,80,15,639 Equity Shares of Rs. 10/- each, which was held by TCL and IFC in the ratio of 80.50:19.50, respectively.

4. DIVIDEND

In order to conserve the resources of the Company and considering the Business Plan of the Company, the Board of Directors have not recommended any dividend on the Equity Shares of the Company for the Financial Year ended March 31, 2021.

5. REVIEW OF BUSINESS OPERATIONS OF THE COMPANY

During FY 2020-21, the Company has surged ahead and consolidated on the strong foundations laid over the past five years. This is reflected in the accelerated growth of business of the Company across solar, wind, small hydro, electric mobility, energy efficiency, water management coupled with other infrastructure sectors, such as roads and transmission. The Company's portfolio has grown by 19% to Rs. 6,382 crore in FY 2020-21, the year marked by lowest renewable capacity addition in last five years. The Company's loan portfolio consists of projects in the areas of Wind Energy, Solar Energy, Rooftop Solar and other cleantech sector comprising 82% of the funded asset book. The balance portfolio consists of projects in the areas of transmission, roads and other Infrastructure sector. 81% of the funded asset book, comprises of operational projects.

Building on the excellent work carried out in liability diversification, the Company raised $69 million line of credit from global investors. Further, the Company also had facilities from Japan International Cooperation Agency (JICA) ($100 million) and from CDC Group Plc (formerly the Commonwealth Development Corporation) ($30 million). The company has augmented long term sources of funds cumulating to Rs. 2,024 crore between April 2020 to March 2021. Share of long-term borrowing out of the total borrowings stood at 75% in FY 2020-21, on a residual maturity basis.

The Company further deepened its footprint in the Techno Commercial advisory services by executing advisory assignments in avant-garde areas like “active buildings”. The Company carried out the economic modelling of active buildings to demonstrate its financial viability under various operating conditions for Project Sunrise funded by UK Government Research and Innovation Organization (UKRI). The Company joined the Technical Advisory Board (TAB) of a joint Engineering and Physical Sciences Research Council (EPSRC, UK) and industrially funded Prosperity Partnership project between Oxford University and Oxford PV Ltd. The ambition of the project is to go well beyond the state-of-the-art, and therefore deliver over 37% efficient triple junction perovskite solar cells.

In addition to the above, continuing with its focus on Risk diversification, the Company continued to enhance the business volumes in the risk distribution vertical despite rising market challenges. It concluded debt syndication for selected transactions of a few developers in FY 2020-21.

The Company has published its first White Paper in Cleantech segment, "Renewable Integration & Curtailment: Causes, Solutions and Impact on Project Bankability". The Company has also collaborated with a working group led by FICCI to publish a report on "India Roadmap on Low Carbon and Sustainable Mobility". Both the publications are available on the Company's website.

Further, the Company has ventured into financing of Electric Buses (e-buses) segment in FY 2020-21. The Company has sanctioned first transaction of financing of 90 e-buses towards a Gross Cost Contract (GCC) project. Under this model, the concessionaire (borrower) contracts with the transport corporation and is paid on a fixed cost per km basis. The borrower is responsible for procurement of e-buses and related O&M infrastructure for the defined tenure. Further, minimum km per day is also defined in the contract. The Company has also ventured into financing of water treatment project under Namami Gange programme administered by the National Mission for Clean Ganga (NMCG).

The Company appointed Kincentric, a leading Human Resources Advisory firm to conduct Employee Engagement Survey in FY 2020-21. The survey combined strategy, people analytics and change management principles to deliver workplace cultures and employee experiences that engage and inspire the employee throughout the life cycle. The Engagement Score was 80%, just marginally below India's Best Employer's score.

Figure 1: Employee Engagement Survey FY 202-21 Results

Adding on to the coveted list of accolades, the Company has won the Green Urja Awards 2021 and has been selected as the Leading Private Financing Institution for Renewable in FY 2020-21. The award was organized by the Indian Chamber of Commerce (ICC) with The Energy and Resources Institute (TERI) as the knowledge partner.

6. FINANCE

During FY 2020 - 21, the Company met its funding requirements through a combination of Short Term debt (comprising Commercial Papers, Inter Corporate Deposits ("ICDs") and Bank Loans) and Long Term debt (comprising Non-Convertible Debentures ("NCDs"), Subordinated Debt, Loans from Financial Institution, Bank Loans and External Commercial Borrowings (ECBs)).

The Company had issued NCDs on a private placement basis, during FY 2020-21, under the following categories:

(Rs. in crore)

Category	Amount
Secured Redeemable NCDs	440.00
Secured Redeemable NCDs – Market Linked NCDs	475.00
Subordinated NCDs	150.00

The aggregate debt of the Company outstanding as at March 31, 2021 was Rs. 5,302 crore (of which, Rs. 1,714 crore was payable within one year). The Debt Equity ratio as on March 31, 2021 was 4.62 times.

The Company has been regular in servicing all its debt obligations.

7. CREDIT RATING

During FY 2020-21, Rating Agencies reaffirmed / issued ratings to the Company, as under:

NATURE OF SECURITIES / INSTRUMENT	RATING AGENCY	RATING
Bank Loan	CRISIL	CRISIL AAA/Stable
Secured NCDs on a private placement basis and Subordinated Debt	CRISIL and CARE	CRISIL AAA/Stable and CARE AAA; Stable
Secured Redeemable NCDs – Market Linked NCDs	CRISIL	CRISIL PP-MLD AAAr/Stable
Perpetual NCDs	CRISIL and CARE	CRISIL AA+/Stable and CARE AA+; Stable
Commercial Papers	CRISIL / ICRA	CRISIL A1+ and ICRA A1+

8. RISK MANAGEMENT

The Risk Management Committee of the Board of Directors of the Company reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyses risk exposures related to specific issues and provides oversight of risk across the organisation. The Risk Management process of the Company is governed by the Group level comprehensive Enterprise Risk Management Framework which lays down guidelines for Risk identification, assessment and monitoring as an ongoing process that is supported by a robust risk reporting framework. The details of the Risk Management Framework have been covered in the Management Discussion and Analysis, which forms an integral part of this Annual Report.

9. INTERNAL CONTROL SYSTEMS

The details in respect of internal control system and their adequacy are included in the Management Discussion and Analysis, which forms an integral part of this Annual Report.

10. INTERNAL FINANCIAL CONTROLS

The Management had reviewed the design, adequacy and operating effectiveness of the Internal Financial Controls of the Company, broadly in accordance with the criteria established under the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO"). Entity Level Control framework document based on COSO 2013 framework has been documented. The documentation of process maps, key controls, standard operating procedures and risk registers has been completed for all businesses and functions. Further, during FY 2020-21, Management testing has been conducted on a sample basis for all key processes. The Internal Audit team has also conducted a review of the Internal Financial Controls. Remedial action has been taken or agreed upon with a finite closure date for controls where weaknesses were identified. There are no material unaddressed internal financial controls related observations outstanding as at March 31, 2021. Based on the above, the Board believes that adequate Internal Financial Controls exist and are operating effectively.

11. INFORMATION TECHNOLOGY SUPPORT

Information Technology ("IT") has undergone many advancements over the last year to ensure availability of necessary infrastructure for smooth functioning of the company during COVID 19 pandemic.

The Company too took giant strides to improve the infrastructure to ensure seamless work delivery even while working from remote locations and deal with disruptions caused by pandemic. The Company completed the review of the Information Security Policy and made necessary modification. The Company implemented BMC – Helix service management tool through its One Tata Operating Network ("OTON") platform. The Cyber Security Posture was enhanced at all the three levels of OTON Model:

- Cyber Hygiene

- Cyber Advance
- Cyber Best in Class

The Company has always maintained contemporary infrastructure to meet the Compliance requirement as directed by RBI from time to time. The Company has implemented RBI Master Directions – Information Technology Framework for the NBFC Sector.

As part of continuous improvement, the Company continued to automate the manual processes. With progressive automation of the manual processes, the Company continues to witness a meaningful improvement in operational efficiency.

Going forward, the Company aims to build intensive data analytics systems and processes to utilize the Data Lake for more efficient under-writing and decision making. The analytics shall use the inputs from comprehensive databases of market, borrowers, projects, policies and regulations.

12. HUMAN RESOURCES

The details in respect of Human Resource are included in the Management Discussion and Analysis, which forms an integral part of this Annual Report.

13. TATA BUSINESS EXCELLENCE MODEL

Tata Capital continues to enhance its capabilities and processes in keeping with market and regulatory changes, using the framework of the Tata Business Excellence Model ("TBEM") (based on Baldridge Criteria, USA), which covers aspects of Leadership and Governance, Strategic Planning, Customer Focus, Measurement, Analysis and Knowledge Management, Workforce Focus and Operations Focus. Tata Capital participated in its seventh TBEM external assessment conducted by the Tata Business Excellence Group ("TBExG"), a division of Tata Sons Private Limited, between July to December 2020. The Assessment team, post the assessment, had provided the feedback to TCCL and had placed it in the Band of 551-650, with an absolute score of 593. This reflects a significant improvement in the journey of Excellence. This was also the first time, Tata Capital Limited participated in the TBEM 2020 External Assessment along with all its subsidiaries and businesses. All subsidiaries and businesses have been recognized as "Emerging Industry Leaders".

The assessment provided the Company and its Businesses with important granular feedback in terms of its current strengths and opportunities for improvements to work towards the coming year. Key themes of TCCL indicated in the TBEM 2020 Assessment were Aggressive and Sustainable Growth Aspirations, Count on us (Customer Centricity), Operational Excellence, Enterprise Risk Management and Managing Partners and Suppliers.

The Company has implemented many improvement initiatives involving people, process, digitization and technology over the last few years. These include Strong relationship management, process simplification, re-engineering, strategic initiatives and automation for improving its operational focus in order to enhance customer satisfaction and improve internal efficiencies with an objective to provide competitive advantage to the company. Many practices of Tata Capital have been recognized as Group wide Best Practices consistently in the last many years.

14. CORPORATE SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility ("CSR") is deeply rooted in the Tata Group's business philosophy laid down by its Founder, Mr. Jamsetji N. Tata over a century ago. The Group companies have a sense of responsibility towards making use of their existing resources and knowledge to not only make profits, but also solve social and environmental issues.

The Company too follows the Group's belief that our society can truly progress if every individual is included and empowered in the story of development. To guide us in this journey, the Company has a well-defined CSR policy which outlines the thrust areas of development viz. Education, Skill Development & Entrepreneurship, Health, Climate Action, as adopted by the CSR Committee of the Board. During FY 2020-21, the CSR Policy was amended to, *inter alia*, align the CSR policy with the amended Companies (Corporate Social Responsibility) Policy Rules, 2014 as notified by the Ministry of Corporate Affairs vide its Notification dated January 22, 2021. The CSR policy of the Company is available on the Company's website, https://www.tatacapital.com/content/dam/tata-capital/tccl/CSR%20Policy.pdf

In FY 2020-21, the CSR budget of the Company was Rs. 310.00 lakh, this being two percent of the average net profit of the Company, in the three immediately preceding financial years, calculated as per Section 198 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The budget was spent towards projects and programmes covered under Schedule VII to the Act, approved by the CSR Committee and the Board of Directors. To conceptualise and implement the projects, the Company follows a robust process, including appraising and selecting technically sound NGOs, planning the project based on baseline assessment, creating a project plan for implementation and monitoring and evaluation mechanisms. This helps to bring the desired positive and measurable results for the target beneficiaries. The Annual Report on CSR activities is annexed herewith as Annexure 'A'.

Additionally, the Company adheres to the Tata Group's Tata Affirmative Action Programme based on the framework defined by Confederation of Indian Industries. The framework focusses on upliftment of Scheduled Castes and Scheduled Tribes and identifies 4Es as key areas of development i.e. Education, Employability, Employment and Entrepreneurship. In addition to the 4Es, the Company also adheres to 'Essentials' as another category, to provide for basic services like shelter, water and electricity.

15. COMPLIANCE

The Company is registered with the RBI as a Non-Deposit Accepting – Non-Banking Financial Company. The Company has complied with and continues to comply with all applicable laws, rules, circulars and regulations, including the Master Directions – Non-Banking Financial Companies – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time.

With respect to provisioning of non-performing assets, the Company follows stricter norms than those prescribed by RBI. The Capital to Risk Assets Ratio of the Company is 24.84% as on March 31, 2021, which is more than the prescribed minimum of 15%.

During FY 2020-21, Mr. Behzad Bhesania was appointed as the Compliance Officer of the Company pursuant to the Master Directions - Non-Banking Financial Companies – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time, with effect from September 1, 2020.

16. DEPOSITS

The Company did not hold any public deposits at the beginning of the year nor has it accepted any public deposits during the year under review.

17. REGULATORY ACTION

There are no significant or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and operations of the Company in future.

18. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The provisions of Section 186 of the Act pertaining to granting of loans to any persons or bodies corporate, giving of guarantees or providing security in connection with loans to any other bodies corporate or persons and acquiring by way of subscription, purchase or otherwise, the securities of any other body corporate, are not applicable to the Company, since the Company is a Non - Banking Financial Company (“NBFC”).

19. DISCLOSURE OF GREEN BONDS ISSUED BY THE COMPANY

The Company had raised Rs. 180 crore (about $25 million) through its maiden green bond with a tenor of five years, from FMO (Nederlandse Financierings - Maatschappij voor Ontwikkelingslanden N.V.), the Netherlands based Development bank during the financial year 2018-19.

The Green Bonds are listed on the NSE. The bonds have been rated CRISIL AAA/ Stable and the proceeds of the bond will be exclusively applied to finance eligible Green Projects.

The green bond market plays a key role in funding projects that contribute to environmental sustainability. Like FMO, TCCL too is committed to mobilize green investments in India’s sunrise sectors, with the overall objective to be a contributor to achieving India’s Nationally

Determined Contribution and Sustainable Development Goals targets towards climate change.

Use of Proceeds: This maiden green bond issue has financed eligible green projects in the renewable energy space. TCCL's portfolio mainly consists of large project finance investments in renewable energy sectors like wind and solar. Having a strong renewable energy portfolio, the funds raised through green bonds can be appropriately utilised to confirm with the green bond principles.

Management of Proceeds: The proceeds from the Bonds were used to finance the following projects.

Sr. No.	Project Entity	Project Location	Sector	Capacity (in MW)	Estimated Positive E&S Impact* - CO2 Emissions Reduction	Amount Disbursed (Rs. in crore)
1	Clean Solar Power	Karnataka	Solar	220 (20.54 Plant Load Factor ("PLF"))	2,54,434 tCO2/yr (0.878 t CO2/MWh)	98.35
2	Surajkiran Renewable	Telangana	Solar	57.5 (19.47 PLF)	72,461 tCO2/yr (0.878 t CO2/MWh)	87.705

*IMPACT: Through financing solar power plants, these bonds contribute to a positive environmental impact. The total CO2 emission reduction for individual projects have been calculated based on methodology defined by Central Electricity Authority, Ministry of Power, Government of India in the document 'CO2 Baseline Database for the Indian Power Sector User Guide Version 13.0 June 2018' by capturing project Capacity Utilization Factor ("CUF") estimates, installed project capacity and resultant annual unit generation.

20. DIRECTORS

During FY 2020-21, Mr. Pradeep C. Bandivadekar (DIN: 00059330) ceased to be the Non-Executive Director ("NED") of the Company, with effect from June 30, 2020, consequent upon his resignation as a Director of the Company.

In terms of the Shareholders Agreement between the Company, TCL and IFC dated November 19, 2011, Dr. Ajay Mathur (DIN: 07490468), a nominee of IFC, was appointed as NED of the Company, with effect from May 1, 2019. Dr. Mathur ceased to be the NED of the Company with effect from February 16, 2021, consequent upon his resignation as a Director of the Company.

The Directors placed on record, their appreciation for the valuable contribution made by Mr. Bandivadekar and Dr. Mathur, during their tenure, as Directors of the Company.

Mr. Manish Chourasia (DIN: 03547985) was appointed as the Managing Director of the Company for a period of five years, with effect from August 21, 2015. The said term of

Mr. Chourasia as the Managing Director of the Company came to an end on August 20, 2020. Based on the recommendation of the Nomination and Remuneration Committee ("NRC") of the Company, the Board of Directors at its meeting held on June 20, 2020, approved the re-appointment of Mr. Chourasia as the Managing Director of the Company, for a further period of five years commencing from August 21, 2020 and ending on August 20, 2025, subject to the approval of the Members of the Company. Further, at the Annual General Meeting ("AGM") of the Company held on August 17, 2020, the Members approved the re-appointment of Mr. Chourasia as the Managing Director of the Company.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Rajiv Sabharwal (DIN: 00057333), NED, is liable to retire by rotation at the ensuing AGM and is eligible for re-appointment.

The Members of the Company may refer to the accompanying Notice of the AGM for the brief Resume of Mr. Sabharwal.

Pursuant to the 'Fit and Proper' Policy adopted by the Company under the RBI Master Directions for NBFCs, the Company has received the 'Fit and Proper' declaration from Mr. Sabharwal for his re-appointment as a Director of the Company, which have been taken on record by the NRC.

The Company has received declarations from the Independent Directors viz. Ms. Varsha Purandare (DIN: 05288076) and Ms. Padmini Khare Kaicker (DIN: 00296388) stating that, they meet the criteria of independence as provided in Section 149(6) of the Act.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and that they hold the highest standards of integrity. In terms of Section 150 of the Act, read with the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors of the Company have registered themselves with the data bank of Independent Directors created and maintained by the Indian Institute of Corporate Affairs ("IICA"), Manesar. Further, the Independent Directors have undertaken and cleared the online proficiency self-assessment test conducted by the IICA within the stipulated time period.

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

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance and of the individual Directors as well as an evaluation of the working of all the Committees of the Board. The performance evaluation was carried out by seeking inputs from all the Directors / Members of the Committees, as the case may be.

The Guidance Note on Board Evaluation ("Guidance Note") issued by the Securities and Exchange Board of India ("SEBI"), had encouraged companies which were not covered under Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") to follow the criteria mentioned in the Guidance Note. The Board of the Company followed the said criteria recommended under the Guidance Note for evaluating the performance of the Board as a whole, Committees of the Board, Individual Directors and the Chairperson. The criteria for evaluation of the Board as a whole, *inter alia,* covered parameters such as Structure of the Board, Meetings of the Board, Functions of the Board and Board & Management. The criteria for evaluation of Individual Directors covered parameters such as knowledge and competency, fulfillment of functions, ability to function as a team, etc. The criteria for evaluation of the Board Committees covered areas related to mandate and composition, effectiveness of the Committee, structure of the Committee and meetings, etc.

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

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

The NRC develops the competency requirements of the Board based on the industry and the strategy of the Company, conducts a gap analysis and recommends the reconstitution of the Board, as and when required. It also recommends to the Board, the appointment of Directors having good personal and professional reputation and conducts reference checks and due diligence of all Directors before recommending them to the Board. Besides the above, the NRC ensures that the new Directors are familiarized with the operations of the Company and endeavours to provide relevant training to the Directors.

In accordance with the provisions of Section 178 of the Act, the Board of Directors have adopted a Policy on Board Diversity and Director Attributes and a Remuneration Policy.

The Policy on Board Diversity and Director Attributes has been framed to encourage diversity of thought, experience, knowledge, perspective, age and gender in the Board and to have in place, a transparent Board nomination process.

The Remuneration Policy for Directors, Key Managerial Personnel (“KMP”) and all other employees is aligned to the philosophy on the commitment of fostering a culture of leadership with trust.

The Remuneration Policy aims to ensure that the level and composition of the remuneration of the Directors, KMP and all other employees is reasonable and sufficient to attract, retain and motivate them to successfully run the Company.

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

- Remuneration in the form of Sitting Fees and Commission to be paid to Independent Directors and Non-Independent Non-Executive Directors, in accordance with the provisions of the Act and as recommended by the NRC;

- Remuneration to Managing Director / Executive Directors / KMP and all other employees is reasonable and sufficient to attract, retain and motivate them to run the Company successfully and retain talented and qualified individuals suitable for their roles, in accordance with the defined terms of remuneration mix or composition; and

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

The Policy on Board Diversity and Director Attributes as also the Remuneration Policy of the Company are made available on the Company's website, www.tatacapital.com.

Pursuant to the RBI Master Directions issued for NBFCs, the Company has also adopted a 'Fit and Proper' Policy for ascertaining the 'fit and proper' criteria for the appointment of Directors and on a continuing basis. The Company has received the 'Fit and Proper' declarations from all the Directors of the Company in April 2021, which have been taken on record by the NRC.

23. KEY MANAGERIAL PERSONNEL

During FY 2020-21, Mr. Manish Parikh ceased to be the Company Secretary ("CS") and Compliance Officer as also the Key Managerial Personnel ("KMP") of the Company, with effect from end of day of August 31, 2020, consequent upon his resignation from the services of the Company. Mr. Rajesh Gosia was appointed as the CS, Compliance Officer and KMP of the Company, with effect from February 01, 2021.

Pursuant to the provisions of Section 203 of the Act, Mr. Manish Chourasia, Managing Director, Mr. Behzad Bhesania, Chief Financial Officer, and Mr. Rajesh Gosia, Company Secretary, are the KMPs of the Company.

24. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors, including audit of internal financial controls over financial reporting by the Statutory Auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2020-21.
Accordingly, pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

a) in the preparation of the annual accounts, 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, guidelines issued by Regulators as applicable to an NBFC and other accounting principles generally accepted in India have been followed and that there are no material departures therefrom;

b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and cash flows of the Company for the year;

c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they had prepared the annual accounts on a going concern basis;

e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and operating effectively; and

f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

The Financial Statements of the Company have been prepared in accordance with Ind AS, as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Act.

25. CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

The Company recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of corporate governance through transparency in business ethics, accountability to its customers, investors, regulators and other stakeholders. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better these practices by adopting the best practices.

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

As a part of the Tata Group, the Company has a strong legacy of fair, transparent and ethical governance practices. The Corporate Governance philosophy is further strengthened with the adherence to the Tata Business Excellence Model as a means to drive excellence, the Key Performance Metrics for tracking progress on long-term strategic objectives and the Tata Code of Conduct ("TCOC"), which articulates the values, ethics and business principles and serves as a guide to the Company, its directors and employees, supplemented with an appropriate mechanism to report any concern pertaining to non-adherence to the TCOC. In addition, the Company has adopted a Vigil Mechanism, a Fair Practices Code, an Affirmative Action Policy, a Policy against Sexual Harassment at the Workplace, a Fit and Proper Policy for ascertaining the fit and proper criteria of the Directors at the time of appointment and on a continuing basis, a Policy on Board Diversity and Director Attributes, a Code of Conduct for NEDs, an Occupational Health and Safety Management System, Anti-Bribery and Anti-Corruption (“ABAC”) Policy and Whistle Blower policy.

TCL has signed the Tata Brand Equity and Business Promotion (“BEBP”) Agreement with Tata Sons Private Limited on behalf of its subsidiaries, including TCCL, for subscribing to the TATA BEBP Scheme. The Company abides by the TCOC and the norms for using the Tata Brand.

a) Board of Directors

The Board of Directors, alongwith its Committees, provides leadership and guidance to the Company’s Management and directs, supervises and controls the activities of the Company.

The size of the Board is commensurate with the size and business of the Company. As on March 31, 2021, the Board comprises of four Directors viz. Ms. Varsha Purandare, Chairperson of the Board of Directors and Independent Director, Ms. Padmini Khare Kaicker, Independent Director, Mr. Rajiv Sabharwal, Non-Executive Director and Mr. Manish Chourasia, Managing Director of the Company.

During the year, Mr. Pradeep C. Bandivadekar and Dr. Ajay Mathur ceased to be the NED of the Company with effect from June 30, 2020 and February 16, 2021, respectively.

During FY 2020-21, seven meetings of the Board of Directors were held on June 09, 2020, June 20, 2020, August 17, 2020, September 01, 2020, November 06, 2020, January 12, 2021 and February 01, 2021.

The details of attendance at Board Meetings held during FY 2020-21 and at the previous AGM of the Company are, given below:

Name of Director (s)	Director Identification Number	Category	Board Meetings		Whether present at previous AGM held on August 17, 2020
			Held during tenure	Attended	
Ms. Varsha Purandare	05288076	Independent Director	7	6	Yes
Ms. Padmini Khare Kaicker	00296388	Independent Director	7	7	Yes

Name of Director (s)	Director Identification Number	Category	Board Meetings		Whether present at previous AGM held on August 17, 2020
			Held during tenure	Attended	
Dr. Ajay Mathur	07490468	Former Non-Executive Director	7	6	Yes
Mr. Rajiv Sabharwal	00057333	Non – Executive Director	7	6	Yes
Mr. Pradeep C. Bandivadekar	00059330	Former Non – Executive Director	2	2	No
Mr. Manish Chourasia	03547985	Managing Director	7	7	Yes

Ms. Padmini Khare Kaicker, Chairperson of the Audit Committee, Mr. Rajiv Sabharwal, Chairman of the NRC attended the last AGM of the Company.

b) Remuneration to Directors

The Company paid Sitting fees to the IDs and Dr. Mathur, NED, for attending Meetings of the Board and the Committees of the Board and will pay Commission for FY 2020-21 to them, within the maximum prescribed limits, as recommended by the NRC and approved by the Board at their respective meetings held on April 19, 2021 and April 21, 2021, respectively. The details of the same are, as under:

(Amount in ₹)

Name of Director(s)	Sitting Fees paid for attending Board and Committee Meetings held during FY 2020-21	Commission to be paid for FY 2020-21
Ms. Varsha Purandare, Independent Director	8,60,000	15,00,000
Ms. Padmini Khare Kaicker, Independent Director	7,30,000	15,00,000
Dr. Ajay Mathur, Former Non-Executive Director	1,80,000	13,75,000

At the meetings of the NRC and Board of Directors held on April 19, 2021 and April 21, 2021 respectively, a Commission of Rs. 1.07 crore was approved as payable to Mr. Chourasia for FY 2020-21. With this, the total remuneration of Mr. Chourasia for FY 2020-21, was Rs. 3.33 crore.

None of the NEDs and IDs had any pecuniary relationships or transactions with the Company during FY 2020-21.

c) **Committees of the Board**

The Board has constituted Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These include the Audit Committee, the NRC, the Risk Management Committee, the Finance and Asset Liability Supervisory Committee, the Corporate Social Responsibility Committee, the Investment Credit Committee, the Information Technology Strategy Committee, the Asset Purchase Committee, the Referral Committee and the Working Committee.

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

(i) **Audit Committee**

Composition, Meeting and Attendance

As on date of this Report the Audit Committee comprises of three Directors viz. Ms. Padmini Khare Kaicker, Chairperson and Independent Director, Ms. Varsha Purandare, Independent Director and Mr. Rajiv Sabharwal, NED. During FY 2020-21, four Meetings of the Audit Committee were held on June 20, 2020, September 01, 2020, November 06, 2020 and February 01, 2021.

The details of attendance at the Audit Committee meetings held during FY 2020-21 is, given below:

Name of the Member(s)	Category	No. of Meetings	
		Held during tenure	Attended
Ms. Padmini Khare Kaicker, Chairperson	Chairperson and Independent Director	4	4
Ms. Varsha Purandare	Independent Director	4	4
Mr. Rajiv Sabharwal	Non-Executive Director	4	4

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

Terms of reference

The Board has adopted an Audit Committee Charter which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act. The Charter is reviewed from time to time and is available on website of the Company, www.tatacapital.com.

The responsibilities of the Audit Committee, *inter alia,* include:

- To review the financial reporting process, the system of internal financial controls, the audit process, the Company's process for monitoring compliance with laws and regulations and the Code of Conduct.
- To recommend the appointment and removal of the Auditors and their remuneration and discuss with the Auditors, the nature and scope of their audit before commencement;
- To examine the financial statements and the Auditors' Report thereon;
- To evaluate adequacy of the risk management systems;
- To approve any transactions of the Company with related parties or any subsequent modifications thereof as also recommend to the Board the related party transactions which are not approved by the Committee;
- To review findings of internal investigations, frauds, irregularities, etc.;
- To review the functioning of and compliance with the Company's Whistle Blower Policy;
- To consider and adopt the policies, procedures and processes laid down by the Audit Committee of the Holding company; and
- To monitor the effectiveness and review the implementation of the ABAC Policy, considering its suitability, adequacy and effectiveness.

The Board has accepted all the recommendations made by the Audit Committee during FY 2020-21.

Besides the Members of the Committee, meetings of the Audit Committee are attended by the Managing Director, the Chief Financial Officer, the Company Secretary, the Statutory Auditors and the Head - Internal Audit. Further, meetings of the Audit Committee for considering Financials are also attended by the other Directors of the Board as Invitees. The Internal Audit function is headed by the Head – Internal Audit of the Company, who reports to the Chairperson of the Audit Committee to ensure independence of operations.

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

Composition

The composition of the NRC as on date of this Report is, given below:

Name of the Member(s)	Category
Mr. Rajiv Sabharwal	Chairman and Non- Executive Director
Ms. Varsha Purandare	Independent Director

Ms. Padmini Khare Kaicker	Independent Director

Terms of reference

The responsibilities of the NRC, *inter alia,* include:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, a policy relating to the remuneration for the directors, KMP and other employees;
- To review the performance of the Managing / Whole-time / Executive Directors on predetermined parameters and approve the remuneration / compensation packages for the Managing / Whole-Time / Executive Directors, within prescribed limits;
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and to carry out evaluation of every director's performance;
- To decide Commission payable to the Directors, subject to prescribed limits and approval of shareholders; and
- To review employees' compensation *vis-à-vis* industry practices and trends.

(iii) Risk Management Committee ("RMC")

Composition

The composition of the RMC as on date of this Report is, given below:

Name of the Member(s)	Category
Ms. Varsha Purandare, Chairperson	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Manish Chourasia	Managing Director

Mr. Pradeep C. Bandivadekar ceased to be the Member of the RMC, with effect from June 30, 2020, consequent upon his resignation as a Director of the Company.

Terms of reference

The responsibilities of the RMC, *inter alia,* include:

- To approve and review compliance with policies implemented by the organization and risk assessment of the organization (including emerging risks);
- To approve and review compliance with risk policies, monitors breaches / triggers trips of risk tolerance limits and directing action;
- To review and analyse risk exposure related to specific issues and providing oversight of risk across organization;

- To review reports of significant issues prepared by internal risk oversight functional groups, including risk exposure related to specific issues, concentrations and limits excesses; and
- To approve the enterprise wide risk management framework.

(iv) Finance and Asset Liability Supervisory Committee ("ALCO")

Composition

The composition of the ALCO as in the date of this Report is, given below:

Name of the Member(s)	Category
Ms. Varsha Purandare	Chairperson and Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Manish Chourasia	Managing Director

Mr. Pradeep C. Bandivadekar ceased to be the Member of the ALCO, with effect from June 30, 2020, consequent upon his resignation as a Director of the Company.

Terms of reference

The responsibilities of the ALCO, *inter alia,* include to oversee:

- Asset Liability Management;
- Debt composition and plan of the Company for fund raising; and
- Resource Raising policy of the Company.

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

Composition

The composition of the CSR Committee as on the date of this Report is, given below:

Name of the Member(s)	Category
Ms. Varsha Purandare	Chairperson and Independent Director
Ms. Padmini Khare Kaicker	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Manish Chourasia	Managing Director

Mr. Pradeep C. Bandivadekar ceased to be the Member of the CSR Committee, with effect from June 30, 2020 consequent upon his resignation as a Director of the Company.
Mr. Rajiv Sabharwal, NED was appointed as a Member of CSR with effect from July 1, 2020.

Terms of reference

The responsibilities of the CSR Committee, *inter alia,* include:

- To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act ("CSR Activities");
- To recommend the amount of expenditure to be incurred on CSR activities; and
- To monitor the CSR Policy of the Company from time to time and instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company;

(vi) Investment Credit Committee ("ICC")

Composition

The composition of the ICC as on the date of this Report is, given below:

Name of the Member(s)	Category
Ms. Varsha Purandare	Chairperson and Independent Director
Ms. Padmini Khare Kaicker	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Manish Chourasia	Managing Director

Mr. Pradeep C. Bandivadekar ceased to be the Member of the ICC, with effect from June 30, 2020 consequent upon his resignation as a Director of the Company.

Terms of reference

The responsibilities of the ICC, *inter alia,* include:

- To approve / modify / disapprove financing / credit proposals (in line with credit policy), as per the authority granted by the Board to the Investment Credit Committee from time to time, in terms of the Board approved Delegation of Authority matrix ("DOA");
- To approve of investments by way of Debentures / Commercial Paper, equity shares and preference shares, in terms of the Board approved treasury investment policy;
- To approve or modify or disapprove all Policies and Scheme notes on recommendation of the Credit Committee or such other Committees as may be formed pursuant to the Board approved DOA;
- To periodically review proposals approved by the Credit Committee or such other Committees as may be formed pursuant to the Board approved DOA, from time to time; and

- To approve the transactions pertaining to other lending activities such as Investments or Deposits, including Assignment of Portfolio with any related party, in terms of the Board approved Framework for Related Party Transactions.

(vii) <u>Information Technology Strategy Committee ("ITSC")</u>

<u>Composition</u>

The composition of the ITSC as on the date of this Report is, given below:

Name of the Member(s)	Category
Ms. Padmini Khare Kaicker	Chairperson and Independent Director
Ms. Varsha Purandare	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Manish Chourasia	Managing Director
Mr. Prasad Ranade	Business Chief Information Officer

<u>Terms of reference</u>

The responsibilities of the ITSC, *inter alia,* include:

- To approve the IT strategy and policy documents;
- To ensure proper balance of IT investments for sustaining the Company's growth and being aware about exposure towards IT risks and controls;
- To institute an effective governance mechanism and risk management process for all outsourced IT operations and to do all such acts as may be required under the RBI IT Directions in respect of the outsourced IT operations; and
- To recommend the appointment of the IT / Information Systems ("IS") Auditor and review the IT / IS Audit report and provide its observation/recommendations to the Board.

(viii) <u>Other Committees:</u>

Besides the above Committees, the Board has also constituted the following Committees:

A. <u>Asset Purchase Committee:</u>

The Asset Purchase Committee was constituted for examination of proposals of the purchase of Assets by the Company from Tata Capital Limited and / or its affiliates as per the Shareholders Agreement executed between TCL, IFC and TCCL. The composition of the Asset Purchase Committee as on the date of this Report, is given below:

Name of the Member(s)	Category
Ms. Varsha Purandare	Chairperson and Independent Director
Ms. Padmini Khare Kaicker	Independent Director

Dr. Ajay Mathur ceased to be the Member of the Asset Purchase Committee, with effect from February 16, 2021, consequent upon his resignation as a Director of the Company.

B. <u>Referral Committee:</u>

The Referral Committee was constituted to review all referrals of the Company Opportunities, Co-Investment Opportunities by the Company as per the Shareholders Agreement executed between TCL, IFC and TCCL. The composition of the Referral Committee as on the date of this Report, is given below:

Name of the Member(s)	Category
Ms. Varsha Purandare	Chairperson and Independent Director

Dr. Ajay Mathur ceased to be the Member of the Referral Committee, with effect from February 16, 2021, consequent upon his resignation as a Director of the Company.

C. <u>Working Committee:</u>

The Working Committee was constituted by the Board of Directors, at its Meeting held on July 26, 2019.

<u>Composition</u>

The composition of the Working Committee as on the date of this Report is, given below:

Name of the Member(s)	Category
Ms. Padmini Khare Kaicker	Chairperson and Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Manish Chourasia	Managing Director

Mr. Pradeep C. Bandivadekar ceased to be the Member of the Working Committee, with effect from June 30, 2020 consequent upon his resignation as a Director of the Company.

Terms of reference

The responsibilities of the Working Committee, *inter alia*, include exploring and evaluating market appetite, potential pricing, structure of the proposed issuance and timing, negotiation of various other terms in connection with the issuance of masala bonds, foreign currency bonds and non-convertible debentures to Public.

d) Secretarial Standards

The Company is in compliance with SS-1 i.e. Secretarial Standard on Meetings of the Board of Directors and SS-2 i.e. Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India.

e) Means of Communication

The 'Investors' section on the Company's website keeps the investors updated on material developments in the Company by providing key and timely information such as Financial Results, Annual Reports, etc. The debenture holders can also send in their queries / complaints at the designated email address: compliance.ncd@tatacapital.com.

f) General Information for Members and Debenture holders

The half-yearly Financial Results of the Company are submitted to the Stock Exchanges in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are published in a leading English daily newspaper and also communicated to the Debenture holders, through a half-yearly communiqué. Official news releases, including the half-yearly results, are also posted on the website of the Company, www.tatacapital.com.

The Company is registered with the Registrar of Companies, Maharashtra, Mumbai. The Corporate Identity Number allotted to the Company by the Ministry of Corporate Affairs ("MCA") is U65923MH2011PLC222430.

The Company's NCDs issued on a private placement basis, are listed on the Wholesale Debt Market segment of the NSE. Refer Note No. 13 in the Financial Statements for details.

Details of Debenture Trustee and the Registrar and Transfer Agent ("RTA") for the Non-Convertible Debentures issued on a Private Placement basis are, given below:

Debenture Trustee
IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001 Tel: +91 8097474641 Fax: +91 22 6631 1776

Website: www.idbitrustee.com e-mail: itsl@idbitrustee.com

Registrar and Transfer Agents
Non Convertible Debentures
TSR Darashaw Consultants Private Limited (formerly known as TSR Darashaw Limited) C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai-400083 Website: www.tcplindia.co.in, Phone No.: 022- 66568484 e-mail: csg-unit@tcplindia.co.in
Equity Shares
KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 Tel: +91 40 6716 2222 Fax: +91 40 2342 0814 Website: www.kfintech.com e-mail: unlservices@kfintech.com

26. UNCLAIMED AMOUNT

Pursuant to the provisions of Section 124 of the Act, the unclaimed amount on NCDs needs to be transferred to the Investor Education and Protection Fund ("IEPF") after completion of seven years from the date it becomes due for payment. During FY 2020-21, no amount was required to be transferred to the IEPF.

27. VIGIL MECHANISM

The Company has established a Vigil Mechanism for its Directors and employees to report their concerns or grievances. The said mechanism, *inter alia*, encompasses the Whistle Blower Policy,the Fraud Risk Management Process, the mechanism for reporting of ethical concerns under the TCOC and the ABAC Policy and it provides for adequate safeguards against victimization of persons who use it.

The Vigil Mechanism provides access to Tata Capital's Ethics Committee for reporting concerns and grievances. It also provides access to the Compliance Officer under the Company's ABAC Policy and to the Chairperson of the Company's Audit Committee / the Chief Ethics Counsellor under the Company's Whistle Blower Policy. Information regarding the mechanism and the channels for reporting concerns are communicated to the relevant stakeholders. The Whistle Blower Policy, Vigil Mechanism, TCOC and the ABAC Policy documents are available on the website of the Company, www.tatacapital.com.

28. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is committed to providing and promoting a safe and healthy work environment for all its employees. A ‘Prevention of Sexual Harassment’ Policy, which is in line with the statutory requirement, along with a structured reporting and redressal mechanism, including the constitution of Internal Complaints Committee in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“the POSH Act”) is in place.

During FY 2020-21, there were no complaints received under the provisions of the POSH Act.

29. STATUTORY AUDITORS

At the Sixth AGM of the Company held on August 21, 2017, B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022) were appointed as the Statutory Auditors of the Company for a term of five years, to hold office from the conclusion of the Sixth AGM till the conclusion of the Eleventh AGM of the Company to be held in the year 2022.

30. ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

The Financial Statements of the Company have been prepared in accordance with Ind AS, as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Act and the RBI Master Directions.

The Financial Statements have been prepared on an accrual basis under the historical cost convention. The Accounting Policies adopted in the preparation of the Financial Statements have been consistently followed in the previous year.

31. EXPLANATION ON STATUTORY AUDITORS’ REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by BSR & Co. LLP, Chartered Accountants, Statutory Auditors, in their Reports dated April 21, 2021 on the Financial Statements of the Company for FY 2020-21.

32. SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Parikh & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for FY 2020-21. The Secretarial Audit Report, in the prescribed Form No. MR-3, is annexed as Annexure ‘B’.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. Parikh & Associates in their Secretarial Audit Report dated April 21, 2021, on the Secretarial and other related records of the Company, for FY 2020-21.

33. INFORMATION ON MATERIAL CHANGES AND COMMITMENTS

There are no material changes or commitments affecting the financial position of the Company which have occurred between March 31, 2021 and April 21, 2021 being the date of this Report.

34. RELATED PARTY TRANSACTIONS

The Company has adopted a Policy and a Framework on Related Party Transactions for the purpose of identification, monitoring and approving of such transactions. The said Policy is annexed as Annexure 'C'.

A Statement containing the details of material contracts or arrangements or transactions with Related Parties on an arm's length basis with respect to transactions covered under Section 188(1) of the Act and the applicable Rules framed thereunder, in the prescribed Form No. AOC-2, is annexed as Annexure 'D'. Further, details of Related Party Transactions as required to be disclosed by Ind AS - 24 on "Related Party Disclosures" specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, are given in the Notes to the Financial Statements.

During FY 2020-21, the Company has not entered into any transactions with Related Parties which are not in its ordinary course of business or not on an arm's length basis and which require disclosure in this Report in terms of the provisions of Section 188(1) of the Act.

35. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

(A) <u>Conservation of energy</u>:

i. Steps taken / impact on conservation of energy:

The operations of the Company, being Financial Services related, require normal consumption of electricity. The Company is taking every necessary step to reduce its consumption of energy.

At Tata Capital regular Electrical audits as part of Energy Conservation activity are conducted and suggested measures are implemented to achieve and improve energy efficiency.

Several Office premises have been retrofitted with LED lights to conserve electricity, as LED lights consume less electricity as compared to the conventional CFL bulbs. Air Conditioners' temperature across all Offices are maintained at the optimum ambient temperature (24-25 degree celsius) resulting into savings of energy and also at some premises outgoing air conditioner duct design has been modified to provide better energy efficiencies.

ii. Steps taken by the Company for utilising alternate sources of energy:

A solar panel has been installed at the Company's office at Thane which produces close to 750 watts of energy and which self illuminates and provides power to the garden and security lights on the campus from dusk to dawn. The garden lights at the Thane office are being retrofitted with Light Emitting Diode ("LED") bulbs that consume less electricity as compared to conventional incandescent or Compact Fluorescent Light ("CFL") bulbs.

iii. Capital investment on energy conservation equipment's:

In view of the nature of activities carried on by the Company, there is no capital investment on energy conservation equipment.

(B) <u>Technology absorption</u>:

i. The efforts made towards technology absorption;
ii. The benefits derived like product improvement, cost reduction, product development or import substitution;
iii. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):

(a) The details of technology imported;
(b) The year of import;
(c) Whether the technology been fully absorbed;
(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

iv. The expenditure incurred on Research and Development.

Given the nature of the activities of the Company, the above is not applicable to the Company.

(C) <u>Foreign Exchange Earnings and Outgo</u>:

During FY 2020-21, the Foreign Exchange earned in terms of actual inflows was Nil and the Foreign Exchange Outgo in terms of actual outflows was Rs. 101.18 crore.

36. ANNUAL RETURN

The Annual Return as prescribed under Section 92(1) of the Act and the Companies (Management and Administration) Rules, 2014, in the prescribed Form No. MGT-7, is available on the website of the Company at www.tatacapital.com.

37. DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE ACT READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A Statement giving the details required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2021, is annexed as Annexure 'E'.

The details required under Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2021, are provided in a separate annexure forming part of this Report. In terms of the first proviso to Section 136(1) of the Act, the Report and the Accounts, excluding the aforesaid Annexure, are being sent to all the Members whose e-mail addresses are registered with the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary of the Company, at the Registered Office of the Company and the soft copy of the same would be provided by an email. None of the employees listed in the said Annexure is related to any Director of the Company.

38. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms an integral part of this Annual Report.

39. ACKNOWLEDGEMENTS

The Directors would like to place on record their gratitude for the valuable guidance and support received from the RBI, the NHB, SEBI, Registrar of Companies and from other Government and Regulatory agencies and to convey their appreciation to TCL, the holding company, IFC, the members, customers, bankers, lenders, vendors and all other business associates for the continuous support given by them to the Company. The Directors also place on record their appreciation for all the employees of the Company for their commitment, team work, professionalism and their resilience and dedication demonstrated by them during this period of COVID – 19 pandemic.

For and on behalf of the Board of Directors

Varsha Purandare
Chairperson
DIN: 05288076

Mumbai
June 2, 2021

Annexure A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

("CSR") ACTIVITIES

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

Vision: To create shared value for the community at large in line with the Tata Group's core purpose.

Purpose: We endeavour to improve the lives of the community, especially the socially and economically underprivileged communities, by making a long term, measurable and positive impact through projects in the areas of

i. Education
ii. Climate Action
iii. Health
iv. Skill Development

Sectors and Issues: In sectors and issues pertaining to the purpose mentioned above.

For details of the CSR Policy along with projects and programs, kindly refer to

https://www.tatacapital.com/content/dam/tata-capital/tccl/CSR%20Policy%20FY%202018-19.pdf

2. **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Varsha Purandare	Independent Director	2	2
2.	Ms. Padmini Khare Kaicker	Independent Director	2	2
3.	Mr. Rajiv Sabharwal	Non – Executive Director	2	2
4.	Mr. Manish Chourasia	Managing Director	2	2

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

Composition of CSR Committee: https://www.tatacapital.com/content/dam/tata-capital/tccl/ TCCL_CSR% 20 Committee % 20 Composition.pdf

CSR Policy and CSR Projects approved by the Board: https://www.tatacapital.com/content/dam/tata-capital/tccl/CSR%20Policy%20FY%202018-19.pdf

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

NIL

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set off for the financial year, if any (in Rs.)
		NIL	

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

(Amount in Rs.)

Financial Year	**Net Profit (net of dividend)**
FY 2017-18	1,17,76,42,389
FY 2018-19	1,44,57,41,791
FY 2019-20	2,02,56,86,690
Average Net Profit	**15,496,90,290**

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

Rs. 3,10,00,000

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

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 3,10,00,000

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of Transfer.	Name of the Fund	Amount.	Date of Transfer.
3,10,00,000	NIL	Not Applicable	Not Applicable	NIL	Not Applicable

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	**Name of the Project.**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/No).**	**Location of the project.**		**Project duration.**	**Amount allocated for the project (in Rs.).**	**Amount spent in the current financial Year (in Rs.).**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).**	**Mode of Implementation - Direct (Yes/No).**	**Mode of Implementation - Through Implementing Agency**	
				State.	**District.**						**Name**	**CSR Registration number.**
							NIL					

(c) Details of CSR amount spent against other than ongoing projects for the financial year: Not Applicable

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	**Name of the Project.**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/ No)**	**Location of the project.**		**Amount spent for the project (in Rs.).**	**Mode of implementation - Direct (Yes/No).**	**Mode of Implementation - Through Implementing Agency**	
				State	**District**			**Name**	**CSR Registration number**
1	Ecosphere	iv	Yes	MH	Palghar	1,25,00,000	No	Diganta Swaraj Foundation	CSR00001695
2.	The Green Switch	iv	No	JH	Simdega	1,85,00,000	No	Transform Rural India Foundation	To be shared
	TOTAL					1,85,00,000			

(d) Amount spent in Administrative Overheads: Not Applicable

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 3,10,00,000

(g) Excess amount for set off, if any

Sl. No.	**Particular**	**Amount (in Rs.)**
(i)	Two percent of average net profit of the company as per section 135(5)	3,10,00,000
(ii)	Total amount spent for the Financial Year	3,10,00,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

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

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

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

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).

March 27, 2021

(b) Amount of CSR spent for creation or acquisition of capital asset.

Rs. 38,75,320.00

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

Ram Saur Oorja Samiti, Mudamba, Village -Mudamba, Panchayat – Kutumakachar, Block- Kurdeg, District -Simdega, State – Jharkhand

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

The Green Switch Solar Microgrid - Simdega, JH
PV Capacity: 14.84 kWp Battery Capacity: 61.2 kWh
Mudamba, Village -Mudamba, Panchayat – Kutumakachar, Block- Kurdeg, District -Simdega, State – Jharkhand

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Ms. Varsha Purandare (Chairperson CSR Committee, Independent Director)	Ms. Padmini Khare Kaicker (Member, CSR Committee, Independent Director)	Mr. Rajiv Sabharwal (Member, CSR Committee, Non-Executive Director)	Mr. Manish Chourasia (Member, CSR Committee, Managing Director)

PARIKH & ASSOCIATES
COMPANY SECRETARIES

Office

111, 11th Floor, Sai-Dwar CHS Ltd
Sab TV Lane, Opp Laxmi Industrial Estate,
Off Link Road, Above Shabari Restaurant,
Andheri (W), Mumbai : 400053
Tel No 26301232 / 26301233 / 26301240
Email : cs@parikhassociates.com
parikh.associates@rediffmail.com

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

To,
The Members,
TATA CLEANTECH CAPITAL LIMITED

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information to the extent provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and the Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2021, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2021 according to the applicable provisions of:

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

b) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

c) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

d) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings;

e) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

(i)The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)

(iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)

(v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(vi) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)

(vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and

(viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

f) Other laws specifically applicable to the Company, namely:

i) All the Rules, Regulations, Directions, Guidelines and Circulars issued by the Reserve Bank of India applicable to Non-Deposit Accepting Non-Banking Financial Companies which are specifically applicable to the Company.
ii) Credit Information Companies (Regulation) Act, 2005 and Rules.
iii) The Prevention of Money Laundering Act, 2002 and the Prevention of Money Laundering (Maintenance of Records, etc.) Rules, 2005.
iv) SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
v) Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations of the Reserve Bank of India.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

(ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

We further report that:

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

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

Decisions at the Board Meetings were taken unanimously.

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

We further report that during the audit period, the Company had following event which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

a) Issued 4,400 Secured Redeemable Non-Convertible Debentures of an aggregate amount of Rs. 440.00 crore;
b) Redeemed 4,300 Secured Redeemable Non-Convertible Debentures of an aggregate amount of Rs. 430.00 crore;
c) Issued 7,500 Secured Redeemable Principal Protected Market Linked Non-Convertible Debentures of an aggregate amount of Rs. 75.00 crore;
d) Issued 1,500 Unsecured Redeemable Non-Convertible Subordinated Debentures as Tier-II Capital of an aggregate amount of Rs. 150.00 crore.
e) Issued 25,200 Commercial Papers of an aggregate amount of Rs. 1,260.00 crore; and
f) Redeemed 23,940 Commercial Papers of an aggregate amount of Rs. 1,197.00 crore.

For Parikh & Associates
Company Secretaries

Place: Mumbai
Date : 21.4.2021

Sd/-
Anuja Shah
Partner
ACS No: 52937 CP No: 21367
UDIN: A052937C000150320

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

Annexure 'A'

To,
The Members
Tata Cleantech Capital Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

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

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

4. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

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

For Parikh & Associates
Company Secretaries

Place: Mumbai
Date : 21.4.2021

Sd/-
Anuja Shah
Partner
ACS No: 52937 CP No: 21367
UDIN: A052937C000150320

Annexure C

POLICY ON RELATED PARTY TRANSACTIONS

1. Executive Summary

This Policy is being framed with the objective of ensuring compliance with the provisions pertaining to Related Party Transactions in the Companies Act, 2013 (“Act”).

Related Party Transactions referred to throughout this Policy shall mean contracts / arrangements / transactions with a Related Party (as defined under the Act). Accordingly, Related Party Transactions may be entered into by the Company only in accordance with this Policy as amended from time to time.

The Policy covers following sections:-

Objective:- Lays down the intent and requirement for drafting this Policy.

Scope:- To give an overview of the legal provisions applicable to Related Party Transactions and lay down the processes for identifying Related Parties and the Related Party Transaction approval.

Definition:- Specifies the key definitions stated in the Act

Key Principles: -

(a) Identification, Review of Related Party Transactions
(b) Broad Parameters to Assess: Ordinary Course of Business
(c) Broad Parameters to Assess: Arm’s Length
(d) Materiality Thresholds for Related Party Transactions

Going forward, the Audit Committee would review and recommend amendments to the Policy, as and when required, subject to the approval of the Board.

2. Objective

Section 188 of the Act and the Rules made thereunder require the approval of the Board and the Shareholders of a company for certain transactions entered into by a company with its Related Parties.

Related Party Transactions can present potential or actual conflicts of interest and may raise questions whether such transactions are in the best interest of the Company and its Shareholders. Therefore, this Policy has been adopted by the Company’s Board of Directors, to ensure high standards of Corporate Governance while dealing with Related Parties and sets forth the procedures under which the Related Party Transactions must be reviewed, approved or ratified and reported.

This Policy has been drafted with an objective of ensuring compliance with the provisions pertaining to Related Party Transactions under the Act.

3. Scope

Accordingly, this Policy has been adopted to:

(a) give an overview of the legal provisions applicable to Related Party Transactions;
(b) lay down the process for identifying Related Parties;
(c) identify factors for determinining whether a transaction with a Related Party is:
- on an Arm's Length basis
- in the Ordinary Course of Business

(d) for approval / noting of Related Party Transactions.

Note 1:- This Policy is for the purpose of identifying Related Party Transactions and the relevant approval methodology for compliance with the Act and the Rules framed thereunder.

Note 2:- Provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

4. Definition

All capitalised terms used in this Policy document but not defined herein shall have the meaning ascribed to such term in the Act and the Rules framed thereunder, as amended from time to time.

5. Identification and Monitoring of Related Parties

The Secretarial Team shall update the Reference List on the basis of intimations received from the Directors / KMPs or changes in corporate or investment structure, as informed from time to time.

The names / details of all Related Parties identified shall be consolidated, as a Reference List.

This Reference List and subsequent updates, as prepared by the Secretarial Team, shall be shared with all Business Heads / Functional Heads, for compliance at their end.

All Related Party Transactions for the period shall be reported by the Controllership team to the Company Secretary who shall place the same for approval / noting by the Audit Committee, in accordance with this Policy.

To review a Related Party Transaction, the Board / Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the name of the related party, the nature of the relationship, nature of the transaction, whether the transaction is in the 'Ordinary Course of Business', whether the transaction is at 'Arm's Length' and any other matter, as may be required.

The process and controls with respect to identification monitoring of Related Parties and execution of Related Party Transactions would be vis-à-vis an appropriate Framework, as approved by the Board, Audit Committee and Management, instituted for compliance with this Policy.

For assessing whether the transaction is in the Ordinary Course of Business and Arm's Length, Clause 6 of this Policy shall be referred to.

6. Key Principles

A. Broad Parameters to assess - Ordinary Course of Business

The phrase Ordinary Course of Business is not defined under the Act or Rules made thereunder. The Company shall adopt a reasonable approach / methodology to demonstrate 'Ordinary Course of Business' which shall, *inter alia,* include the Nature of the transaction, the frequency / regularity / length of time the company is engaged such transaction, such transaction / action is consistent with the past practices and was taken in the ordinary course of the normal day-to-day operations of such company, common commercial practice i.e. customarily taken, in the ordinary course of the normal day-to-day operations of other companies that are in the same / similar line of business.

The Company shall adopt an appropriate framework to assess whether transactions with related parties are done in the ordinary course of business and Company adopts generally accepted practices and principles in determining whether the transaction is in the 'Ordinary Course of Business'.

B. Broad Parameters to assess – Arm's Length

For transactions between two related parties to be considered to be at Arm's Length Pricing, the transaction should be conducted between the two parties as if the parties were unrelated, so that there is no conflict of interest i.e. Arm's Length Pricing is the condition or the fact that the two related parties transact as independent (un-related) parties and on an equal footing from one or more of the following aspects viz. nature of goods / services, risk assumed, assets / resources employed, key terms / covenants.

In the absence of any guidelines on Arm's Length Pricing in the Act, the Company shall adopt reasonable approach / methodology to demonstrate Arm's Length Pricing for the specified Related Party Transactions identified, which shall, inter alia, include, the nature of the transaction, description of functions to be performed, risks to be assumed and assets to be employed, key terms / special terms in the arrangement forming part of a composite transaction;

The Company shall adopt an appropriate framework to assess whether transactions with related parties are done at an Arm's Length and Company adopts generally accepted practices and principles in determining whether the transaction is at "Arm's Length".

C. Materiality Thresholds for Related Party Transactions

(a) The transactions with related parties in the ordinary course of business and at arm's length within the monetary threshold ("***de minimis* threshold**") as approved by the Audit Committee/Board, from time to time, will be placed before the Audit Committee for noting, on a half yearly basis.

(b) The Board has stipulated that transactions with related parties in the ordinary course of business and at arm's length that cross the de minimis threshold would require prior approval of the Audit Committee.

(c) The Company follows Materiality Thresholds for Related Party Transactions as per the Companies Act, 2013 and the applicable Rules framed thereunder for transactions with related parties which are not in the ordinary course of business and/or not at arm's length basis.

The Company shall institute appropriate framework to provide for approvals / noting of all Related Party Transactions to be in compliance with this Policy.

7. Disclosure

The Policy shall be published on the Company's website http://www.tatacapital.com.

Annexure D

Form No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis - Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name of the Related Party	Nature of Relationship	Nature of contracts/ arrangements / transactions	Amount (Rs. in lakh)	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
1.	Tata Capital Limited ("TCL")	Holding company	a) Inter Corporate Deposits ("ICD") accepted during the year	38,500	Tenor up to 1 year	Cost of Funds below bank borrowing rate	-
			b) ICDs repaid during the year	78,500	Tenor up to 1 year	Not Applicable	-
2.	Tata Capital Financial Services Limited ("TCFSL")	Subsidiary of Holding company	Purchase of loan portfolio	4,023	Not Applicable	Consortium Lending and Syndication - Market comparative rates charged.	-
3.	TP Luminaire Private Limited	Subsidiary of Associate of the Holding company	loan given during period	4,500	Not Applicable	Consortium Lending and Syndication - Market comparative rates charged	-

Notes:

1. *Appropriate approvals have been taken for Related Party Transactions.*
2. *Materiality Thresholds for Reporting Related Party Transactions in the ordinary course of business and on an arm's length basis:*
   a. *Sale, purchase or supply of any goods or materials directly or through appointment of agents: Exceeding 2.5% of Turnover or Rs. 25 crore, whichever is lower.*
   b. *Buying, selling or disposing of property of any kind directly or through appointment of agents: Exceeding 2.5% of Networth or Rs. 25 crore, whichever is lower.*
   c. *Leasing of any kind of property: Exceeding 2.5% of Networth or 5% of Turnover or Rs. 25 crore, whichever is lower.*
   d. *Availing or rendering of any services directly or through appointment of agents: Exceeding 5% of Turnover or Rs. 25 crore, whichever is lower.*
   e. *Appointment to any office or place of profit in the company, its subsidiary / associate company: Monthly remuneration exceeding Rs. 1,25,000.*
   f. *Remuneration for underwriting subscription of any securities in or derivatives thereof: Exceeding 0.5% of Networth.*

For and on behalf of the Board of Directors

Varsha Purandare
Chairperson

Mumbai
June 2, 2021

ANNEXURE 'E'

DETAILS REQUIRED UNDER SECTION 197(12) OF THE ACT READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. **The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year:**

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2020-21 is, as under:

Name of Director(s)	Ratio to Median
Ms. Varsha Purandare	0.88
Ms. Padmini Khare Kaicker	0.83
Dr. Ajay Mathur	0.58
Mr. Manish Chourasia	10.30

Notes:

1. Dr. Ajay Mathur ceased to be the Non –Executive Director of the Company with effect from February 16, 2021.
2. Mr. Pradeep C. Bandivadekar, ceased to be the Non- Executive Director of the Company with effect from June 30, 2020.
3. In line with the internal guidelines of the Company, no payment was made to the Non Executive Directors of the Company, who are in the full time employment of any other Tata Company. Accordingly, Mr. Rajiv Sabharwal, Non-Executive Director, did not draw any remuneration from the Company, since he is the Managing Director & CEO of Tata Capital Limited, the holding company. Mr. Pradeep C. Bandivadekar did not draw any remuneration from the Company, since he was in the employment of Tata Capital Limited, the holding company. In view of the above, the ratio of remuneration of Mr. Sabharwal and Mr. Bandivadekar to the median remuneration of employees, has not been computed.

2. **The percentage increase / decrease in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, or Manager, if any, in the financial year:**

The percentage increase/decrease in remuneration of Directors in FY 2020-21, is as under:

Name of Director(s)	% Increase /(decrease) in Remuneration
Ms. Varsha Purandare	367
Ms. Padmini Khare Kaicker	5
Mr. Manish Chourasia	17
Dr. Ajay Mathur	12

Notes:

1. Since Dr. Ajay Mathur ceased to be the Non –Executive Director of the Company with effect from February 16, 2021 his remuneration is not comparable with that of

FY 2019-20.

2. Mr. Pradeep C. Bandivadekar, ceased to be the Non- Executive Director of the Company with effect from June 30, 2020.
3. In line with the internal guidelines of the Company, no payment was made to the Non Executive Directors of the Company, who are in the full time employment of any other Tata Company. Accordingly, Mr. Rajiv Sabharwal, Non-Executive Director, did not draw any remuneration from the Company, since he is the Managing Director & CEO of Tata Capital Limited, the holding company. Mr. Pradeep C. Bandivadekar did not draw any remuneration from the Company, since he was in the employment of Tata Capital Limited, the holding company. In view of the above, the increase/decrease in remuneration of Mr. Sabharwal and Mr. Bandivadekar, has not been stated
4. The percentage increase in remuneration of Mr. Behzad Bhesania, Chief Financial Officer, for FY 2020-21 was 10.27 % as compared to FY 2019-20.
5. Mr. Manish Parikh ceased to be the Company Secretary w.e.f August 31, 2020, accordingly the percentage increase/decrease in his remuneration is not stated.
6. Mr. Rajesh Gosia was appointed as the Company Secretary of the Company with effect from February 1, 2021, hence the percentage increase in his remuneration has not been stated.

3. The percentage increase in the median remuneration of employees in the financial year

There is a decrease in the median remuneration of employees in FY 2020-21 by 2% as compared to FY 2019-20.

4. The number of permanent employees on the rolls of Company:

The permanent employees on the rolls of Company as on March 31, 2021, were 67.

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentage increase in the salaries of employees other than that of the managerial personnel in FY 2020-21 is 6.8% and the percentage increase in the overall managerial remuneration is 15%.

6. Affirmation that the remuneration is as per the Remuneration Policy of the Company:

It is affirmed that the remuneration paid is as per the Remuneration Policy adopted by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY OVERVIEW AND OUTLOOK

Indian economy has been hit hard by the COVID-19 pandemic in FY 2020-21. Even before the pandemic, India was facing an economic slowdown with industrial output falling to an 8-year low during FY 2019-20. Industrial sector being the largest consumer of electricity in India, the slowdown has also impacted power demand growth of the country. After registering a meagre growth of 1.3% in FY 2019-20, the power demand fell by 1.1% in FY 2020-21.

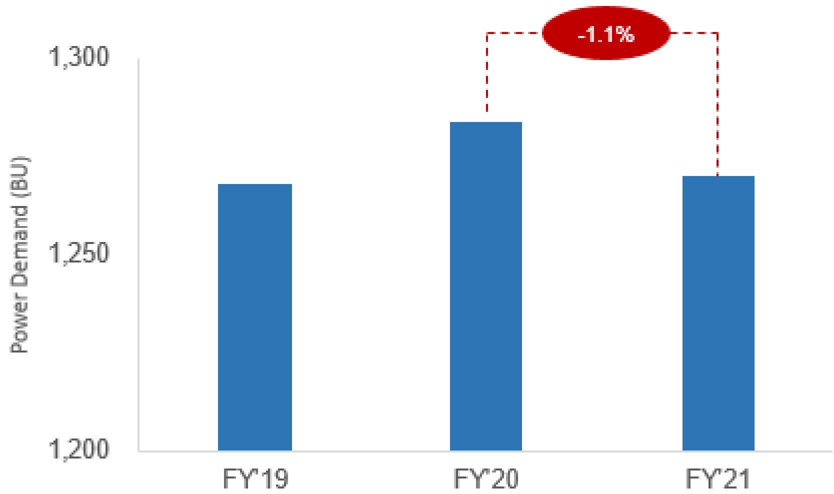

Figure 1: India's yearly power demand
Source: CEA

Distribution companies (DISCOMs) in India are tied up with legacy thermal plants for which they are forced to pay high fixed charges. Despite highly viable tariffs for renewable power, DISCOMs find it difficult to accommodate new renewable power capacities with fall in power demand. Renewable project installation in India has fallen in last four years after installations peaking in FY 2016-17. The installations in FY 2020-21 has been hit harder with restrictions imposed due to COVID-19 pandemic.

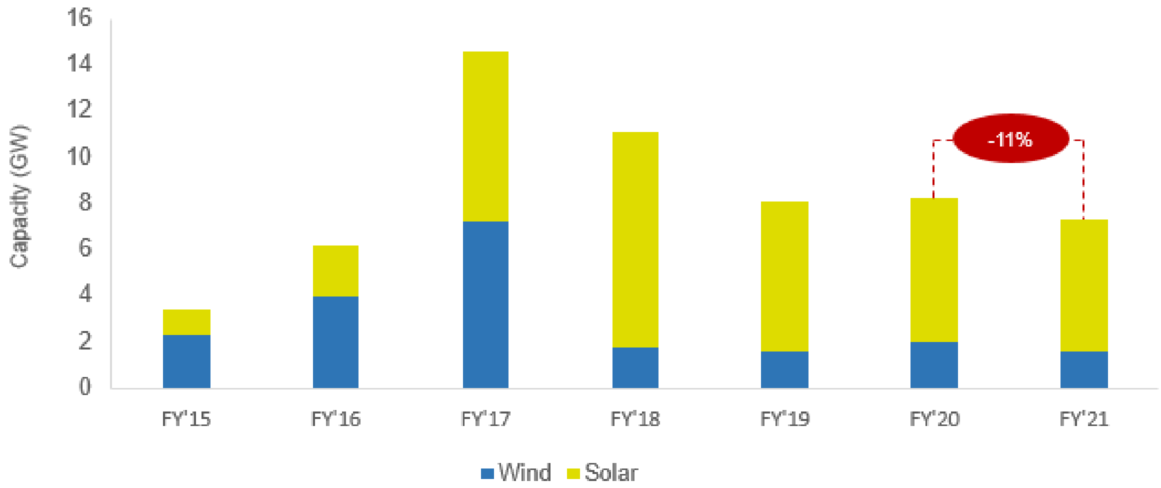

Figure 2: Annual renewable capacity addition in India
Source: CEA

However, the government has taken multiple measures to revive the economy, including '*Aatam Nirbhar*' Package. Resultant rise in GDP and industrial output from third quarter of FY 2020-21 has revived power demand and increase in execution activities on ground for renewable capacity addition. The momentum for increase in power demand is expected to sustain as new manufacturing industries are coming up across many sectors.

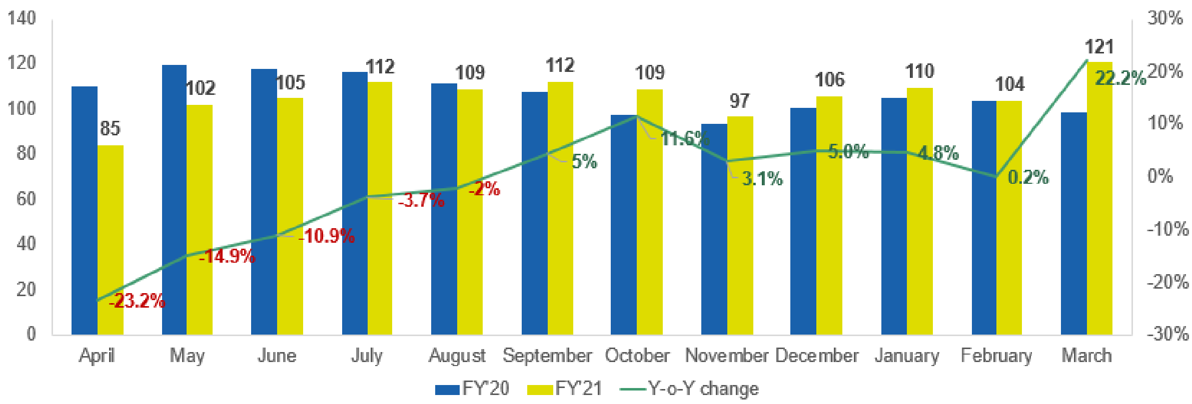

Figure 3: Monthly power demand trend (BU)
Source: CEA & POSOCO

Further, the pipeline of project allocation also remains strong with the completed allocation of 48 GW projects. Over 75% of this pipeline capacity is allocated by highly bankable central agencies – Solar Energy Corporation of India Limited ("SECI") and National Thermal Power Corporation Limited ("NTPC"). Moreover, another 34 GW of projects are under various stage of tendering.

Apart from the Government Power Purchase Agreements ("PPAs"), there is another opportunity in India's Corporate PPAs market. Corporates can procure power from renewable sources through either Open Access plants or rooftop solar plants. Corporate PPA segment has largely been driven by the ever-changing regulatory landscape. Despite DISCOM's resistance, market for both Open Access and rooftop solar segments grew as economic viability of corporate PPAs was already in place. Opportunities are further opening up in multiple states. Rooftop solar installations is still nascent in India and represent only around 11% of installation as against the target of 40%. The growth in FY 2020-21 was fueled by subsidies in residential and government building segments. The growth of installations in target segments of industrial and commercial, remained below expectations, but with regulatory landscape and emergence of business models protecting interests of DISCOMs, offtakers and developers, the rooftop solar market is expected to play more dominant role in renewable growth story of India.

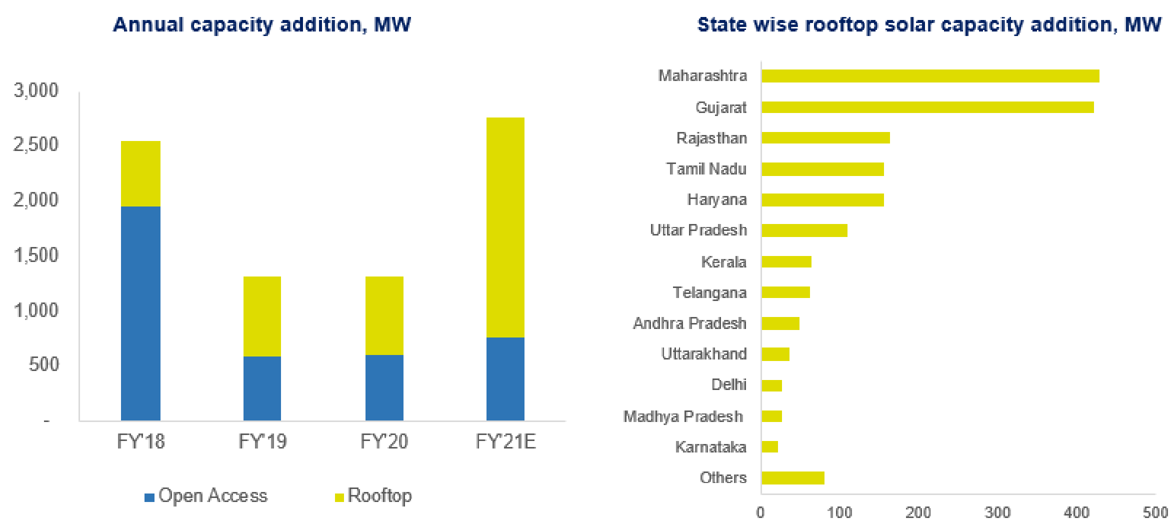

Figure 4: Corporate PPA market landscape (February 2021)
Source: MNRE and TCCL Research

Apart from stagnant power demand and COVID-19 pandemic, solar Photovoltaic (PV) capacity addition has also been hit due to uncertainties around Basic Custom Duties (BCD) and Safeguard Duties (SGD). However, at the onset of FY 2020-21, government has addressed the uncertainty and gave sufficient notice with BCDs being made applicable from April 2022.

Figure 5: Duty structure for FY 2021-22 for Solar PV
Source: MNRE and TCCL Research

Although the allocated projects are covered under Change in Law clause of PPA, but the process is cumbersome, and the cost of carry becomes a prickly point. Most of the developers are expected to expedite the project development and aim to import the modules before duties kick in.

Overall, renewable capacity addition in FY 2021-22 is expected to be higher than that of past four years. The capacity addition is expected to post a growth of 100%-120% in FY 2021-22 from FY 2020-21. This will predominantly be led by the right fundamentals in place:

- Increase in power demand
- Rise in tendering and execution activities
- Favourable regulations for corporate PPA markets
- Forthcoming BCD imposition from April-22

Although renewable remains the foremost target segment, the Company has also been active in following segments:

- **Electric Vehicles:** After facing severe slowdown in 2019 and subsequent exacerbation due to COVID-19 pandemic, automobile segment has shown signs of recovery. Within the automobile segment, electric vehicle segment has largely remained unaffected with the downturn and continued strong growth. Electric vehicle market has seen boost due to improved viability with lower Total Cost of Ownership (TCO) and string support from government policies including:

    - Faster Adoption and Manufacturing of Hybrid and EV (FAME) subsidy
    - National Electric Mobility Mission Plan
    - Reduction in GST for electric vehicles to 5% from 12%

  On an institutional level, electric buses (e-buses) have taken a lead in the development of the sector. After deployment of first e-bus in 2017 in Himachal Pradesh, India currently has over 2,000 e-buses deployed across different states under FAME-I and FAME-II programs.

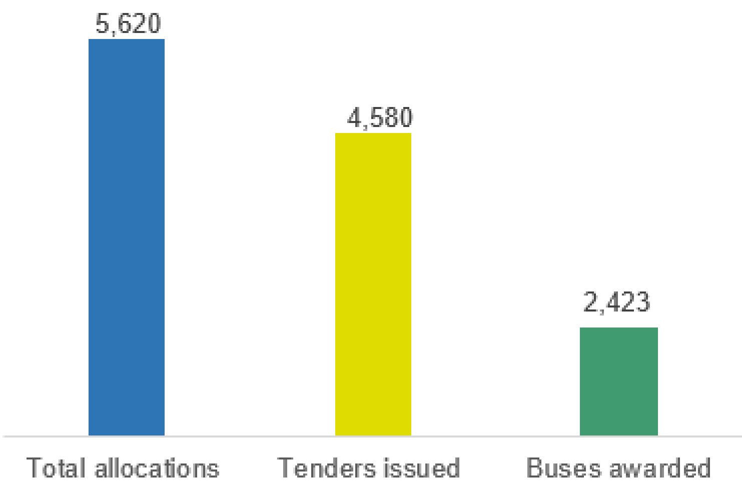

Figure 6: E-buses allotment status (no.) under FAME-II
Source: TCCL Research

The demand in electric vehicles would also be propelled by the vision set by NITI Aayog to achieve penetration of 70% in commercial cars, 30% in private cars, 40% in buses and 80% in two and three wheelers by 2030. It entails a total market opportunity in excess of US$ 250 billion.

- **Green Corridor:** With increasing solar and wind penetration, power transmission or Green Corridor is high on the priority list of government. This sector has established bankable business model and provides stable cash flows with low counterparty risk. The power ministry has laid out the roadmap to award transmission projects worth ~US$ 15 billion through the Tariff Based Competitive Bidding ("TBCB") route. Further, for integration of 450 GW of renewables, the investment requirement would be over US$ 200 billions

- **Energy Efficiency:** The National Mission for Enhanced Energy Efficiency ("NMEEE"), launched under the National Action Plan on Climate Change ("NAPCC") has set ambitious targets for adoption of Energy Efficiency measures. Apart from industrial energy efficiency projects and Green Logistics, Smart Meters is another promising technology in the energy efficiency segments.

- **Water Treatment:** Though India is home to 18% of world's population, it has access to only about 2.5% of world's land area and only 4% of water resources. With rising consumption, deteriorating water quality & inadequate management, India is likely to face water shortage by 2025. Announcement of Namami Gange programme administered by the National Mission for Clean Ganga ("NMCG") and the evolution of Hybrid Annuity Model ("HAM") in Water Treatment has opened the door for private sector investments.

2. COVID-19 PANDEMIC

In the past year, the novel coronavirus has affected every single part of the world and had devastating effects on millions of people's lives and livelihoods. The global economy has contracted the deepest in decades. Though the roll-out of vaccines has generated optimism over future growth prospects, ramping up vaccine manufacturing, supply and distribution remains a crucial challenge. Countries have been grappling with multiple waves of infections from newer virus strains, and vaccines' efficacy is yet to be established. India posted a positive GDP growth in the third quarter of the fiscal after two consecutive quarters of contraction. The second wave in India, which intensified in March 2021 poses a risk to the nascent recovery. Uncertainty continues to dominate most aspects of our lives.

The Company has activated its Business Continuity Plan ("BCP") from the early stages of Covid-19 and has adapted quickly with minimal interruption. The Company has taken initiatives to safeguard the health and wellbeing of employees, consultants, and customers. The Company's planning has also ensured a robust framework for identifying and addressing any operational issues promptly. The Company has honoured all its debt obligations on time. The Company's capital and liquidity positions remain strong and would continue to be an area of focus during this period. In accordance with relief packages announced by the Reserve Bank of India ("RBI") on March 27, 2020 and May 23, 2020, the Company has extended the option of payment moratorium, based on customers request, for amounts falling due between March 1, 2020 and August 31, 2020 to its borrowers. In line with RBI guidelines issued on April 17, 2020, in respect of all accounts classified as 'Standard' as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded from the number of days past-due for the purpose of asset classification under the RBI's Income Recognition and Asset Classification norms.

The Company continues to monitor the impact of Covid-19 on Company's risk profile. The Company has assessed the potential impact of COVID-19 on the carrying value of its assets based on relevant internal and external factors / information available, upto the date of approval of the financial statements of the Company i.e. April 21, 2021. In order to cover the impact of COVID-19 on the future expected credit losses, the Company has made a provision of Rs. 35 crore, in addition to the RBI prescribed norms.

3. SEGMENT WISE OR PRODUCT WISE PERFORMANCE OF THE COMPANY

During FY 2020-21, the Company has surged ahead and consolidated on the strong foundations laid over the past five years. This is reflected in the accelerated growth of business of the Company across solar, wind, small hydro, electric mobility, energy efficiency, water management coupled with other infrastructure sectors, such as roads and transmission. The Company's portfolio has grown by 19% to Rs. 6,382 crore in FY 2020-21, the year marked by lowest renewable capacity addition in last five years. The Company's loan portfolio consists of projects in the areas of Wind Energy, Solar Energy, Rooftop Solar and other cleantech sector comprising 82% of the funded asset book. The balance portfolio consists of projects in the areas of transmission, roads and other Infrastructure sector. 81% of the funded asset book, comprises of operational projects.

Building on the excellent work carried out in liability diversification, the Company raised $69 million line of credit from global investors. Further, the Company also had facilities from Japan International Cooperation Agency ("JICA") ($100 million) and from CDC Group Plc (formerly the Commonwealth Development Corporation) ($30 million). The company has augmented long term sources of funds cumulating to Rs. 2,024 crore between April 2020 to March 2021. Share of long-term borrowing out of the total borrowings stands at 75% in FY 2020-21, on a residual maturity basis.

The Company further deepened its footprint in the Techno Commercial advisory services by executing advisory assignments in avant-garde areas like "active buildings". The Company carried out the economic modelling of active buildings to demonstrate its financial viability under various operating conditions for Project Sunrise funded by UK government research and innovation organization ("UKRI"). The Company joined the Technical Advisory Board ("TAB") of a joint Engineering and Physical Sciences Research Council (EPSRC, UK) and industrially funded Prosperity Partnership project between Oxford University and Oxford PV Ltd. The ambition of the project is to go well beyond the state-of-the-art, and therefore deliver over 37% efficient triple junction perovskite solar cells.

In addition to the above, continuing with its focus on Risk diversification, the Company continued to enhance the business volumes in the risk distribution vertical despite rising market challenges. It concluded debt syndication for selected transactions of a few developers in FY 2020-21.

The Company has published its first White Paper in Cleantech segment, "Renewable Integration & Curtailment: Causes, Solutions and Impact on Project Bankability". The Company has also collaborated with a working group led by FICCI to publish a report on "India Roadmap on Low Carbon and Sustainable Mobility". Both the publications are available on the Company's website.

Further, the Company has ventured into financing of Electric Buses (e-buses) segment in FY 2020-21. The Company has sanctioned first transaction of financing of 90 e-buses towards a Gross Cost Contract ("GCC") project. Under this model, the concessionaire (borrower) contracts with the transport corporation and is paid on a fixed cost per km basis. The borrower is responsible for procurement of e-buses and related O&M infrastructure for the defined tenure. Further, minimum km per day is also defined in the contract. The Company has also ventured into financing of water treatment project under Namami Gange programme administered by the National Mission for Clean Ganga ("NMCG").

The Company appointed Kincentric, a leading Human Resources Advisory firm to conduct Employee Engagement Survey in FY 2020-21. The survey combined strategy, people analytics and change management principles to deliver workplace cultures and employee experiences that engage and inspire the employee throughout the life cycle. The Engagement Score was 80%, just marginally below India's Best Employer's score.

Figure 7: Employee Engagement Survey FY 202-21 Results

Adding on to the coveted list of accolades, the Company has won the Green Urja Awards 2021 and has been selected as the Leading Private Financing Institution for Renewable in FY 2020-21. The award was organized by the Indian Chamber of Commerce (ICC) with The Energy and Resources Institute (TERI) as the knowledge partner.

4. RISKS AND CONCERNS

Risk Management is an integral part of the Company's business strategy with focus on building risk management culture across the organisation. The Risk Management oversight structure includes a Committee of the Board and Senior Management Committee. The Risk Management process is governed by the Group level comprehensive Enterprise Risk Management Framework which lays down guidelines for Risk identification, assessment and monitoring as an ongoing process that is supported by a robust risk reporting framework. Risk Management at the Company covers Credit Risk, Market Risk, Operational Risk, Fraud Risk and other risks, such as compliance risk, reputation risk, etc. The Risk Management Practices of Tata Capital are compliant with ISO 31000:2018, which is the International Standard for Risk Management that lays down Principles, Guidelines and Framework for Risk Management in an organization.

The Risk Management Committee ("RMC") of the Board is set up to assist the Board in its oversight of various risks mentioned above. The RMC reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyses risk exposures related to specific issues and provides oversight of risk across the organisation.

The Credit Risk policy defines prudential limits and portfolio criteria, borrower assessment criteria and exceptional approval metrics in line with the current economic environment and company strategy. Concentration Risk is managed by analyzing counter-party, industry, sector, geographical region, single and group borrower limits. While the Credit approving authorities approve counter-party credit exposure in line with the Delegation of Power and Authority assigned by the Board of Directors, the Credit Monitoring Committee primarily focuses on post sanction monitoring by periodic review of exposures to proactively identify risks and to take necessary corrective steps on time. Periodic scenario analysis of the credit portfolio is conducted and necessary corrective measures are implemented.

Management of Liquidity (Asset Liability and Interest Rate) and Market Risk is carried out using quantitative techniques, such as sensitivity and stress testing. The Finance and Asset Liability Supervisory Committee of the Company reviews liquidity risk and the interest rate risk profile of the organization on a regular basis.

The Company has a Board approved Operational Risk Management framework. Ongoing monitoring of Key Risk Indicators ("KRI") is done and corrective actions are implemented on KRI exceptions. An oversight committee of Senior Management representatives viz. the Operational Risk Management Committee, meets periodically to review the operational risk profile of the organization.

Risks associated with frauds are mitigated through a Fraud Risk Management framework. A Fraud Risk Management Committee ("FRMC") comprising representatives of the Senior Management, reviews matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

Tata Capital has adopted a "Framework for Improving Critical Infrastructure Cyber Security" published by the National Institute of Standards & Technology and complies with the regulatory guidelines. Various measures are adopted to effectively protect against phishing, social media threats and rogue mobile systems.

5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Even during the pandemic, TCCL has had a profitable year aided by expanding Net Interest Margins, prudent product mix, efficient liability management, focused management of operating costs and tightened credit policies/underwriting norms for containing credit costs.

Performance highlights of FY 2020-21 are as under:

- The total loan book stood at Rs. 6,281 crore as at March 31, 2021.
- Cost to Income ratio improved from 16.8% in FY 2019-20 to 14.3 % in FY 2020-21.
- TCCL has maintained the best in class asset quality with only one project being a Non-Performing Asset ("NPA"), as on March 31, 2021.
- Profit before tax increased from Rs. 165.66 crore for FY 2019-20 to Rs. 220.69 crore for FY March 31, 2021.
- Net profit after tax increased Y-o-Y by 37% to Rs. 167.7 crore.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

TCCL's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the design, adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with the regulations and procedures. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls in the Company. TCCL's internal control system is commensurate with its size and the nature of its operations.

7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Tata Cleantech Capital Limited had 67 permanent employees as at March 31, 2021.

Tata Capital firmly believes that Human Capital is its most important asset. The company has embarked on its journey of "Happiness at the workplace" which has helped to look at employee engagement in a more holistic way.

During this pandemic, the health, safety & wellbeing of our employees & their families remained our top priority. A series of engagement interventions across identified key themes were undertaken to assist employees deal with the sudden and unprecedented changes brought about during the lockdown.

Tata Capital conducted the Employee Engagement & Happiness Survey' 20 in partnership with Kincentric. The response rate for the survey was an encouraging 92% and was an important step in the company's journey to create a more positive and happy work environment by continuously seeking employee feedback. As a critical step post the survey, action planning was ensured across the enterprise and business unit levels. Several initiatives are being deployed to further strengthen engagement across the company

The FY 2020-21 at Tata Capital has made us experience unprecedented changes and this meant that adapting to the new norm was critical. During this period, we continued to deploy robust learning programs through Instructor Led Virtual Training (ILVT) sessions complimented by digital learning to ensure continuous development of our employees. Learn, unlearn and relearn continues to be our mantra.

The Advanced Learning Management System & introduction of the Learning App at Tata Capital to promote anytime, anywhere learning helped us deploy appropriate user-friendly modules Dedicated digital learning campaigns have resulted in enhanced Learner Engagement and a higher e-learning coverage.

In addition, several leadership development programs were conducted in collaboration with well-known universities and partners.

Financial Statements

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Independent Auditors' Report

To the Members of Tata Cleantech Capital Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tata Cleantech Capital Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, 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 (hereinafter referred to as "the Financial Statements").

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 2021, 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.

Key Audit Matters

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

Independent Auditors' Report *(Continued)*

Tata Cleantech Capital Limited

Key Audit Matters *(Continued)*

Description of Key Audit Matters:

Key audit matter | **How the matter was addressed in our audit**

Impairment of loans and advances to customers

Charge: INR 2,800 Lakhs for year ended 31 March 2021

Provision: INR 8,673 Lakhs at 31 March 2021

Refer to the accounting policies in "Note 2(x) (a) to the Financial Statements: Impairment", "Note 2(iv) to the Financial Statements: Significant Accounting Policies- use of estimates" and "Note 6 to the Financial Statements: Loans, "Note 17 to the Financial Statements: Provisions", "Note 51 to the Financial Statements: Deferment and COVID 19", "Note 39A to the Financial Statements: Financial Risk Review – Credit Risk", "Note 40 to the Financial Statements: Financial Risk Management", "Note 42 to the Financial Statements: Impact of covid 19 on ECL impairment allowance",

Subjective estimate

Recognition and measurement of impairment of loans and advances involve significant management judgement.

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

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

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

Our key audit procedures included:

Design / controls

We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process.

Key aspects of our controls testing involved the following:

- Evaluating the appropriateness of the impairment principles used by management based on the requirements of Ind AS109 and our business understanding.

- Understanding management's updated processes, systems and controls implemented in relation to impairment allowance process, particularly in view of Covid-19 Regulatory Package.

- Testing the 'Governance Framework' controls over validation, implementation, and model monitoring in line with the RBI guidance.

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

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

Independent Auditors' Report *(Continued)*

Tata Cleantech Capital Limited

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances to customers	***(Continued)***
• Economic scenarios – Ind AS 109 requires the Company to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them, including changes to methodology, especially when considering the current uncertain economic environment arising from COVID-19. • Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. Such overlay adjustments were assessed for each customers where the Company assessed a higher risk of default basis the borrower and promotors profile, project performance, counterparty and DSRA available. The overlay provision represents approximately 54% of the ECL balances as at 31 March 2021 for the Stage 1 & 2 borrowers. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. Management has made disclosures regarding ECL approach in the credit risk sections of the Financial Statements. *(Note 39 A (i)*. **Disclosures** The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs or data used in assessment and identification of Significant Increase in Credit Risk ('SICR') and staging of the assets. • Testing management's controls over authorization and calculation of post model adjustments and management overlays. • Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. • Testing key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). • The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the ECL determination. **Substantive tests** Key aspects of our testing included: • Assessing appropriate application of accounting principles (including criteria for SICR), validating completeness and accuracy of the data and reasonableness of assumptions used in the ECL model / calculations. • Performing credit reviews on sample basis over loans given to corporate customers.

Independent Auditors' Report *(Continued)*

Tata Cleantech Capital Limited

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances to customers	*(Continued)*
	• Assessing the appropriateness of changes made in macro-economic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Performing test of details over calculation of ECL, in relation to the completeness, accuracy and relevance of data. • Test of details of post model adjustments, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.

Key audit matter	How the matter was addressed in our audit
Information technology ("IT")	
IT systems and controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	Our audit procedures to assess the IT system access management included the following. Involvement of specialists - we involved Information Technology specialists for the following: **General IT controls / user access management controls** • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.

Independent Auditors' Report *(Continued)*

Tata Cleantech Capital Limited

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Information technology ("IT") ***(Continued)***	• For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. • We obtained an understanding of the cyber security controls and user access management control in the work from home environment implemented by the organization

Key audit matter	How the matter was addressed in our audit
Business model assessment	
Assessment of business model for classification and subsequent measurement of financial assets	
Financial assets classified at Amortised cost: Rs. 547,237 lakhs as at 31 March 2021	
Financial assets classified at Fair Value Through Other Comprehensive Income ('FVOCI'): INR 80,865 lakhs at 31 March 2021	
Refer to the accounting policies in 'Note 2.x to the Financial Statements: Financial Instruments' and 'Note 2.iv to the Financial Statements: Significant Accounting Policies - use of estimates and judgments'	
Classification and subsequent measurement of Financial assets - Business model assessment Ind AS 109, Financial Instruments contains three principal measurement categories for financial assets i.e.: • Amortised cost; • FVOCI; and • Fair Value through Profit and Loss ('FVTPL').	Our key audit procedures included: **Design / controls** • Testing the 'Governance Framework' controls including assessing the design, implementation and operating effectiveness of key internal controls over management's intent of purchasing a financial asset and the approval mechanism for such stated intent and classification of such financial assets on the basis of management's intent (business model).

Independent Auditors' Report *(Continued)*

Tata Cleantech Capital Limited

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Business model assessment ***(Continued)*** A financial asset is classified into a measurement category at inception and is reclassified only in rare circumstances. The assessment as to how an asset should be classified is made on the basis of both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The term 'business model' refers to the way in which the Company manages its financial assets in order to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.	• For financial assets classified at amortised cost, we tested controls over the classification of such assets and subsequent measurement of assets at amortised cost. Further, we tested key internal controls over monitoring /of such financial assets to check whether there have been any subsequent sales of financial assets classified at amortised cost. **Substantive tests** • Test of details over of classification and measurement of financial assets in accordance with management's intent (business model). • Re-computation of fair value gain on account of fair valuation of financial assets measured at FVOCI • We selected a sample of financial assets to test whether their classification as at the balance sheet date is in accordance with management's intent. We selected a sample (based on quantitative thresholds) of financial assets sold during the year to check whether there have been any sales of financial assets classified at amortised cost.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the Financial Statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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.

Independent Auditors' Report *(Continued)*

Tata Cleantech Capital Limited

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Independent Auditors' Report *(Continued)*

Tata Cleantech Capital Limited

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Financial Statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting 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.

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

Report on Other Legal and Regulatory Requirements

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

   (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.

Independent Auditors' Report *(Continued)*

Tata Cleantech Capital Limited

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

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 representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act.

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

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

i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its Financial Statements - Refer Note 29 to the Financial Statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 48(v) to the Financial Statements;

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

iv. The disclosures in the Financial Statements regarding the holdings as well as the dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the Financial Statements since they do not pertain to the financial year ended 31 March 2021.

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

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

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

Akeel Master
Partner
Membership No: 046768
UDIN: 21046768AAAABR9086

Mumbai
21 April 2021

Tata Cleantech Capital Limited

Annexure A to the Independent Auditor's Report of even date

We report that:

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 physical verification of fixed assets whereby all the items of fixed assets are verified once in three years. In our opinion, the periodicity of the physical verification is reasonable having regard to the size of the Company and the nature of its assets. On account of the COVID-19 virus outbreak and the nation-wise lock-down imposed in India, in the current year, the management has physically verified all material fixed assets. For the assets where physical verification exercise was completed, no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties included in property, plant and equipment are held in the name of the Company.

ii. The Company is a service company primarily engaged in lending business. Accordingly, it does not hold any inventories. Thus, 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 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 and on the basis of our examination of the records of the Company, the Company has not granted any loans, made investments or provided guarantees and securities which attract the provisions of section 185 and section 186 of the Act. Accordingly, paragraph 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) 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.

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, employees' state insurance, income tax, goods and service tax, cess and other statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax, duty of customs and duty of excise.

Tata Cleantech Capital Limited

Annexure A to the Independent Auditor’s Report of even date *(Continued)*

b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they become payable.

c. According to the information and explanations given to us, the Company did not have any dues on account of provident fund, employees’ state insurance, income tax, goods and service tax, cess and other statutory dues applicable to the Company which have not been deposited on account of dispute.

vii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, or debenture holders during the year. During the year, the Company did not have any loans or borrowings from the Government.

viii. In our opinion and according to the information and explanations given to us, the monies raised by way of term loans taken by the Company have been generally applied for the purpose for which they were raised, except pending utilization of funds which were temporarily deployed in liquid assets. The Company has not raised any money by way of initial public offer or further public offer during the year.

ix. 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 material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

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

xi. 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.

xii. 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 accompanying Financial Statements as required by the applicable accounting standards.

xiii. 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 partially convertible debentures during the year. Thus, provisions of clause 3(xiv) of the Order are not applicable.

Tata Cleantech Capital Limited

Annexure A to the Independent Auditor's Report of even date *(Continued)*

xiv. 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.

xv. The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration dated 19 October 2012.

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

Akeel Master
Partner
Membership No: 046768
UDIN: 21046768AAAABR9086

Mumbai
21 April 2021

Tata Cleantech Capital Limited

Annexure B to the Independent Auditor's Report of even date

Report on the internal financial controls with reference to the 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 Cleantech Capital Limited (the 'Company') as of 31 March 2021 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 2021, 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.

Tata Cleantech Capital Limited

Annexure B to the Independent Auditor’s Report of even date *(Continued)*

Auditor’s Responsibility *(Continued)*

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

Meaning of Internal Financial controls with Reference to 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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

Akeel Master
Partner
Membership No: 046768
UDIN: 21046768AAAABR9086

Mumbai
21 April 2021

Tata Cleantech Capital Limited

Balance Sheet

as at March 31, 2021

(Rs. in lakh)

PARTICULARS	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	3	**23,432**	89,455
(b) Bank balances other than (a) above		**-**	-
(c) Derivative financial instruments	4	**1,122**	2,166
(d) Receivables			
(i) Trade receivables	5	**14**	12
(ii) Other receivables		**-**	-
(e) Loans	6	**6,15,999**	5,25,691
(f) Investments	7	**5,520**	77
(g) Other financial assets	8	**289**	281
Total Financial assets		**6,46,376**	6,17,682
(2) Non-financial assets			
(a) Current tax assets (Net)	9	**1,544**	1,775
(b) Deferred tax assets (Net)	9	**2,419**	2,218
(c) Investment Property	10	**212**	224
(d) Property, plant and equipment	10	**57**	79
(e) Capital work-in-progress		**-**	-
(f) Other intangible assets		**10**	-
(g) Right of use assets	37	**96**	159
(h) Other non-financial assets	11	**75**	59
Total Non-financial assets		**4,413**	4,514
Total Assets		**6,50,789**	6,22,196
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial instruments	4	**1,937**	-
(b) Payables			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	12	**-**	1
- Total outstanding dues of creditors other than micro enterprises and small enterprises	12	**807**	817
(ii) Other payables			
- Total outstanding dues of micro enterprises and small enterprises		**-**	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		**-**	-
(c) Debt Securities	13	**1,54,972**	1,40,306
(d) Borrowings (Other than debt securities)	14	**3,22,228**	3,43,961
(e) Subordinated liabilities	15	**53,036**	37,177
(f) Lease liabilities	37	**84**	129
(g) Other financial liabilities	16	**601**	622
Total Financial liabilities		**5,33,665**	5,23,013
(2) Non-Financial liabilities			
(a) Current tax liabilities (Net)	9	**423**	-
(b) Provisions	17	**221**	236
(c) Other non-financial liabilities	18	**235**	192
Total Non-financial liabilities		**879**	428
(3) Equity			
(a) Equity Share capital	19	**38,802**	38,802
(b) Other equity	20	**77,443**	59,953
Total Equity		**1,16,245**	98,755
Total Liabilities and Equity		**6,50,789**	6,22,196

Summary of significant accounting policies	2
See accompanying notes forming part of the financial statements	3-57

In terms of 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 Cleantech Capital Limited

Akeel Master
Partner
Membership No: 046768

Rajiv Sabharwal
(Director)
DIN: 00057333

Padmini Khare Kaicker
(Director)
DIN: 00296388

Varsha Purandare
(Director)
DIN: 05288076

Manish Chourasia
(Managing Director)
DIN: 03547985

Behzad Bhesania
(Chief Financial Officer)

Rajesh Gosia
(Company Secretary)

Mumbai
April 21, 2021

Statement of Profit and Loss

for the year ended March 31, 2021

(Rs. in lakh)

	PARTICULARS	*Note*	For the year ended March 31, 2021	For the year ended March 31, 2020
I	**Revenue from operations**			
	(i) Interest income	*21*	**64,829**	59,342
	(ii) Fees and commission income	*22*	**933**	1,105
	(iii) Net gain on fair value changes	*23*	**1,061**	1,126
			66,823	61,573
II	**Other income**	*24*	**45**	14
III	**Total Income (I+II)**		**66,868**	61,587
IV	**Expenses**			
	(i) Finance costs	*25*	**37,822**	35,793
	(ii) Impairment on financial instruments	*26*	**2,797**	4,814
	(iii) Employee benefit expenses	*27*	**2,210**	2,160
	(iv) Depreciation, amortisation and impairment	*10*	**102**	91
	(v) Other expenses	*28*	**1,868**	2,163
	Total expenses (IV)		**44,799**	45,021
V	**Profit before exceptional items and tax (III-IV)**		**22,069**	16,566
VI	**Exceptional Items**		**-**	-
VII	**Profit before tax (V-VI)**		**22,069**	16,566
VIII	**Tax expense**			
	(i) Current tax	*9*	**5,697**	4,958
	(ii) Deferred tax	*9*	**(401)**	(649)
	Net tax expense (i+ii)		**5,296**	4,309
IX	**Profit from continuing operations (VII-VIII)**		**16,773**	12,257
X	Profit from discontinued operations before tax		**-**	-
XI	Tax expense of discontinued operations		**-**	-
XII	**Profit from discontinued operations (after tax) (X-XI)**		**-**	-
XIII	**Profit for the year (IX+XII)**		**16,773**	12,257
XIV	**Other Comprehensive Income**			
	(i) Items that will be reclassified subsequently to statement of profit and loss			
	(a) Fair value gain on financial assets carried at Fair Value Through Other Comprehensive Income (FVTOCI)		**1,039**	8
	(b) Income tax relating to fair value gain on financial assets carried at FVTOCI		**(261)**	(2)
	(c) The effective portion of loss on hedging instrument in a cash flow hedge		**(244)**	(159)
	(d) Income tax relating to effective portion of gains and loss on hedging instrument in a cash flow hedge		**61**	40
	(ii) Items that will not be reclassified subsequently to statement of profit and loss			
	(a) Remeasurement of defined employee benefit plans		**44**	(28)
	(b) Income tax relating to items that will not be reclassified to profit or loss		**(11)**	7
	Total Other Comprehensive Income (i+ii)		**628**	(134)
XV	**Total Comprehensive Income for the year (XIII+XIV) (Comprising Profit and Other Comprehensive Income for the year)**		**17,401**	12,123
XVI	**Earnings per equity share (for continuing operation)**			
	(1) Basic (Rs.)		**4.32**	3.16
	(2) Diluted (Rs.)		**4.32**	3.16
XVII	**Earnings per equity share (for discontinuing operation)**			
	(1) Basic (Rs.)		**-**	-
	(2) Diluted (Rs.)		**-**	-
XVIII	**Earnings per equity share(for discontinued and continuing operations)**			
	(1) Basic (Rs.)		**4.32**	3.16
	(2) Diluted (Rs.)		**4.32**	3.16

Summary of significant accounting policies — *2*

See accompanying notes forming part of the financial statements — *3-57*

In terms of 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 Cleantech Capital Limited

Akeel Master
Partner
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(Director)
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Varsha Purandare
(Director)
DIN: 05288076

Manish Chourasia
(Managing Director)
DIN: 03547985

Mumbai
April 21, 2021

Behzad Bhesania
(Chief Financial Officer)

Rajesh Gosia
(Company Secretary)

Tata Cleantech Capital Limited

Statement of Changes in Equity

for the year ended March 31, 2021

(Rs. in lakh)

a. Equity share capital

Particulars	Rs. in Lakh
Balance as at April 1, 2019	38,802
Changes in equity share capital during year	-
Balance at March 31, 2020	**38,802**
Balance as at April 1, 2020	38,802
Changes in equity share capital during year	-
Balance at March 31, 2021	**38,802**

b. Other equity

Particulars	Reserves and surplus						Other items of Other Comprehensive Income			
	Securities premium	Special Reserve Account u/s 45-IC of Reserve Bank of India Act, 1934	Special Reserve Account u/s 36(1)(viii) of Income tax Act, 1961	Share options outstanding account	General Reserve	Retained earnings	Cost of hedge reserve	Remeasurement of defined benefit liability /asset	Fair value gain / (loss) on Financial Assets carried at FVTOCI	Total other equity
Balance at April 1, 2019	**22,029**	**5,279**	**5,105**	**34**	**15**	**14,905**	**-**	**(37)**	**426**	**47,756**
Profit for the year	-	-	-	-	-	12,257	-	-	-	**12,257**
Inpact of present value of future lease obligations on transition as on April 01, 2019						(11)				**(11)**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	(119)	(21)	6	**(134)**
Total	**22,029**	**5,279**	**5,105**	**34**	**15**	**27,151**	**(119)**	**(58)**	**432**	**59,868**
Interim Dividend on equity shares (including tax on dividend)										**-**
Transfer to stock reserve - equity settled options	-	-	-	(7)	7	-	-	-	-	**-**
Share based payment expense	-	-	-	85	-	-	-	-	-	**85**
Transfer to Special Reserve Account	-	2,451	1,505	-	-	(3,956)	-	-	-	**-**
Balance at March 31, 2020	**22,029**	**7,730**	**6,610**	**112**	**22**	**23,195**	**(119)**	**(58)**	**432**	**59,953**
Profit for the year	-	-	-	-	-	16,773	-	-	-	**16,773**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	(183)	33	778	**628**
Total	**-**	**-**	**-**	**-**	**-**	**16,773**	**(183)**	**33**	**778**	**17,401**
Interim Dividend on equity shares (including tax on dividend)										**-**
Share based payment expense	-	-	-	89	-	-	-	-	-	**89**
Transfer to Special Reserve Account	-	3,355	1,601	-	-	(4,956)	-	-	-	**-**
Ind AS 116 transition impact net of tax	-	-	-	-	-	-	-	-	-	**-**
Balance at March 31, 2021	**22,029**	**11,085**	**8,211**	**201**	**22**	**35,012**	**(302)**	**(25)**	**1,210**	**77,443**

Significant accounting policies 2

See accompanying notes forming part of the financial statements- refer notes 3-57

In terms of 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 Cleantech Capital Limited

Akeel Master
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Behzad Bhesania
(Chief Financial Officer)

Rajesh Gosia
(Company Secretary)

Mumbai
April 21, 2021

Tata Cleantech Capital Limited

Statement of Cash Flow

for the year ended March 31, 2021

(Rs. in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1 CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**22,069**	16,566
Adjustments for :		
Depreciation and amortisation	**39**	91
Finance cost	**37,822**	35,793
Interest income	**(64,829)**	(59,342)
Net gain on fair value changes		
- Realised	**(1,058)**	(1,122)
- Unrealised	**(3)**	(4)
Provision for leave encashment	**5**	16
Provision against trade receivables	**(3)**	4
Remeasurement of defined employee benefit plans through OCI	**44**	-
Share based payments- Equity-settled	**89**	85
Impairment loss allowance on loans (Stage I & II)	**1,524**	3,417
Impairment loss allowance on loans (Stage III)	**1,276**	1,393
Operating Loss before working capital changes and adjustments for interest received, interest paid and dividend received	**(3,025)**	(3,103)
Adjustments for :		
Decrease in trade receivables	**1**	18
(Increase) in loans	**(90,688)**	(42,288)
(Increase) / Decrease in - Other financial / non-financial assets	**(13)**	15
Increase in other financial/ non financial liabilities / trade payables / provisions	**36**	232
Cash used in operations before adjustments for interest received, interest paid and dividend received	**(93,689)**	(45,126)
Interest paid	**(36,927)**	(33,505)
Interest received	**63,455**	57,028
Cash used in operations	**(67,161)**	(21,603)
Taxes paid (net off refunds)	**(4,653)**	(6,179)
NET CASH USED IN OPERATING ACTIVITIES (A)	**(71,814)**	(27,782)
2 CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital advances)	**(16)**	(77)
Proceeds from sale of property, plant and equipment	**1**	3
Purchase of mutual fund units	**(10,78,980)**	(42,66,426)
Proceeds from redemption of mutual fund units	**10,80,038**	42,67,535
Purchase of investments	**(5,440)**	-
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES (B)	**(4,398)**	1,035

Statement of Cash Flow

for the year ended March 31, 2021

(Rs. in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
3 CASH FLOW FROM FINANCING ACTIVITIES		
Payment of ancillary borrowing cost	**(663)**	(569)
Proceeds from borrowings (other than debt securities)	**3,53,917**	6,43,972
Proceeds from Debt Securities	**1,77,500**	2,86,681
Proceeds from Subordinated liabilities	**15,000**	35,282
Repayment of Borrowings (other than debt securities)	**(3,72,812)**	(6,03,473)
Repayment of Debt Securities	**(1,62,700)**	(2,77,435)
Repayment of lease liabilities	**(54)**	(48)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**10,188**	84,410
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	**(66,023)**	57,663
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	**89,455**	31,792
CASH AND CASH EQUIVALENTS AS AT THE END OF YEAR (refer note no 3.1)	**23,432**	89,455

Significant accounting policies	2
See accompanying notes forming part of the financial statements	3-57

In terms of 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 Cleantech Capital Limited

Akeel Master
Partner
Membership No: 046768

Rajiv Sabharwal
(Director)
DIN: 00057333

Padmini Khare Kaicker
(Director)
DIN: 00296388

Varsha Purandare
(Director)
DIN: 05288076

Manish Chourasia
(Managing Director)
DIN: 03547985

Behzad Bhesania
(Chief Financial Officer)

Rajesh Gosia
(Company Secretary)

Mumbai
April 21, 2021

1. CORPORATE INFORMATION

Tata Cleantech Capital Limited (the "Company") is a subsidiary of Tata Capital Limited and a Systemically Important Non Deposit Accepting Non-Banking Finance Company("NBFC"), holding a Certificate of Registration from the Reserve Bank of India ("RBI") received on October 19, 2012. The Company has received the Certificate of Registration as a "Infrastructure Finance Company" from RBI dated October 15, 2015. The Company is engaged in the business of providing finance and advisory services for renewable energy, energy efficiency and water management projects. The Company is domiciled in India and incorporated under the Companies Act, 2013 and listed its non-convertible debentures with BSE Limited and National Stock Exchange Limited.

2. BASIS OF PREPARATION

i. Statement of compliance

These 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, guidelines issued by the Reserve Bank of India as applicable to an NBFCs and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. 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 April 21, 2021.

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.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis.

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.

iii. 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.

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

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

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:

Refer notes 42A and 42B

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

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

iv. Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS 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 effect are disclosed in the notes to the financial statements.

Judgements:

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

- Note ix - 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, 2021 are included (but not limited) in the following notes:

- Note xi - impairment test of non-financial assets: key assumption underlying recoverable amounts.
- Note x - The Company’s EIR methodology: rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given/taken
- Note xi - useful life of property, plant, equipment and intangibles.
- Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions
- Notes xviii – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 35 – measurement of defined benefit obligations: key actuarial assumptions.
- Note 38A and Note 38B – determination of the fair value of financial instruments with significant unobservable inputs.
- Note 39A(iii) – impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition, assumptions used in estimating recoverable cash flows and incorporation of forward-looking information in the

measurement of expected credit loss (ECL). The weights assigned to different scenarios for measurement of forward looking ECL, i.e. best case, worst case and base case also requires judgement.

- The Company has estimated the possible effects that may arise from the COVID-19 pandemic, on the carrying amount of its assets. For details, please refer disclosure on expected credit losses (ECL) and disclosure on fair valuation. The extent to which COVID-19 pandemic will impact current estimates is uncertain at this point in time. The impact of COVID-19 on the Company's financial position may differ from that estimated as on the date of approval of these financial statements

v. Interest

Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Interest income and expense are recognised using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the gross carrying amount of the financial asset or amortised cost of the financial liability.

Calculation of the EIR includes all fees paid or received that are incremental and directly attributable to the acquisition or issue of a financial asset or liability.

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets {i.e. at the amortised cost of the financial asset after adjusting for any expected credit loss allowance (ECLs)}. The Company assesses the collectability of the interest on credit impaired assets at each reporting date. Based on the outcome of such assessment, the interest income accrued on credit impaired financial assets are either accounted for as income or written off as per the write off policy of the Company.

The interest cost is calculated by applying the EIR to the amortised cost of the financial liability.

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

vi. Fee and commission income not integral to effective interest rate (EIR) method under Ind AS 109 and Income from services and distribution of financial products

The Company recognises the fee and commission income not integral to EIR under Ind AS 109 in accordance with the terms of the relevant customer contracts / agreement and when it is probable that the Company will collect the consideration for items.

Revenue in the form of income from financial advisory (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable, in accordance with Ind AS 115 - Revenue from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

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

Other Income includes branch advertising, represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract

vii. 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 and it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

viii. Leases

Asset taken on lease:

The Company's lease asset classes primarily consist of leases for properties.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for certain type of its leases.

The Company presents right-of-use assets in 'property, plant and equipment' in the same line item as it presents underlying assets of the same nature it owns.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use asset is subsequently measured at cost less any accumulated depreciation and accumulated impairment loss, if any, and adjusted for certain re-measurements of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss. When a right-of-use asset meets the definition of investment property, it is presented in investment property.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. The carrying amount of lease liability is remeasured to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. A change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not be exercised.
The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised. The discounted rate is generally based on incremental borrowing rate specific to the lease being evaluated.

ix. Borrowings Cost

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

While computing the capitalisation rate for funds borrowed generally, an entity should exclude borrowing costs applicable to borrowings made specifically for obtaining a qualifying asset, only until the asset is ready for its intended use or sale. Borrowing costs (related to specific borrowings) that remain outstanding after the related qualifying asset is ready for intended use or for sale would subsequently be considered as part of the general borrowing costs of the entity.

x. Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet on trade date, i.e. when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues of financial assets or financial liabilities carried at fair value through the profit or loss account are recognised immediately in the Statement of Profit or Loss. Trade Receivables are measured at transaction price.

a) Financial assets
Classification
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 (FVTOCI); 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:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 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 FVTOCI – equity investment). This election is made an investment – by – investment basis.

All financials assets not classified and measured at amortized cost or FVTOCI 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 FVTOCI or at FVTPL, if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. That principal amount may change over the life of the financial assets (e.g. if there are payments of principal). Amount of 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable interest rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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 FVTOCI	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 FVTOCI	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.

Reclassifications within classes of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

The classification and measurement requirements of the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets.

Impairment of Financial Asset

Impairment approach

Overview of the Expected Credit Losses (ECL) principles

The Company records allowance for expected credit losses for all loans (including those classified as measured at FVTOCI), together with loan commitments, in this section all referred to as 'financial instruments' other than those measured at FVTPL. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note XX.

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12m ECLs are calculated on an individual/portfolio basis – having similar risk characteristic, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECLs. This also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due. Further if the customer has requested forbearance in repayment terms, such restructured, rescheduled or renegotiated accounts are also classified as Stage 3.

Non-payment on another obligation of the same customer is also considered as a stage 3. The Company records an allowance for the LTECLs.

Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

Financial guarantee contract:

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

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

• the amount of the loss allowance determined in accordance with Ind AS 109; and

• the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Company's revenue recognition policies. The Company has not designated any financial guarantee contracts as FVTPL.

Company's ECL for financial guarantee is estimated based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the interest rate relevant to the exposure.

The Measurement of ECLs

The Company calculates ECLs based on a probability-weighted scenario to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD): The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Exposure at Default (EAD): The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

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

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weightage. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

The above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed during the year.

The mechanics of the ECL method are summarised below:

Stage 1 The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD.

Stage 2 When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an contractual or Portfolio EIR as the case may be.

Stage 3 For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

In ECL model the Company relies on broad range of forward looking information for economic inputs.

The Company recognises loss allowance for expected credit losses (ECLs) on all financial assets at amortised cost that are debt instruments, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. No impairment loss is recognised on equity investments.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information (Refer Note 31 A (iii)).

Impairment of Trade receivable and Operating lease receivable
Impairment allowance on trade receivables is made on the basis of life time credit loss method, in addition to specific provision considering the uncertainty of recoverability of certain receivables.

Write-off

Impaired loans and receivables are written off, against the related allowance for loan impairment on completion of the Company's internal processes and when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write off is determined on a case by case basis. A write-off constitutes a de-recognition event. The Company has a right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the statement of profit and loss.

Collateral valuation and repossession

To mitigate the credit risk on financial assets, the Company seeks to use collateral, where possible as per the powers conferred on the Non-Banking Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI").

The Company provides fully secured, partially secured and unsecured loans to individuals and Corporates. In its normal course of business upon account becoming delinquent, the Company physically repossess properties or other assets in its retail portfolio. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties, vehicles, plant and machinery under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale unless the title is also transferred in the name of the Company.

Presentation of ECL allowance for financial asset:

<table>
<tr><th>Type of Financial asset</th><th>Disclosure</th></tr>
<tr><td>Financial asset measured at amortised cost</td><td rowspan="2">shown as a deduction from the gross carrying amount of the assets</td></tr>
<tr><td></td></tr>
<tr><td>Loan commitments and financial guarantee contracts</td><td>shown separately under the head "provisions"</td></tr>
</table>

Modification and De-recognition of financial assets

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised

terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as stage 3 immediately upon such modification in the terms of the contract.
Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

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 ownership of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of 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 FVTOCI 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.

Securitization and Assignment

In case of transfer of loans through securitisation and direct assignment transactions, the transferred loans are de-recognised and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contract.
In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss.

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.

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.

b) Derivative Financial Instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with its floating rate borrowings arising from changes in interest rates and exchange rates.
At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under ‘effective portion of cash flows hedges’. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in fair value of the derivative is recognised immediately in profit or loss.

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedge relationships. The change in fair value of the forward element of the forward exchange contracts (‘forward points’) is separately accounted for as cost of hedging and recognised separately within equity.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

c) Cash, Cash equivalents and bank balances

Cash, Cash equivalents and bank balances include fixed deposits, (with an original maturity of three months or less from the date of placement), margin money deposits, and earmarked balances with banks are carried at amortised cost. Short term and liquid investments which are not being subject to more than insignificant risk of change in value, are included as part of cash and cash equivalents.

xi. Property, plant and equipment (PPE)

a) PPE

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, for leased assets the same are borne by the lessee as per the lease agreement. 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. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise 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) 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 deployed for own use 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 buildings, computer equipment, office equipment and vehicles, 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 from 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.

Estimated useful life considered by the Company for the owned assets are:

Asset	**Estimated Useful Life**
Furniture and Fixtures	10 years
Computer Equipment	3 to 4 years
Office Equipment	5 years
Vehicles	4 years
Buildings	25 years

d) Investment property

Properties held to earn rentals and/or capital appreciation are classified as Investment properties and measured and reported at cost, including transaction costs. Subsequent to initial recognition its measured at cost less accumulated depreciation and accumulated impairment losses, if any. When the use of an existing property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

e) Impairment of assets

Upon an observed trigger or at the end of each accounting reporting period, 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.

f) De-recognition of property, plant and equipment

An item of property, plant and equipment 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.

xii. Employee Benefits

Defined Employee benefits include superannuation fund and provident fund.

Defined contribution benefits include gratuity fund, compensated absences and long service awards.

Defined contribution plans

The Company's contribution to superannuation fund is considered as defined contribution plan and is 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.

The Company makes Provident Fund contributions, a defined contribution plan for qualifying employees. Under the Schemes, both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions as specified under the law are paid to provident fund administered by the Regional Provident Fund Commissioner.

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. As per Ind AS 19, the service cost and the net interest cost are charged to the Statement of Profit and Loss. Remeasurement 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 in Other Comprehensive Income. Past service cost is recognised immediately to the extent that the benefits are already 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 reporting period 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.

Other 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.

xiii. Foreign currency transactions

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year end. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

xiv. Operating Segments

The Company's main business is financing by way of loans to corporate borrowers in India in the solar, windmill and other infrastructure space.
The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors.

xv. 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 equity share is included as fully paid equivalent 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

xvi. 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 law) 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.

xvii. 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.

xviii. Provisions, contingent liabilities and contingent assets

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

Contingent assets/liabilities

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements.

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.

xix. Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) estimated amount of contracts remaining to be executed on capital account and not provided for;
b) uncalled liability on shares and other investments partly paid;
c) funding related commitment to associate; and
d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.
e) other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.
f) commitments under Loan agreement to disburse Loans
g) lease agreements entered but not executed

xx. 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, Impairment, 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.

xxi. 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 Board of Directors. Final dividend declared, if any, is recognised in the period in which the said dividend has been approved by the shareholders.

The dividend payable (including dividend distribution tax) is recognised as a liability with a corresponding amount recognised directly in equity.

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

3 CASH AND CASH EQUIVALENTS

PARTICULARS		As at March 31, 2021	As at March 31, 2020
(a)	Balances with banks in current accounts	**23,432**	89,455
Total		**23,432**	89,455

Note:

3.1 Of the above, the balance that meet the definition of Cash and Cash Equivalents as per Ind AS 7 Cash Flow Statement is Rs. 23,432 lakh (March 31, 2020 : 89,455 lakh)

3.2 As at March 31, 2021, the Company had undrawn committed borrowing facilities of Rs.172,258 lakh (March 31, 2020 : Rs. 288,631 lakh).

Notes forming part of the financial statements (Continued)

as at March 31, 2021

(Rs. in lakh)

4. Derivative financial instruments

As at March 31, 2021

Derivatives held for hedging and risk management purposes	Notional value - USD (in mn)	Notional value - JPY (in mn)	Notional value	Fair value assets	Fair value liabilities
Foreign exchange forward	-	3,251	21,507		30
Interest rate swap	-	-	-	-	-
Cross currency interest rate swap	40	-	29,292	1,122	-
Interest Rate Cap	-	3,172	20,981	-	1,907
Total	**40**	**6,423**	**71,780**	**1,122**	**1,937**

As at March 31, 2020

Derivatives held for hedging and risk management purposes	Notional value - USD (in mn)	Notional value - JPY (in mn)	Notional value	Fair value assets	Fair value liabilities
Foreign exchange forward	10	-	7,721	221	-
Interest rate swap	-	-	-	-	-
Cross currency interest rate swap	40	-	29,897	1,944	-
Interest Rate Cap	-	-	-	-	-
Total	**50**	**-**	**37,618**	**2,166**	**-**

4.1 Disclosure of effects of hedge accounting on financial performance and exposure to foreign currency

As at March 31, 2021

PARTICULARS	Notional amount	Carrying amount of hedging instruments assets	Carrying amount of hedging instruments liabilities	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness profit / (loss)
INR JPY - Forward exchange contracts	21,507	-	30	1	(30)
INR USD - Currency Swaps	29,292	1,122	-	69	1,122

As at March 31, 2020

PARTICULARS	Notional amount	Carrying amount of hedging instruments assets	Carrying amount of hedging instruments liabilities	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness profit / (loss)
INR USD - Forward exchange contracts	7,721	221	-	76	221
INR USD - Currency Swaps	29,897	1,944	-	69	1,944

4. Derivative financial instruments *(Continued)*

Hedged item

As at March 31, 2021

PARTICULARS	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cost of hedge reserve as at	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
FCY Term Loans	(269)	(1,067)	-	-

As at March 31, 2020

PARTICULARS	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cost of hedge reserve as at	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
FCY Term Loans	(2,349)	(183)	-	-

4.2 The impact of the cashflow hedges in the statement of profit and loss and other comprehensive income

PARTICULARS	Hedging gains or (losses) recognised in other comprehensive income		Hedge ineffectiveness recognised in statement of profit and (loss)	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Forward exchangecontracts and Currencyswaps	(884)	(183)	-	-

4.3 Movements in the cost of hedge reserve are as follows:

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	(119)	-
Effective portion of changes in fair value Currency Swap	(822)	1,944
Effective portion of changes in interest rate cap	(30)	-
Effective portion of changes in fair value foreign currency risk	(2,128)	221
Foreign currency translation differences on loan	2,079	(2,349)
Foreign currency translation differences on interest	(12)	-
Amortisation of forward premium	671	24
Tax on movements on reserves during the period	59	40
Closing Balance	**(302)**	**(119)**

4.4 Average fixed interest rate:

- Interest rate swap: 0.95%
- Cross currency swap: 7.81%

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

5 TRADE RECEIVABLES

PARTICULARS		As at March 31, 2021	As at March 31, 2020
(i)	Receivables considered good - Secured	-	-
(ii)	Receivables considered good - Unsecured	14	12
(iii)	Receivables which have significant increase in Credit Risk	-	-
(iv)	Receivables - credit impaired	1	4
		15	16
Less: Allowance for impairment loss			
(i)	significant increase in credit risk	-	-
(ii)	credit impaired	1	4
Total		**14**	12

5.1 Trade receivables include amounts due from the related parties Rs. Nil (March 31, 2020: Rs. Nil)

5.2 Trade receivables are non-interest bearing and are generally on terms of 3 months to 1 year.

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

6 LOANS

PARTICULARS	As at March 31, 2021 Amortised Cost	As at March 31, 2021 At fair Value Through Other Comprehensive Income	As at March 31, 2021 Total	As at March 31, 2020 Amortised Cost	As at March 31, 2020 At fair Value Through Other Comprehensive Income	As at March 31, 2020 Total
(A)						
(i) Bills Purchased and Bills discounted	-	-	-	-	-	-
(ii) Loans repayable on Demand	-	-	-	-	-	-
(iii) Term Loans	5,23,025	80,865	6,03,890	4,65,217	63,462	5,28,679
(iv) Credit Substitutes	24,202	-	24,202	7,516	-	7,516
(v) Leasing and hire purchase	-	-	-	-	-	-
(vi) Factoring	-	-	-	-	-	-
(vii) Retained portion of assigned loans	-	-	-	-	-	-
(viii) Inter - Company Deposits to related parties	-	-	-	-	-	-
(ix) Loan to TCL Employee Welfare Trust	10	-	10	-	-	-
Gross Loans	5,47,237	80,865	6,28,102	4,72,733	63,462	5,36,195
Less : Impairment loss allowance						
Stage I & II	6,349	-	6,349	5,464	-	5,464
Stage III	2,193	-	2,193	1,393	-	1,393
Loans net of impairment loss allowance	5,38,695	80,865	6,19,560	4,65,876	63,462	5,29,338
Less : Revenue received in Advance	3,561	-	3,561	3,647	-	3,647
Total (A)	**5,35,134**	**80,865**	**6,15,999**	**4,62,229**	**63,462**	**5,25,691**
(B)						
(i) Secured by tangible assets	5,47,237	80,865	6,28,102	4,72,733	63,462	5,36,195
(ii) Secured by intangible assets	-	-	-	-	-	-
(iii) Covered by Bank / Government Guarantees	-	-	-	-	-	-
(iv) Unsecured	-	-	-	-	-	-
Gross Loans	5,47,237	80,865	6,28,102	4,72,733	63,462	5,36,195
Less : Impairment loss allowance						
Stage I & II	6,349	-	6,349	5,464	-	5,464
Stage III	2,193	-	2,193	1,393	-	1,393
Loans net of impairment loss allowance	5,38,695	80,865	6,19,560	4,65,876	63,462	5,29,338
Less : Revenue received in Advance	3,561	-	3,561	3,647	-	3,647
Total (B)	**5,35,134**	**80,865**	**6,15,999**	**4,62,229**	**63,462**	**5,25,691**
(C)						
Loans in India						
(i) Public Sector	7,554	-	7,554	7,516	-	7,516
(ii) Others	5,39,683	80,865	6,20,548	4,65,217	63,462	5,28,679
Gross Loans	5,47,237	80,865	6,28,102	4,72,733	63,462	5,36,195
Less : Impairment loss allowance						
Stage I & II	6,349	-	6,349	5,464	-	5,464
Stage III	2,193	-	2,193	1,393	-	1,393
Loans net of impairment loss allowance	5,38,695	80,865	6,19,560	4,65,876	63,462	5,29,338
Less : Revenue received in Advance	3,561	-	3,561	3,647	-	3,647
Total (C)	**5,35,134**	**80,865**	**6,15,999**	**4,62,229**	**63,462**	**5,25,691**
(D)						
Loans Stage wise						
(i) Secured	5,19,737	80,865	6,00,602	4,46,685	63,462	5,10,147
(ii) Unsecured	-	-	-	-	-	-
(iii) Significant increase in Credit Risk	21,470	-	21,470	20,018	-	20,018
(iv) Credit Impaired	6,030	-	6,030	6,030	-	6,030
Gross Loans	5,47,237	80,865	6,28,102	4,72,733	63,462	5,36,195
Less : Impairment loss allowance						
Stage I & II	6,349	-	6,349	5,464	-	5,464
Stage III	2,193	-	2,193	1,393	-	1,393
Loans net of impairment loss allowance	5,38,695	80,865	6,19,560	4,65,876	63,462	5,29,338
Less : Revenue received in Advance	3,561	-	3,561	3,647	-	3,647
Total (D) - Gross	**5,35,134**	**80,865**	**6,15,999**	**4,62,229**	**63,462**	**5,25,691**

6.1 Investments in bonds, debentures and other financial assets which, in substance, form a part of the Company's financing activities ("Credit Substitutes") have been classified under Loans. Management believes that the current year's classification results in a better presentation of the substance of these receivables and is in alignment with regulatory filings.

6.2 Impairment allowance on loan - stage I & II excludes impairment allowance on loan commitments Rs. 131 lakh (as on March 31, 2020 Rs. 124 lakh)

6.3 Loans given to related parties as on March 31, 2021 Rs. 4,756 (including sanctioned but not disbursed Rs. 526 lakh) (as on March 31, 2020 : Nil).

6.4 The increase in the ECL impairment allowance is on account of increase in credit risk and deterioration in economic conditions. For detailed note on impact of COVID 19 on ECL impairment allowance, refer note no 39(A)(iii)(4)

Tata Cleantech Capital Limited

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

7 INVESTMENTS

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Investments in India		
Investments carried at amortised cost		
Tresury Bills (Quoted)	**5,440**	-
Investments carried at fair value through profit or loss		
Mutual Fund (Unquoted)		
- Tata Liquid Fund Regular Plan - Growth	**80**	77
TOTAL	**5,520**	77

Note

7.1 There are no investments outside India.

8 OTHER FINANCIAL ASSETS

PARTICULARS	As at March 31, 2021	As at March 31, 2020
(a) Security deposits	**289**	273
(b) Advances to employees*	**-**	8
Total	**289**	281

* Amount less than Rs. 50,000/-

Tata Cleantech Capital Limited

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

9. INCOME TAXES

(i) CURRENT TAX ASSET (NET)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Advance Tax (net of provision for Income tax Rs 4,951 lakhs (March 20 Rs 16,271 lakhs)	1,544	1,775
TOTAL	**1,544**	**1,775**

(ii) CURRENT TAX LIABILITIES (NET)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Provision for tax (net of advance tax Rs 9,516 lakh (March 20 Rs Nil)	423	-
TOTAL	**423**	**-**

A The income tax expense consist of the following:

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Current tax:		
Current tax expense for the year	5,688	4,958
Current tax expense / (benefit) pertaining to prior years	9	-
	5,697	**4,958**
Deferred tax benefit		
Origination and reversal of temporary differences	(401)	(1,076)
Change in tax rates	-	428
	(401)	**(649)**
Total income tax expense recognised in the year	**5,296**	**4,309**

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	As at March 31, 2021	As at March 31, 2020
Profit before income taxes	22,069	16,566
Indian statutory income tax rate	25.168%	25.168%
Expected income tax expense	5,554	4,169
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax	-	-
Non deductible expenses	94	43
Tax incentives	(363)	(332)
Tax on income at different rates	1	1
Impact of change in the expected tax rates on temporary differences	-	-
Change in tax rates	-	428
Current tax expense / (benefit) pertaining to prior years	10	-
Total income tax expense	**5,296**	**4,309**

Note:

The Company's reconciliation of the effective tax rate is based on its domestic tax rate applicable to respective financial years.

B. Amounts recognised in OCI

PARTICULARS	As at March 31, 2021			As at March 31, 2020		
	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)	44	(11)	33	(28)	7	(21)
Items that are or may be reclassified subsequently to profit or loss						
Fair value gain / (loss) on financial assets carried at FVTOCI	1,039	(261)	778	8	(2)	6
The effective portion of gains and loss on hedging instrument in a cash flow hedge reserve	(244)	61	(183)	(159)	40	(119)
Total Amounts recognised in OCI	**839**	**(211)**	**628**	**(179)**	**45**	**(134)**

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

9. (ii) DEFERRED TAX ASSET

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

Particulars	Opening Balance	Recognised / (reversed) through profit and loss	Change in Tax Rate	Recognised directly in equity	Recognised / reclassified from other comprehensive income	Closing Balance
Deferred Tax Assets :-						
(a) Impairment loss allowance - Stage III	89	-	-	-	-	89
(b) Impairment loss allowance - Stage I & II	1,455	384	-	-	-	1,839
(c) Employee benefits	21	1	-	-	-	22
(d) Deferred income	792	23	-	-	-	815
(e) Depreciation on property, plant & equipment	4	-	-	-	-	4
(f) IndAS 116 Impact	11	6	-	-	-	17
(g) DTA on Cash Flow Hedges	40	-	-	-	61	101
Deferred Tax Liabilities :-						
(a) Debenture issue expenses	(87)	(12)	-	-	-	(99)
(b) Investment measured at fair value *	(2)	(1)	-	-	-	(3)
(c) Loans measured at FVTOCI	(105)	-	-	-	(261)	(366)
Net Deferred Tax Asset	**2,218**	**401**	**-**	**-**	**(200)**	**2,419**

The major components of deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

Particulars	Opening Balance	Recognised / (reversed) through profit and loss	Change in Tax Rate	Recognised directly in equity	Recognised / reclassified from other comprehensive income	Closing Balance
Deferred Tax Assets :-						
(a) Impairment loss allowance - Stage III	-	89	-	-	-	89
(b) Impairment loss allowance - Stage I & II	827	859	(231)	-	-	1,455
(c) Employee benefits	23	5	(7)	-	-	21
(d) Deferred income	906	138	(252)	-	-	792
(e) Depreciation on property, plant & equipment	5	(1)	(1)	-	-	4
(f) IndAS 116 Impact	-	7	-	4	-	11
(g) DTA on Cash Flow Hedges	-	-	-	-	40	40
Deferred Tax Liabilities :-						
(a) Debenture issue expenses	(91)	(21)	25	-	-	(87)
(b) Investment measured at fair value *	(2)	0	-	-	-	(2)
(c) Loans measured at FVTOCI	(141)	-	38	-	(2)	(105)
Net Deferred Tax Asset	**1,527**	**1,076**	**(428)**	**4**	**38**	**2,218**

Gross deferred tax assets and liabilities are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred Tax Assets :-		
(a) Impairment loss allowance - Stage III	89	89
(b) Impairment loss allowance - Stage I & II	1,839	1,455
(c) Employee benefits	22	21
(d) Deferred income	815	792
(e) Depreciation on property, plant & equipment	4	4
(f) IndAS 116 Impact	17	11
(g) DTA on Cash Flow Hedges	101	40
Deferred Tax Liabilities :-		
(a) Debenture issue expenses	(99)	(87)
(b) Investment measured at fair value	(3)	(2)
(c) Loans measured at FVTOCI	(366)	(105)
Net Deferred Tax Asset	**2,419**	**2,218**

* amount less than Rs 50,000

Notes forming part of the financial statements (Continued)

as at March 31, 2021

(Rs. in lakh)

10 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Particulars	Gross Block				Accumulated depreciation				Net Carrying Value
	Opening balance as at April 01, 2020	Additions / Adjustments	Deletions	Closing balance as at March 31, 2021	Opening balance as at April 01, 2020	Depreciation/ Amortisation for the year ##	Deletions / Adjustments	Closing balance as at March 31, 2021	As at March 31, 2021
INVESTMENT PROPERTY #	257	-	-	257	33	12	-	45	212
	257	-	-	*257*	*22*	*11*	-	*33*	*224*
Total	**257**	**-**	**-**	**257**	**33**	**12**	**-**	**45**	**212**
Previous financial year	***257***	**-**	**-**	***257***	***22***	***11***	**-**	***33***	***224***
PROPERTY, PLANT AND EQUIPMENT									
Vehicles	79	-	10	69	16	18	9	25	44
	24	*70*	*15*	*79*	*15*	*13*	*12*	*16*	*63*
Furniture and Fixture*	-	0	-	-	-	0	-	-	-
	-	*0*	-	*0*	-	*0*	-	*0*	*0*
Computer Equipment	23	3	-	26	8	6	-	14	12
	16	*7*	-	*23*	*3*	*5*	-	*8*	*15*
Office Equipment *	2	0	-	2	1	0	-	1	1
	2	-	-	*2*	*1*	*0*	-	*1*	*1*
Total PROPERTY, PLANT AND EQUIPMENT	**104**	**3**	**10**	**97**	**25**	**24**	**9**	**40**	**57**
Previous financial year	***42***	***77***	***15***	***104***	***19***	***18***	***12***	***25***	***79***
INTANGIBLE ASSETS (other than internally generated)									
Software	-	13	-	13	-	3	-	3	10
	-	-	-	-	-	-	-	-	-
Previous financial year	-	-	-	-	-	-	-	-	-
Capital work-in-progress									-

Figures in italics relate to March 31, 2020

* Amount less than Rs. 50,000/-

Total depreciation charged for the year in the Statement of Profit and Loss includes depreciation on Right to use assets. Depreciation on right to use assets for the year is Rs. 63 lakh (Previous year: Rs. 62 lakh).

Fair value of investment property as on March 31, 2021 Rs. 209 lakh (as on March 31, 2020 Rs. 209 lakh). The fair value of the property is assessed based on the market rate for a similar property in the locality.

Notes forming part of the financial statements (Continued)

as at March 31, 2021

(Rs. in lakh)

11 OTHER NON-FINANCIAL ASSETS (UNSECURED - CONSIDERED GOOD)

PARTICULARS	**As at March 31, 2021**	As at March 31, 2020
(a) Gratuity assets (Net)	11	-
(b) Balances with government authorities	35	19
(c) Prepaid expenses	29	40
Total	**75**	59

12 TRADE PAYABLES

PARTICULARS	**As at March 31, 2021**	As at March 31, 2020
Others		
(i) Accrued expenses (Refer note no. 30)	768	757
(i) Payable to vendors	39	61
TOTAL	**807**	818

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 :

(a) Total outstanding dues of micro enterprises and small enterprises

PARTICULARS		**As at March 31, 2021**	As at March 31, 2020
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year*	-	1
(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 further of interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23	-	-
Total		**-**	1

*Amount of interest due is Nil as at March 31, 2021 and March 31, 2020

13 DEBT SECURITIES

PARTICULARS	**As at March 31, 2021**	As at March 31, 2020
DEBT SECURITIES in India		
At amortised cost		
Secured - in India		
Privately Placed Non-Convertible Debentures (Refer note 13.1 to 13.4 below)	1,25,460	1,16,765
[Net of unamortised premium of Rs. 143 lakh (March 31, 2020 : Rs. 223 lakh]		
Unsecured - in India		
Commercial paper (Refer note 13.5 below)	29,512	23,541
[Net of unamortised discount of Rs 488 lakh (March 31, 2020 : Rs. 159 lakh)]		
TOTAL	**1,54,972**	1,40,306

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

13. DEBT SECURITIES *(Continued)*

Notes

13.1 Privately Placed Non-Convertible Debentures are secured by pari passu charge on the specific immovable property, specified receivables arising out of loan and to the extent of shortfall in asset cover by a pari passu charge on the current assets of the Company.

13.2 No default has been made in repayment of borrowings and interest for the year ended March 31, 2021 and March 31, 2020.

13.3 Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on :

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2021		As at March 31, 2020	
			Number of NCDs	Rs. in lakh	Number of NCDs	Rs. in lakh
TCCL NCD 'A' FY 2019-20	15-Jul-19	13-Jul-29	1,400	14,000	1,400	14,000
TCCL NCD 'B' FY 2019-20	16-Oct-19	16-Oct-29	600	6,000	600	6,000
TCCL NCD 'A' FY 2020-21	10-Jun-20	10-Sep-27	1,750	17,500	-	-
TCCL NCD 'C' FY 2019-20	05-Dec-19	05-Dec-24	250	2,500	250	2,500
TCCL NCD 'C' FY 2017-18	02-Jun-17	03-Jun-24	100	1,000	100	1,000
TCCL NCD 'C' FY 2020-21	31-Dec-20	30-Nov-23	2,000	20,000	-	-
TCCL NCD 'B' FY 2018-19	18-Dec-18	18-Dec-23	1,800	18,000	1,800	18,000
TCCL MLD "A" 2020-20	20-Jul-20	20-Jul-23	7,500	7,500	-	-
TCCL NCD 'D' FY 2019-20	17-Feb-20	17-Feb-23	2,000	20,000	2,000	20,000
TCCL MLD "A" FY 2019-20	31-May-19	30-Jan-23	729	729	729	729
TCCL MLD "A" 2019-20 Reissuance 1	10-Jun-19	30-Jan-23	278	278	278	278
TCCL MLD "A" 2019-20 Reissuance 2	19-Jun-19	30-Jan-23	321	321	321	321
TCCL MLD "A" 2019-20 Reissuance 3	20-Sep-19	30-Jan-23	1,502	1,502	1,502	1,502
TCCL MLD "A" 2019-20 Reissuance 4	03-Oct-19	30-Jan-23	1,054	1,054	1,054	1,054
TCCL MLD "A" 2019-20 Reissuance 5	10-Dec-19	30-Jan-23	1,000	1,000	1,000	1,000
TCCL MLD "A" 2019-20 Reissuance 6	23-Dec-19	30-Jan-23	1,300	1,300	1,300	1,300
TCCL NCD 'B' FY 2020-21	23-Jun-20	23-Jun-22	650	6,500	-	-
TCCL NCD 'B' FY 2016-17	17-Oct-16	15-Oct-21	150	1,500	150	1,500
TCCL NCD 'F' FY 2015-16	19-Oct-15	19-Oct-20	-	-	200	2,000
TCCL NCD 'E' FY 2015-16	04-Sep-15	04-Sep-20	-	-	200	2,000
TCCL NCD 'A' FY 2018-19	24-Aug-18	24-Aug-20	-	-	750	7,500
TCCL NCD 'F' FY 2017-18	28-Jul-17	03-Aug-20	-	-	2,000	20,000
TCCL NCD 'C' FY 2015-16	20-Jul-15	20-Jul-20	-	-	200	2,000
TCCL NCD 'D' FY 2017-18	07-Jun-17	05-Jun-20	-	-	250	2,500
TCCL NCD 'A' FY 2017-18	15-May-17	15-May-20	-	-	200	2,000
TCCL NCD 'B' FY 2017-18	17-May-17	15-May-20	-	-	500	5,000
				1,20,684		**1,12,184**
Less : Unamortised borrowing cost				(349)		(332)
Add : Unamortised premium				143		223
Add : Interest accrued but not due				4,982		4,690
TOTAL				**1,25,460**		**1,16,765**

13.4 Coupon rate of "NCDs" outstanding as on March 31, 2021 varies from 5.40 % to 8.75% (Previous Year as on March 31, 2020 : 7.70% to 9.00%)

13.5 Discount on commercial paper varies between 3.80 % to 4.30 % (Previous year March 31, 2020 : 5.80 % to 8.90%)

13.6 Debt securities are not issued to related parties.

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

14 BORROWINGS (OTHER THAN DEBT SECURITIES)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
At amortised cost		
(a) Term loans		
Secured - in India		
From Banks (Refer note 14.1 and 14.3 below)	**1,69,366**	1,58,773
From Others (Refer note 14.1 and 14.3 below)	**31,982**	34,443
Secured - Outside of India		
From Banks (Refer note 14.1 and 14.3 below)	**75,836**	29,862
(b) Loans repayable on demand		
Secured from Banks- in India		
(i) Working capital demand loan (Refer note 14.1 and 14.4 below)	**20,000**	67,991
(ii) Bank Overdraft (Refer note 14.1 below)	**31**	4
Unsecured from Bank- in India		
Working capital demand loan (Refer note 14.4 below)	**15,000**	-
(c) Other loans		
Unsecured - in India		
Inter corporate deposits'- From others (Refer note 14.5 below)	**-**	2,794
(d) Loan from related parties (unsecured)		
Inter corporate deposits - in India	**10,013**	50,094
TOTAL	**3,22,228**	3,43,961

14.1 Loans and advances from banks and others are secured by pari passu charge on the receivables of the Company through Security Trustee.

14.2 The Company has not defaulted in the repayment of borrowings and interest for the year ended March 31, 2021 and March 31, 2020.

14.3 As per terms of agreements loan from banks aggregating Rs.245,115 lakh (Previous Year: Rs. 188,380 lakh) are repayable at maturity ranging between 12 and 59 months from the date of respective loan. Rate of interest payable on term loans varies between 4.65 % to 7.55 % (March 31, 2020 : 7.75 % to 8.80%.).

As per terms of agreements loan from Financial Institution aggregating Rs.31,982 lakh (Previous Year: Rs. 34,443 lakh) are repayable at maturity ranging between 12 and 168 months from the date of respective loan. Rate of interest payable on term loans at 5.67 % (March 31, 2020 : 5.67 %).

14.4 Rate of interest payable on Working Capital Demand Loan / Bank Overdraft varies between 7.45 % to 8.95% (Previous Year as on March 31, 2020 : 7.65% to 9.00%)

14.5 Rate of interest payable on Inter-corporate deposits is 8.42 % (Previous Year March 31, 2020 : 7.95 % to 8.85 %)

15 SUBORDINATED LIABILITIES

PARTICULARS	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Unsecured - in India		
Non-Convertible Subordinated Debentures	**53,036**	37,177
[Net of unamortised premium of Rs. 349 lakh (March 31, 2020 : Rs. 273 lakh]		
TOTAL	**53,036**	37,177

Notes forming part of the financial statements (Continued)

as at March 31, 2021

(Rs. in lakh)

15 SUBORDINATED LIABILITIES *(Continued)*

Notes

15.1 Coupon rate of Sub Debts outstanding as on March 31, 2021 varies from 7.75 % to 9.18 % (Previous Year as on March 31, 2020 : 8.80% to 9.18%)

15.2 No default has been made in repayment of borrowings and interest for the year ended March 31, 2021 and March 31, 2020.

15.3 Subordinated Debt securities held by related parties as on March 31, 2021 is Rs 630 lakh.

15.4 Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on :

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2021		As at March 31, 2020	
			Number of NCDs	Rs. in lakh	Number of NCDs	Rs. in lakh
TCCL Tier II Bond "A" FY 2020-21	28-Jul-20	26-Jul-30	500	5,000	-	-
TCCL Tier II Bond "A" FY 2020-21 Reissunace no 1	14-Oct-20	26-Jul-30	500	5,000	-	-
TCCL Tier II Bond "A" FY 2020-21 Reissunace no 2	17-Dec-20	26-Jul-30	500	5,000	-	-
TCCL Tier II Bond "A" FY 2019-20	10-May-19	10-May-29	500	5,000	500	5,000
TCCL Tier II Bond "A" FY 2019-20 Reissuance no 1	29-May-19	10-May-29	500	5,000	500	5,000
TCCL Tier II Bond "A" FY 2019-20 Reissuance no2	27-Jun-19	10-May-29	500	5,000	500	5,000
TCCL Tier II Bond "B" FY 2019-20	13-Nov-19	13-Nov-29	500	5,000	500	5,000
TCCL Tier II Bond "B" FY 2019-20 Reissuance no 2	24-Feb-20	13-Nov-29	500	5,000	500	5,000
TCCL Tier II Bond "B" FY 2019-20 Reissuance no 1	03-Feb-20	13-Nov-29	1,000	10,000	1,000	10,000
				50,000		**35,000**
Add : Unamortised premium				349		273
Add : Interest accrued but not due				2,687		1,904
TOTAL				**53,036**		**37,177**

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

16 OTHER FINANCIAL LIABILITIES

PARTICULARS		As at March 31, 2021	As at March 31, 2020
(a)	Advances from customers	**64**	22
(b)	Accrued employee benefit expense	**537**	578
(c)	Security Deposit payable	**-**	22
(d)	Payable for capital expenditure*	**-**	-
TOTAL		**601**	622

* Amount less than Rs. 50,000/-

17 PROVISIONS

PARTICULARS		As at March 31, 2021	As at March 31, 2020
(a)	Provision for compensated absences	**87**	82
(b)	Provision for gratuity	**-**	27
(c)	Provision for long-term service award	**3**	3
(d)	Provision on Off Balance Sheet exposure	**131**	124
TOTAL		**221**	236

18 OTHER NON-FINANCIAL LIABILITIES

PARTICULARS		As at March 31, 2021	As at March 31, 2020
(a)	Statutory dues	**235**	192
TOTAL		**235**	192

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

19 SHARE CAPITAL

PARTICULARS	As at March 31, 2021	As at March 31, 2020
AUTHORISED		
50,00,00,000 (as at March 31, 2020 : 50,00,00,000 shares) Equity shares of Rs.10 each	**50,000**	50,000
	50,000	50,000
ISSUED, SUBSCRIBED & PAID UP		
38,80,15,639 (as at March 31, 2020 : 38,80,15,639 shares) Equity shares of Rs.10 each fully paid up	**38,802**	38,802
TOTAL	**38,802**	38,802

19. a Reconciliation of number of shares outstanding

PARTICULARS	No. of Shares	Rs. in lakh
Opening balance as on April 01, 2019	**38,80,15,639**	38,802
Additions during the year	**-**	-
Closing balance as on March 31, 2020	**38,80,15,639**	38,802
Additions during the year	**-**	-
Closing balance as on March 31, 2021	**38,80,15,639**	38,802

19. b Rights, preferences and restrictions attached to shares

The Company has issued only one class of equity shares having a face value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors', if any, is subject to the approval of 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.

During the year, the Company has issued Nil Equity Shares (Previous year March 31, 2020 has issued Nil Equity Shares)

19. c Investment by Tata Capital Limited (Holding Company)

Name of Company	No. of Equity shares	Rs. in lakh
Tata Capital Limited		
Opening Balance as on April 1, 2019	**31,23,52,590**	31,235
Closing Balance as on March 31, 2020	**31,23,52,590**	31,235
Closing Balance as on March 31, 2021	**31,23,52,590**	31,235

19. d List of Shareholders holding more than 5% Equity shares

Name of Shareholder		
Tata Capital Limited (Including shares held jointly with nominees)		
Opening Balance as on April 1, 2019	**31,23,52,590**	80.50%
Closing Balance as on March 31, 2020	**31,23,52,590**	80.50%
Closing Balance as on March 31, 2021	**31,23,52,590**	80.50%
International Finance Corporation		
Opening Balance as on April 1, 2019	**7,56,63,049**	19.50%
Closing Balance as on March 31, 2020	**7,56,63,049**	19.50%
Closing Balance as on March 31, 2021	**7,56,63,049**	19.50%

19. e There are no shares in the preceding 5 years allotted as fully paid up without payment being received in cash / bonus shares / bought back.

19. f There are no shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment.

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

20. OTHER EQUITY

PARTICULARS	As at March 31, 2021	As at March 31, 2020
(a) Securities Premium Account	**22,029**	22,029
(b) Special Reserve Account u/s 45-IC of Reserve Bank of India Act, 1934	**11,085**	7,730
(c) Special Reserve Account u/s 36(1)(viii) of Income tax Act, 1961	**8,211**	6,610
(d) Surplus in Statement of Profit and Loss	**35,012**	23,195
(e) Other Comprehensive Income		
(i) Fair value gain on Financial Assets carried at FVTOCI	**1,210**	432
(ii) The effective portion of gains and loss on hedging instruments in a cost of hedge	**(302)**	(119)
(iii) Remeasurement of defined employee benefit plans	**(25)**	(58)
(f) Share options outstanding account	**201**	112
(g) General Reserve	**22**	22
Total	**77,443**	**59,953**

20.1. Nature and Purpose of Reserves as per Para 79 of Ind AS 1

Sr. No.	Particulars	Nature and purpose of Reserves
1	Securities Premium Account	Premium received upon issuance of equity shares
2	Special Reserve Account / Statutory Reserve	As prescribed by Section 45-IC of Reserve Bank of India Act 1934, and Section 36 (1) (viii) of the Income Tax Act,1961. No appropriation of any sum from the reserve fund shall be made by the Company except for the purpose as may be specified by RBI from time to time.
3	Surplus in profit and loss account	Created out of accretion of profits
4	Share Options Outstanding Account	Created upon grant of options to employees
5	Other Comprehensive Income	Created on account of items measured through other comprehensive income
6	General Reserve	Created upon employees stock options that expired unexercised or upon forfeiture of options granted.

Tata Cleantech Capital Limited

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

21. INTEREST INCOME

PARTICULARS		For the year ended March 31, 2021	For the year ended March 31, 2020
On Financial Assets measured at Amortised Cost			
(a)	Interest on loans and credit substitutes	**57,614**	53,524
(b)	Interest income on deposits with banks	**220**	62
(c)	Interest income from investments	**15**	-
(d)	Other interest income	**22**	21
On Financial Assets measured at fair value through OCI			
(a)	Interest on loans	**6,958**	5,735
TOTAL		**64,829**	59,342

22. FEES AND COMMISSION INCOME

PARTICULARS		For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	Foreclosure charges	**463**	371
(b)	Advisory Fees	**160**	55
(c)	Others (valuation charges, PDD charges etc.)	**310**	679
TOTAL		**933**	1,105

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

23. NET GAIN / (LOSS) ON FAIR VALUE CHANGES

PARTICULARS		For the year ended March 31, 2021	For the year ended March 31, 2020
(A)	Net Gain / (loss) on financial instruments at fair value through profit or loss		
(i)	On trading portfolio	-	-
	- Investments	-	-
	- Derivatives	-	-
	- Others	-	-
(ii)	Others		
	- On equity securities	-	-
	- On other financial securities	**1,061**	1,126
	- On derivative contracts	-	-
(iii)	Total Net gain/(loss) on fair value changes	**1,061**	1,126
(B)	Fair value changes :		
	-Realised	**1,058**	1,122
	-Unrealised	**3**	4
	Total Net gain/(loss) on fair value changes	**1,061**	1,126

24. OTHER INCOME

PARTICULARS		For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	Interest on Income Tax refund	**42**	4
(b)	Guest house recovery	**3**	10
TOTAL		**45**	14

25. FINANCE COST

PARTICULARS		For the year ended March 31, 2021	For the year ended March 31, 2020
At amortised cost			
(a)	Interest on borrowings	**19,653**	20,400
(b)	Interest on debt securities	**9,324**	7,493
(c)	Interest on subordinated liabilities	**3,654**	1,490
(d)	Interest on external commercial borrowings (ECB)	**3,753**	1,965
(e)	Interest on lease liabilities (refer note 37)	**9**	12
(f)	Discounting charges on Commercial paper	**1,429**	4,433
TOTAL		**37,822**	35,793

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

26 IMPAIRMENT ON FINANCIAL INSTRUMENTS

PARTICULARS			For the year ended March 31, 2021	For the year ended March 31, 2020
On Financial Assets measured at Amortised Cost				
(a)	Impairment loss allowance on loans (Stage I & II)		**892**	3,432
(b)	Impairment loss allowance on loans (Stage III)		**1,276**	1,393
(c)	Write off - Loans and credit substitutes	476		-
	Less : Provision reversal on write off	(476)	**-**	-
(c)	Provision against trade receivables		**(3)**	4
On Financial Assets measured at fair value through OCI				
(a)	Impairment loss allowance on loans (Stage I & II)		**632**	(15)
TOTAL			**2,797**	4,814

The increase in the ECL impairment allowance is on account of increase in credit risk and deterioration in economic conditions. For detailed note on impact of COVID 19 on ECL impairment allowance, refer note no 39(A)(iii)(4)

27 EMPLOYEE BENEFIT EXPENSES

PARTICULARS		For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	Salaries, wages and bonus	**1,981**	1,936
(b)	Contribution to provident and other funds	**85**	85
(c)	Staff welfare expenses	**13**	24
(d)	Expenses related to post-employment defined benefit plans	**42**	30
(e)	Share based payments to employees	**89**	85
TOTAL		**2,210**	2,160

28 OTHER OPERATING EXPENSES

PARTICULARS		For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	Advertisements and publicity	**91**	5
(b)	Brand equity and business promotion	**179**	165
(c)	Audit fees (Refer Note No 28.1 below)	**15**	12
(d)	Corporate social responsibility expenses (Refer Note No 28.3 below)	**310**	220
(e)	Directors fees, allowances and expenses	**85**	60
(f)	Insurance charges	**31**	29
(g)	Information technology expenses	**419**	410
(h)	Legal and professional fees	**177**	157
(i)	Loan processing fees	**2**	3
(j)	Repairs and maintenance	**2**	1
(k)	Rent	**119**	130
(l)	Stamp charges	**34**	34
(m)	Service provider charges	**302**	722
(n)	Telephone, telex and leased line	**4**	3
(o)	Travelling and conveyance	**22**	109
(p)	Training and recruitment	**3**	26
(q)	Membership and subscription charges	**29**	28
(r)	Security trustee fees	**23**	23
(s)	Other expenses	**21**	26
TOTAL		**1,868**	2,163

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

28 OTHER OPERATING EXPENSES *(Continued)*

28.1 (a) Auditors' Remuneration (excluding taxes)

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit fees	12	9
Tax audit fees	1	1
Certification & Other Services (includes out of pocket expenses) *	2	2
TOTAL	**15**	12

* Other Services include fees for certifications

Tata Cleantech Capital Limited

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

28.2 (b) Expenditure in Foreign Currency

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Directors sitting fees	14	1
Membership and subscription charges	13	-
TOTAL	27	1

28.3 (c) Corporate social responsibility expenses

(i) Gross amount required to be spent by the company during the year was Rs. 310 lakh (Previous year Rs. 220 lakh)

(ii) Amount spent during the year on:

PARTICULARS	Paid	Yet to be paid
Construction/acquisition of any asset	-	-
On purposes other than above	310	-
TOTAL	310	-

29 Contingent Liabilities and Commitments (to the extend not provided for) :

a) Contingent liabilities Rs. Nil (Previous year Rs. Nil).

b) Commitments :-

- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1 lakh (as at March 31, 2020 Rs. 9 lakh).

- Letter of Comfort Rs. 10,083 lakh (as at March 31, 2020 Rs. 1,935 lakh)

- Undrawn Commitment given to the Borrower Rs. 50,123 lakh (as at March 31, 2020 Rs.114,460 lakh)
  Less than one year : Rs. 550 lakh (Previous year : Rs.50 lakh)
  More than one year : Rs. 49,573 lakh (Previous year : Rs.114,410 lakh)

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

30 Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on "Related Party Disclosures" notified under the Companies (Indian Accounting Standard) Rules, 2015

A List of related parties and relationship

Ultimate Holding Company	Tata Sons Private Limited (formerly Tata Sons Limited)
Holding Company	Tata Capital Limited
Subsidiaries of Holding Company	Tata Capital Financial Services Limited
(with which the company had transactions)	Tata Capital Housing Finance Limited
	Tata Securities Limited
	TCL Employee Welfare Trust
Associate of Holding Company (with which the company had transactions)	Tata Autocomp Systems Limited
Plans (with which the company had transactions)	Tata Capital Limited Superannuation Scheme Tata Capital Limited Gratuity Scheme
Key Management Personnel	Mr. Manish Chourasia (Managing Director)
	Mr. Behzad Bhesania (Chief Financial Officer)
	Mr. Vittaldas Leeladhar (Independent Director) (Ceased to be Independent Director w.e.f. January 06, 2020)
	Ms. Padmini Khare Kaicker (Independent Director)
	Ms. Varsha Purandare (Independent Director) (w.e.f. January 25, 2020)
	Dr. Ajay Mathur(Ceased to be Non-Executive Director w.e.f. February 16, 2021)
	Mr. Pradeep C. Bandivadekar (Non-Executive Director) (Ceased to be Non-Executive Director w.e.f. June 30, 2020)
	Mr. Rajiv Sabharwal (Non-Executive Director)
	Mr. Manish Parikh (Company secretary) (Ceased to be company secretary w.e.f. August 31, 2020)
	Mr. Rajesh Gosia (Company secretary) (w.e.f. February 01, 2021)
Subsidiaries & Associate of Ultimate Holding Company	Conneqt Business Solutions Limited
(with which the company had transactions)	Tata Consultancy Services Limited
	Tata AIG General Insurance Company Limited
	Tata AIA Life Insurance Company Limited
	The Indian Hotels Co. Ltd
	Titan Company Ltd.
	Piem Hotels Ltd.
	Tata Consulting Engineers Ltd.
	Tata Technologies Limited
	TP Luminaire Private Limited
Investor exercising significant influence	International Financial Corporation

Notes forming part of the financial statements (Continued)

as at March 31, 2021

(Rs. in lakh)

30 Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on "Related Party Disclosures" notified under the Companies (Indian Accounting Standard) Rules, 2015 *(Continued)*

B Transactions carried out with related parties referred in "A" above

(Rs. in lakh)

Sr. No.	Party Name	Nature of transaction	2020-21	2019-20
I	**Transactions with Ultimate Holding Company :**			
1	Tata Sons Private Limited	a) Expenses :		
		- Brand equity contribution	184	165
		- Training Exp *	3	0
		b) Liability:		
		- Balance payable	184	165
II	**Transactions with Holding Company :**			
1	Tata Capital Limited	a) Expenses :		
		- Interest expenses on ICD	1,528	565
		- Management Fees	250	693
		- Rent	54	53
		- Reimbursement of expenses	2	4
		b) Income:		
		- Guest House Recovery*	-	0
		c) Unsecured ICD accepted / repaid during the year		
		- ICD accepted during the year	38,500	2,04,950
		- ICD repaid during the year	78,500	1,87,150
		d) Equity		
		- Equity shares held (inclusive of security premium)	48,969	48,969
				-
		e) Asset :		
		- Security Deposit	324	324
		f) Liability:		
		- Unsecured ICD outstanding payable	10,014	50,126
		- Balance payable	83	68
III	**Transactions with Subsidiaries of Holding Company :**			
1	Tata Capital Financial Services Limited	a) Expenses:		
		- Reimbursement of expenses	-	1
		- Rent	102	126
		- Syndication Fees	6	-
		b) Income:		
		- Guest House Recovery	3	10
		- Advisory Fees	9	-
		c) Other Transactions		
		- Paid during year towards purchase of loan portfolio	4,023	12,855
		d) Liability:		
		- Balance payable	10	19
2	Tata Capital Housing Finance Limited	a) Expenses :		
		- Reimbursement of expenses*	-	0
		b) Income:		
		- Guest House Recovery*	-	0
		c) Assets:		
		-Balance Receivable*	-	0
3	Tata Securities Limited	a) Expenses :		
		- Consultancy services*	0	-
4	TCL Employee Welfare Trust	a) Other Transactions		
		- Loan given during year	10	-
		b) Assets:		
		- Loan receiavble	10	-

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

30 Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on "Related Party Disclosures" notified under the Companies (Indian Accounting Standard) Rules, 2015 *(Continued)*

B Transactions carried out with related parties referred in "A" above *(Continued)*

(Rs. in lakh)

Sr.	Party Name	Nature of transaction	2020-21	2019-20
IV	**Transactions with Associate of Holding Company :**			
1	Tata Autocomp Systems Limited	a) Income :		
		-Advisory Fees	-	-
		- Reimbursement of expenses*	-	-
V	**Plans**			
1	Tata Capital Limited Superannuation Scheme	a) Contribution to Superannuation	14	14
2	Tata Capital Limited Gratuity Scheme	a) Contribution to Gratuity fund	27	37
VI	**Transactions with KMP :**			
1	Key Management Personnel (KMP)	a) Remuneration to KMP		
		- Short Term Employee Benefits	272	296
		- Post Employment Benefits	27	28
		- Share based payments (No. of Shares)		
		a) Options granted till date **	11,28,000	7,33,000
		b) Options exercised till date	24,000	23,000
		- Director Sitting Fees & Commission paid	56	50
VII	**Transactions with Subsidiaries & Associates of Ultimate Holding Company :**			
1	Conneqt Business Solutions Limited	a) Expenses :		
		- Service provider charges	15	12
		b) Liability:		
		- Balance payable	4	-
2	Tata AIG General Insurance Company Limited	a) Expenses :		
		- Insurance expenses	1	2
		b) Asset:		
		-Balance receivable*	0	0
3	Tata AIA Life Insurance Company Limited	a) Expenses :		
		- Insurance expenses	6	8
		b) Asset:		
		-Balance receivable	7	1
4	Tata Consultancy Services Limited	a) Expenses :		
		- IT outsourcing expenses	321	376
		b) Liability:		
		- Balance payable	95	275

Notes forming part of the financial statements (Continued)
as at March 31, 2021

(Rs. in lakh)

30 Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on "Related Party Disclosures" notified under the Companies (Indian Accounting Standard) Rules, 2015 *(Continued)*

B Transactions carried out with related parties referred in "A" above *(Continued)*

(Rs. in lakh)

Sr.	Party Name	Nature of transaction	2020-21	2019-20
5	The Indian Hotels Co. Ltd	a) Expenses :		
		- Hotel expenses	1	1
		b) Liability:		
		- Balance payable *	0	-
6	Titan Company Ltd.	a) Expenses :		
		- Staff welfare expenses *	0	0
7	Piem Hotels Ltd.	a) Expenses :		
		- Hotel expenses	-	12
8	Tata Consulting Engineers Ltd.	a) Income :		
		- Financial Advisory	2	5
		- Reimb of Travelling Exp *	-	0
		b) Asset:		
		-Balance receivable	-	6
		c) Expenses :		
		-Professional Fees	5	-
		d) Liability:		
		- Balance payable*	0	-
9	Tata Technologies Limited	a) Expenses :		
		- IT outsourcing expenses	9	-
		d) Liability:		
		- Balance payable	1	-
10	TP Luminaire Private Limited	a) Income :		
		-Interest Income	260	-
		-Processing Fees	28	-
		b) Other Transactions :		
		-Term Loan given during the period	4,500	-
		-Term Loan repayment received during the period	276	-
		c) Assets:		
		-Term Loan	4,224	-
		-Accrued Interest and other balances	6	-
		d)Commitment		
		-Off balance sheet exposure	1,053	-
VIII	**Transactions with Investor exercising significant influence :**			
1	International Finance Corporation	a) Expenses		
		- Mandate Fees	-	7
		b) Equity		
		- Equity shares held (inclusive of security premium)	11,862	11,862

(*Amount less than 50,000/-)

Notes

a) All transactions with these related parties are priced at arm's length and are in the ordinary course of business.

b) ** ESOP has been granted by Tata Capital Limited (Holding Company)

c) The remuneration of directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends. The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

31 Earnings per Share (EPS):

Particulars		2020-21	2019-20
Profit after tax attributable to Equity shareholders	(Rs. in lakh)	16,773	12,257
Weighted average number of Equity shares used in computing Basic EPS & Diluted EPS	Nos	38,80,15,639	38,80,15,639
Face value of equity shares	Rupees	10	10
Basic earnings per share	Rupees	4.32	3.16
Diluted earnings per share	Rupees	4.32	3.16

32 Movement in Contingent provisions against Standard Assets (stage I & II) during the year is as under:

Particulars	2020-21	2019-20
Opening Balance	5,588	2,156
Additions (net) during the year	892	3,432
Utilised during the year	-	-
Closing Balance	**6,480**	**5,588**

Includes Provision for off Balance Sheet exposure - Rs. 131 lakh (March 31, 2020: Rs. 124 lakh)

33 Movement in other provisions during the year is as under:

Particulars	2020-21	2019-20
Opening Balance	112	95
Additions (net) during the year	-	17
Utilised during the year	(22)	-
Closing Balance	**90**	**112**

34 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.

A. Description of share based payments:

Particulars	ESOP 2013	ESOP 2017	ESOP 2018	ESOP 2019	ESOP 2020
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	20% at the end of each 12 and 20 months and 30% at the end of each 32 and 44 months from the date of grant
ii. Maximum term of option	6 years	2 years	7 years	7 years	7 years
iii. Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled
iv. Modifications to share based payment plans	N.A.	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.	N.A.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

34 Share based payment *(Continued)*

B. Summary of share based payments

March 31, 2021

Particulars	ESOP 2018	ESOP 2019	ESOP 2020	Total
Outstanding balance at the beginning of the year	**4,75,000**	**6,00,000**	**-**	10,75,000
Options granted	-	-	6,60,000	6,60,000
Options forfeited	-	-	-	-
Options exercised	-	-	-	-
Options expired	-	-	-	-
Options lapsed	-	-	-	-
Options outstanding at the end of the year	**4,75,000**	**6,00,000**	**6,60,000**	**17,35,000**
Options exercisable at the end of the year	1,90,000	1,20,000	-	3,10,000
For share options exercised:				
Weighted average exercise price at date of exercise				-
Money realized by exercise of options				-
For share options outstanding				
Range of exercise prices	50.60	51.00	40.30	
Average remaining contractual life of options	5.50	6.34	6.34	5.49
Modification of plans	N.A.	N.A.	N.A.	
Incremental fair value on modification	N.A.	N.A.	N.A.	

March 31, 2020

Particulars	ESOP 2013	ESOP 2017	ESOP 2018	ESOP 2019	Total
Outstanding balance at the beginning of the year	**4,583**	**1,00,000**	**4,75,000**	**-**	5,79,583
Options granted	-	-	-	6,00,000	6,00,000
Options forfeited	-	-	-	-	-
Options exercised	-	-	-	-	-
Options expired	4,583	1,00,000	-	-	1,04,583
Options lapsed	-	-	-	-	-
Options outstanding at the end of the year	**-**	**-**	**4,75,000**	**6,00,000**	**10,75,000**
Options exercisable at the end of the year	-	-	4,75,000	6,00,000	10,75,000
For share options exercised:					
Weighted average exercise price at date of exercise					-
Money realized by exercise of options					-
For share options outstanding					
Range of exercise prices	25.00	33.40	50.60	51.00	
Average remaining contractual life of options	-	-	5.50	6.34	5.97
Modification of plans	N.A.	N.A.	N.A.	N.A.	
Incremental fair value on modification	N.A.	N.A.	N.A.	N.A.	

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

34 Share based payment *(Continued)*

C. Valuation of stock options

Particulars	ESOP 2013	ESOP 2017	ESOP 2018	ESOP 2019	ESOP 2020
Share price:	**25.00**	**33.40**	**50.60**	**51.00**	**40.30**
Exercise Price:	**25.00**	**33.40**	**50.60**	**51.00**	**40.30**
Fair value of option:	**8.60**	**8.40**	**23.34**	**23.02**	**17.07**
Valuation model used:	Black Scholes valuation	Black Scholes valuat	Black Scholes valuation	Black Scholes valuation	Black Scholes valuation
Expected Volatility:	0.37	0.35	0.38	0.41	0.42
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	Historical volatility of equity shares of comparable companies over the period ended December 15,2020 based on the life of options
Contractual Option Life (years):	3.00	2.00	7.00	7.00	7.00
Expected dividends:	-	-	-	-	-
Risk free interest rate:	8.00%	6.57%	8.04%	6.28%	5.22%
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	20% vesting on December 14, 2021
	66.67% vesting on July 29, 2015	-	40% vesting on September 30, 2020	40% vesting on August 01, 2021	40% vesting on July 31, 2022
	100% vesting on July 29, 2016	-	70% vesting on September 30, 2021	70% vesting on August 01, 2022	70% vesting on July 31, 2023
			100% vesting on September 30, 2022	100% vesting on August 01, 2023	100% vesting on July 31, 2024
Valuation of incremental fair value on modification	N.A.	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, 2021

Name of Scheme	Mr. Manish Chourasia		Mr. Behzad Bhesania		Mr. Rajesh Gosia#		Mr. Manish Parikh#	
	Granted	Exercised	Granted	Exercised	Granted	Exercised	Granted	Exercised
ESPS 2009	-	-	-	-	-	-	-	-
ESPS 2011	-	-	-	-	-	-	-	-
ESOP 2011	-	-	-	-	-	-	-	-
PS 2013	-	-	-	-	-	-	-	-
ESPS 2013	-	-	3,000	3,000	-	-	-	-
ESOP 2013	-	-	-	-	-	-	-	-
ESOP 2016	-	-	10,000	10,000	5,000	1,000	-	-
ESOP 2017	10,000	-	10,000	10,000	5,000	-	-	-
ESOP 2018	3,50,000	-	-	-	-	-	-	-
ESOP 2019	3,50,000	-	-	-	-	-	-	-
ESOP 2020	3,85,000	-	-	-	-	-	-	-
Total	**10,95,000**	**-**	**23,000**	**23,000**	**10,000**	**1,000**	**-**	**-**

 # Mr. Manish Parikh ceased to be a KMP w.e.f. August 31, 2020 and Mr. Rajesh Gosia was appointed as KMP w.e.f. February 01, 2021.

As at March 31, 2020

Name of Scheme	Mr. Manish Chourasia		Mr. Behzad Bhesania		Mr. Manish Parikh*	
	Granted	Exercised	Granted	Exercised	Granted	Exercised
ESPS 2009	-	-	-	-	-	-
ESPS 2011	-	-	-	-	-	-
ESOP 2011	-	-	-	-	-	-
PS 2013	-	-	-	-	-	-
ESPS 2013	-	-	3,000	3,000	-	-
ESOP 2013	-	-	-	-	-	-
ESOP 2016	-	-	10,000	10,000	-	-
ESOP 2017	10,000	-	10,000	10,000	-	-
ESOP 2018	3,50,000	-	-	-	-	-
ESOP 2019	3,50,000	-	-	-	-	-
Total	**7,10,000**	**-**	**23,000**	**23,000**	**-**	**-**

*** Mr. Manish Parekh was appointed as KMP w.e.f. June 01, 2019.**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

35 Employee benefit expenses

A. Defined contribution plans

1) Superannuation Fund

The Company makes contribution towards superannuation fund, a defined contribution retirement plan for qualifying employees. The Superannuation fund is administered by superannuation fund set up as Trust by Tata Capital Limited ("the ultimate parent Company"). The Company is liable to pay to the superannuation fund to the extent of the amount contributed. The Company recognizes such contribution as an expense in the year of contribution. The Company has recognised ₹ 14.2 Lakhs (Year ended 31 March 2020 ₹ 14.2 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss.

2) Provident Fund

The Company makes Provident Fund contributions, a defined contribution plan for qualifying employees. Under the Schemes, both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions as specified under the law are paid to provident fund administered by the Regional Provident Fund Commisisoner.

The Provident Fund contributions are recognized as an expense in the year in which it is determined. The Company has recognised ₹ 71.0 Lakhs (Year ended 31 March 2020 ₹ 70.7 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss.

B. Defined benefit plan

1) Gratuity

The Company offers its employees defined benefit plans in the form of a gratuity scheme (a lump-sum amount). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at year-end. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are recorded in the Other Comprehensive Income. 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/Disability
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 Income Tax Rules, 1962. 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. Each year asset-liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and Contribution policies are integrated within this study.

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.

4. Investment risk : For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

5. Legislative risk : Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

35 Employee benefit expenses

Movement in net defined benefit (asset) liability

a) Reconciliation of balances of Defined Benefit Obligations.

Particulars	Year ended March 31, 2021 Total Funded	Year ended March 31, 2021 Total Unfunded	Year ended March 31, 2020 Total Funded	Year ended March 31, 2020 Total Unfunded
Defined Obligations at the beginning of the year	244.78	-	188.35	
Current service cost	38.01	-	30.14	-
Interest cost	15.25	-	12.81	-
Amalgamations / Acquisitions	0.33	-	4.17	-
a. Due to change in financial assumptions	(2.20)	-	16.34	-
b. Due to change in experience adjustments	-	-	13.91	-
c. Due to experience adjustments	(16.76)	-	-	-
Benefits paid directly by the Company	(5.29)	-	(20.95)	-
Defined Obligations at the end of the year	**274.11**	**-**	**244.78**	**-**

b) Reconciliation of balances of Fair Value of Plan Assets

Particulars	Year ended March 31, 2021 Total Funded	Year ended March 31, 2021 Total Unfunded	Year ended March 31, 2020 Total Funded	Year ended March 31, 2020 Total Unfunded
Fair Value at the beginning of the year	**217.78**	-	161.55	-
Expected return on plan assets	25.21	-	2.11	-
Employer contributions	27.00	-	36.99	-
Amalgamations / Acquisitions	0.33	-	4.17	-
Interest Income on Plan Assets	14.57	-	12.96	-
Fair Value of Plan Assets at the end of the year	**284.89**	**-**	**217.78**	**-**

c) Funded status

Particulars	Year ended March 31, 2021 Total Funded	Year ended March 31, 2021 Total Unfunded	Year ended March 31, 2020 Total Funded	Year ended March 31, 2020 Total Unfunded
Deficit of plan assets over obligations				
Surplus of plan assets over obligations	**10.78**	-	**(27.00)**	-
Unrecognised asset due to asset ceiling				
Total	**10.78**	**-**	**(27.00)**	**-**

d) Categories of plan assets

Particulars	Year ended March 31, 2021 Total Funded	Year ended March 31, 2021 Total Unfunded	Year ended March 31, 2020 Total Funded	Year ended March 31, 2020 Total Unfunded
Corporate bonds	56.69	-	46.74	-
Equity shares	17.72	-	12.54	-
Government securities	68.40	-	50.22	-
Insurer managed funds	135.29	-	108.06	-
Cash	6.78	-	0.22	-
Total	**284.89**	**-**	**217.78**	**-**

e) Amount recognised in Balance sheet

Particulars	Year ended March 31, 2021 Total Funded	Year ended March 31, 2021 Total Unfunded	Year ended March 31, 2020 Total Funded	Year ended March 31, 2020 Total Unfunded
Present value of the defined benefit obligation	274.11	-	244.78	-
Fair value of plan assets	284.89	-	217.78	-
Net asset / (liability) recognised in the Balance Sheet	**10.78**	**-**	**(27.00)**	**-**

Net asset / (liability) as per financial statements	**-**	**-**

f) Amount recognised in Statement of Profit and Loss

Particulars	Year ended March 31, 2021 Total Funded	Year ended March 31, 2021 Total Unfunded	Year ended March 31, 2020 Total Funded	Year ended March 31, 2020 Total Unfunded
Current Service Cost	38.01	-	30.14	-
Interest Cost (net)	0.68	-	(0.16)	-
Others (please specify)	-	-	-	-
Expenses for the year	**38.69**	**-**	**29.98**	**-**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

35 Employee benefit expenses

g) Amount recognised in OCI

Particulars	Year ended March 31, 2021 Total Funded	Year ended March 31, 2021 Total Unfunded	Year ended March 31, 2020 Total Funded	Year ended March 31, 2020 Total Unfunded
a. Due to change in financial assumptions	**(2.20)**	-	**16.34**	-
b. Due to change in experience adjustments	-	-	**13.91**	-
c. Due to experience adjustments	**(16.76)**	-	-	-
d. (Return) on plan assets (excl. interest income)	(25.21)	-	(2.11)	-
e. Change in Asset Ceiling	-	-	-	-
Total remeasurements in OCI	**(44.18)**	**-**	**28.14**	**-**
Total defined benefit cost recognized in P&L and OCI	**(5.49)**	**-**	**58.12**	**-**

Total defined benefit cost as per financial statements

h) Expected cash flows for the following year

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Expected total benefit payments	437	362
Year 1	24	28
Year 2	24	20
Year 3	28	24
Year 4	32	27
Year 5	38	32
Next 5 years	293	231

i) Major Actuarial Assumptions

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount Rate (%)	6.40%	6.30%
Salary Escalation/ Inflation (%)	Non CRE: 8.25% ,CRE & J Grade:6 %	Non CRE: 8.25%, CRE & J Grade:6%
Expected Return on Plan assets (%)	6.40%	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 amount of contribution in the immediate next year	24	28

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.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

35 Employee benefit expenses *(Continued)*

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, 2021		March 31, 2020	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(20.49)	23.39	(18.04)	20.64
Future salary growth (1% movement)	22.79	(20.37)	20.08	(17.92)
Others (Withdrawal rate 5% movement)	(19.91)	29.96	(19.12)	28.79

j) Provision for leave encashment

	March 31, 2021		March 31, 2020	
	Non current	Current	Non current	Current
Liability for compensated absences	67.13	12.12	66.60	12.91

Experience adjustments	Defined benefit obligation	Plan assets	Surplus/ (deficit)	Experience adjustments on plan liabilities	Experience adjustments on plan assets
Funded					
2020-21	274.11	284.89	10.78	16.76	25.21
2019-20	244.78	217.78	-27.00	-13.91	2.11
Unfunded					
2020-21	-	-	-	-	-
2019-20	-	-	-	-	-

k) Long Term Service Awards

Long Term Service awards are employee benefits in recognition for their loyalty and continuity of service for five years and above, the same is actuarially valued (Unfunded). The Long Term Service awards expense for financial year 2020-21 is Nil (Previous year 2019-20 in Nil) and the provision as at March 31, 2021 is Rs. 3 lakh (Previous year March 31, 2020 Rs.3 lakh).

36 Segment Reporting

The Company is engaged in the business of providing finance and advisory services to the infrastructure sector. There being only one material "business segment" and "geographical segment", the segment information is not provided.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

37. Ind AS 116 - Leases:

As a lessee the Company classified property leases as operating leases under Ind AS 116. These include office premises taken on lease. The leases typically run for a period of one to five years. Leases include conditions such as non-cancellable period, notice period before terminating the lease or escalation of rent upon completion of part tenure of the lease in line with inflation in prices.

Information about leases for which the Company is a lessee is presented below.

(I) Right-of-use assets

Particulars	March 31, 2021	March 31, 2020
Balance at the beginning of the year	159	225
Additions during the year	-	-
Deletion during the year	-	(4)
Depreciation charge for the year	(63)	(62)
Balance at the end of the year	96	159

(II) Movement of Lease liabilities

Particulars	March 31, 2021	March 31, 2020
Balance at the beginning of the year	129	165
Additions during the year	-	-
Deletion during the year	-	-
Finance cost for the year	9	12
Payment of lease liabilities for the year	(54)	(48)
Balance at the end of the year	84	129

(III) Future minimum lease payments under non-cancellable operating leases were payable as follows:

Particulars	March 31, 2021	March 31, 2020
Less than one month	5	4
Between one and three months	15	12
Between three months and one year	40	38
Between one and five years	30	89
More than five years	-	-

(III) Amounts recognized in the Statement of Profit and Loss

Particulars	March 31, 2021	March 31, 2020
Interest on lease liabilities	9	12
Depreciation on Right-of-use assets	63	62

(IV) Amounts recognised in statement of cash flows

Particulars	March 31, 2021	March 31, 2020
Total cash outflow for leases	54	48

1. Company has considered entire lease term for the purpose of determination of Right of Use assets and Lease liabilities.

2. On 24 July 2020, the Ministry of Corporate Affairs (‘MCA’) issued a notification for the Companies (Indian Accounting Standards) Amendment Rules, 2020 (‘Rules’), amendments related to IndAS 116 provide relief for lessees in accounting for rent concessions granted as a direct consequence of Covid-19.
The amendments introduce an optional practical expedient that exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications.
Pursuant to amendment, the Company has elected to apply for practical expedient and not to account for COVID-19 related rent concession as lease modification.

(Rs. in lakh)

38 Fair values of financial instruments

See accounting policy in Note 2(iii).

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.

The Company uses widely recognised valuation models to determine the fair value of financial instruments, such as interest rate swap and forward rate agreement, which only needs observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed equity securities and derivatives such as interest rate swaps. 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.

For more complex instruments, the Company uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and may be derived from market prices or rates or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, determination of expected volatilities and correlations and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Company believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counterparty where appropriate. Model inputs and values are calibrated against historical data, where possible, against current or recent observed transactions in different instruments. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management uses judgement to select the most appropriate point in the range.

Discounting of the cash flows of financial asset/ financial liability for computing the fair value of such instrument: the future contractual cash flows of instrument over the remaining contractual life of the instrument are discounted using comparable rate of lending/borrowing as applicable to financial asset/ financial liability in the month of reporting for a similar class of instruments.

Derivatives held for risk management :
The Company enters into structured derivatives to mitigate the currency exchange risk. Some of these instruments are valued using models with significant unobservable inputs, principally expected long-term volatilities and expected correlations between different underlyings

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

38 Fair values of financial instruments *(Continued)*

See accounting policy in Note 2(iii).

B. Valuation framework

The Company has a 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) a review and approval process for new models and changes to models
3) 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.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

38. Financial Instruments

C 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(iii) to the financial statements.

Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2021 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	-	-	23,432	23,432
Derivative financial instruments	-	1,122	-	1,122
Trade receivables	-	-	14	14
Loans	-	80,865	5,35,134	6,15,999
Investments	80	-	5,440	5,520
Other financial assets	-	-	289	289
Total	80	81,987	5,64,309	6,46,376
Financial Liabilities:				
Derivative financial instruments	-	1,937	-	1,937
Trade and other payables	-	-	807	807
Debt Securities	-	-	1,54,972	1,54,972
Borrowings (Other than debt securities)	-	-	3,22,228	3,22,228
Subordinated liabilities	-	-	53,036	53,036
Lease liabilities	-	-	84	84
Other financial liabilities	-	-	601	601
Total	-	1,937	5,31,728	5,33,665

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	-	-	89,455	89,455
Derivative financial instruments	-	2,166	-	2,166
Trade receivables	-	-	12	12
Loans	-	63,462	4,62,229	5,25,691
Investments	77	-	-	77
Other financial assets	-	-	281	281
Total	77	65,628	5,51,977	6,17,682
Financial Liabilities:				
Trade and other payables	-	-	818	818
Debt Securities	-	-	1,40,306	1,40,306
Borrowings (Other than debt securities)	-	-	3,43,961	3,43,961
Subordinated liabilities	-	-	37,177	37,177
Lease liabilities	-	-	129	129
Other financial liabilities	-	-	622	622
Total	-	-	5,23,013	5,23,013

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

38. Financial Instruments *(Continued)*

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade and other payables as on March 31, 2021 and March 31, 2020 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financials assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

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

As at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial Assets:				
Investments	-	80	-	80
Loans	-	-	80,865	80,865
Derivative financial instruments	-	1,122	-	1,122
Total	-	1,202	80,865	82,067
Financial Liabilities:				
Derivative financial instruments	-	1,937	-	1,937
Total	-	1,937	-	1,937

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial Assets:				
Investments	-	77	-	77
Loans	-	-	63,462	63,462
Derivative financial instruments	-	2,166	-	2,166
Total	-	2,243	63,462	65,705

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

38. Financial Instruments *(Continued)*

The following table summarises disclosure of fair value of financial assets and liabilities measured at amortised cost:

Measured at Level 3	As at March 31, 2021		As at March 31, 2020	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial Assets at amortised cost:				
Loans	5,35,134	5,52,376	4,62,229	4,65,602
Investments	5,440	5,446	-	-
Total	**5,35,134**	**5,52,376**	**4,62,229**	**4,65,602**
Financial Liabilities at amortised cost:				
Borrowings (includes debt securities and subordinated liabilities)	5,30,236	5,38,295	5,21,444	5,21,205
Total	**5,30,236**	**5,38,295**	**5,21,444**	**5,21,205**

The Company has not disclosed fair values for cash and cash equivalents, other balances with bank, trade and other receivables, other financial assets, trade and other payables, and other financial liabilities because their carrying amounts are a reasonable approximation of fair value.

Fair value of the Financial instruments measured at amortised cost

The fair value of loans given is based on observable market transactions, to the extent available. Wherever the observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes interest rates, prepayment rates, primary origination or secondary market spreads. Input into the models may include information obtained from other market participants, which includes observed primary and secondary transactions.

The fair value of borrowings is estimated using discounted cash flow techniques, applying the rates that are offered for borrowings of similar maturities and terms.

In the absence of any significant movement in interest rates on account of COVID-19, there are no significant impact estimated on account of the change in the fair values of the financial instruments

COVID-19 disclosure under Significant accounting policies

Use of estimates and judgement:
The Company has estimated the possible effects that may arise from the COVID-19 pandemic, on the carrying amount of its assets. For details, please refer disclosure on expected credit losses (ECL) and disclosure on fair valuation. The extent to which COVID-19 pandemic will impact current estimates is uncertain at this point in time. The impact of COVID-19 on the Company's financial position may differ from that estimated as on the date of approval of these financial statements.

D The following table summarises valuation techniques used to determine fair value, fair value measurements using significant unobservable inputs (level 3) and valuation inputs and relationship to fair value

Financial instruments	Fair value as at As at March 31, 2021	As at March 31, 2020	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Loans - FVTOCI	80,865	63,462	Level 3	Discounted contractual cash flows.	Discounting rate of 9.87% (previous year : 10.91%) and future cash flows.	Higher the discounting rate lower the fair value of loans
Financial instruments at FVTOCI	**83,108**	**63,522**				

NA: Not applicable

There were no transfers between Level 1 and Level 2 and Level 3 of the fair value hierarchy in the year.

(Rs. in lakh)

38 Fair values of financial instruments

See accounting policy in Note 2(iii).

E Level 3 fair value measurements

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

i

(Rs. in lakh)	Fair Value through Other Comprehensive Income - Loans
As at April 01, 2020	63,462
Total gains or (losses):	
in profit or loss	-
in OCI	395
Purchases	27,285
Settlements	(10,277)
Transfers into Level 3	-
Transfers out of Level 3	-
As at March 31, 2021	**80,865**

Total gains or losses for the year in the above table are presented in the statement of profit or loss and OCI as follows.

ii

(Rs. in lakh) For the year ended March 31, 2021	Fair Value through Other Comprehensive Income - Loans
Total gains or (losses):	
recognised in profit or loss:	-
Fair value changes :	
-Realised	-
-Unrealised	-
Total gains or (losses):	
recognised in FVTOCI:	395
Total Net gain/(loss) on fair value changes	395
Dividend Income	-
Interest Income	-
Total	**395**

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

iii

(Rs. in lakh)	Fair Value through Other Comprehensive Income - Loans
As at April 01, 2019	60,930
Total gains or (losses):	
in profit or loss	-
in OCI	125
Purchases	21,784
Settlements	(19,377)
Transfers into Level 3	-
Transfers out of Level 3	-
As at March 31, 2020	**63,462**

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

Total gains or losses for the year in the above table are presented in the statement of profit or loss and OCI as follows.

iv

(Rs. in lakh) For the year ended March 31, 2020	**Fair Value through Other Comprehensive Income - Loans**
Total gains or (losses):	
recognised in profit or loss:	-
Fair value changes :	
-Realised	-
-Unrealised	-
Total gains or (losses):	
recognised in FVTOCI:	125
Total Net gain/(loss) on fair value changes	125
Dividend Income	-
Interest Income	-
Total	**125**

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

Sensitivity disclosure for level 3 fair value measurements:

Particulars	Unobervable input as at	Sensitivity	Impact of change in rates on Total Comprehensive Income			
			As at March 31, 2021 Favourable	As at March 31, 2021 Unfavourable	As at March 31, 2020 Favourable	As at March 31, 2020 Unfavourable
Loans	Discounting rate	1%	821	(805)	641	(629)
Total			**821**	**(805)**	**641**	**(629)**

(Rs. in lakh)

39 Financial risk review

This note presents information about the Company's exposure to financial risks and its management of capital.

For information on the financial risk management framework, see Note 40

A. Credit risk
   i. Credit quality analysis
   ii. Collateral held and other credit enhancements
   iii. Amounts arising from ECL
   iv. Concentration of credit risk

B. Liquidity risk
   i. Exposure to liquidity risk
   ii. Maturity analysis for financial liabilities and financial assets
   iii. Financial assets available to support future funding
   iv. Financial assets pledged as collateral

C. Market risk
   i. Exposure to interest rate risk – Non-trading portfolios
   ii. Exposure to currency risks – Non-trading portfolios

D. Disclosure pursuant to Ind AS 7 “Statement of Cash Flows”

E. Capital management
   i. Regulatory capital

A. Credit risk

For the definition of credit risk and information on how credit risk is mitigated by the Company, see Note 40

i. Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. The amounts in the table represent gross carrying amounts for financial assets. For loan commitments, the amounts in the table represent the amounts committed.

Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 2(x).

Tata Cleantech Capital Limited

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

39. Financial risk review *(Continued)*

A. Credit risk

i.) Credit quality analysis *(Continued)*

1) Internal ratings based method implemented by the Company for credit quality analysis of Loans

The table below shows the credit quality and the maximum exposure to credit risk based on the internal credit rating system and year-end stage classification of Loans. The amounts presented are gross of impairment allowances. Details of the division's internal grading system are explained in Note below and policies on ECL allowances are set out in Note 39 A (iii).

a)

Outstanding Gross Loans	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Grade 1	3,10,718	-	-	3,10,718	2,15,404	-	-	2,15,404
Grade 2	2,89,884	-	-	2,89,884	2,94,743	7,071	-	3,01,814
Grade 3	-	21,470	-	21,470	-	12,947	-	12,947
Grade 4	-	-	6,030	6,030	-	-	6,030	6,030
Total	6,00,602	21,470	6,030	6,28,102	5,10,147	20,018	6,030	5,36,195

Note : Gross Carrying amount does not include Loan commitments Rs. 97,634 lakh (As on March 31, 2020: Rs. 146,525 lakh)

b)

Impairment allowance on Loans	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Grade 1	952	-	-	952	814	-	-	814
Grade 2	3,113	-	-	3,113	2,647	560	-	3,207
Grade 3	-	2,415	-	2,415	-	1,567	-	1,567
Grade 4	-	-	2,193	2,193	-	-	1,393	1,393
Total	4,065	2,415	2,193	8,673	3,461	2,127	1,393	6,981

Note : Include impairment allowance on Loan commitments Rs. 131 lakh (As on March 31, 2020: Rs. 124 lakh)

c)

Internal rating grades	Ratings as per internal rating method	Definition
Grade 1	AAA to A	highest level of security is available. Account has satisfactory performance
Grade 2	BBB | BBB- | BBB+	adequate level of security. Account has satisfactory performance
Grade 3	BB | BB+ | BB-	Account has shown significant deterioration in performance
Grade 4	D	Account has defaulted

Note: The Company has a internal rating model mapped to external Crisil rating grades.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

39. Financial risk review *(Continued)*

2) Days past due based method implemented by Company for credit quality analysis of Loans

The table below shows the credit quality and the maximum exposure to credit risk based on the days past due and year-end stage classification of Loans. The amounts presented are gross of impairment allowances.

a)

Outstanding Gross Loans	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Days past due								
Zero overdue	6,00,602	12,696	-	6,13,299	5,10,147	4,506	-	5,14,653
1-29 days	-	-	-	-	-	-	-	-
30-59 days	-	8,773	-	8,773	-	7,070	-	7,070
60-89 days	-	-	-	-	-	8,442	-	8,442
90 or more days	-	-	6,030	6,030	-	-	6,030	6,030
Total	6,00,602	21,470	6,030	6,28,102	5,10,147	20,018	6,030	5,36,195

Note : Gross Carrying amount does not include Loan commitments Rs. 97,634 lakh (As on March 31, 2020: Rs. 146,525 lakh)

b)

Impairment allowance on Loans	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Days past due								
Zero overdue	4,065	967	-	5,032	3,461	326	-	3,787
1-29 days	-	-	-	-	-	-	-	-
30-59 days	-	1,448	-	1,448	-	560	-	560
60-89 days	-	-	-	-	-	1,241	-	1,241
90 or more days	-	-	2,193	2,193	-	-	1,393	1,393
Total	4,065	2,415	2,193	8,673	3,461	2,127	1,393	6,981

Note : Include impairment allowance on Loan commitments Rs. 131 lakh (As on March 31, 2020: Rs. 124 lakh)

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

39. Financial risk review *(Continued)*

A. Credit risk

i) Credit quality analysis *(Continued)*

As at March 31, 2021		**Asset group**	**Days past due**	**Estimated gross carrying amount at default**	**Expected credit loss rates**	**Expected credit losses**	**Carrying amount net of impairment provision**
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans, Credit Substitutes	0	6,00,602	0.68%	4,065	5,96,537
			1-29	0	0.00%	-	0
			Total	6,00,602	0.68%	4,065	5,96,537
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired	Loans, Credit Substitutes	0	12,696	7.62%	967	11,729
			30-59	8,773	16.51%	1,448	7,325
			60-89	0	0.00%	0	0
			Total	21,470	11.25%	2,415	19,054
	Financial assets for which credit risk has increased significantly and credit-impaired	Loans, Credit Substitutes	90 days and above	6,030	36.37%	2,193	3,837
			Total	**6,28,102**	**1.38%**	**8,673**	**6,19,429**

As at March 31, 2020		**Asset group**	**Days past due**	**Estimated gross carrying amount at default**	**Expected credit loss rates**	**Expected credit losses**	**Carrying amount net of impairment provision**
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans, Credit Substitutes	0	5,10,147	0.68%	3,461	5,06,686
			1-29	0	0.30%	0	0
			Total	5,10,147	0.68%	3,461	5,06,686
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired	Loans, Credit Substitutes	0	4,506	7.23%	326	4,180
			30-59	7,070	7.92%	560	6,510
			60-89	8,442	14.70%	1,241	7,201
			Total	20,018	10.63%	2,127	17,891
	Financial assets for which credit risk has increased significantly and credit-impaired	Loans, Credit Substitutes	90 days and above	6,030	23.10%	1,393	4,637
			Total	**5,36,195**	**1.30%**	**6,981**	**5,29,214**

Note : Gross Carrying amount does not include Loan commitments Rs. 97,634 lakh (As on March 31, 2020: Rs. 146,525 lakh)
Note : Include impairment allowance on Loan commitments Rs. 131 lakh (As on March 31, 2020: Rs. 124 lakh)

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

39. Financial risk review (Continued)

A. Credit risk

4 Disclosure of Net Carrying Value of Loans carried at amortised cost & FVTOCI

PARTICULARS	As at March 31, 2021	As at March 31, 2020
LOANS		
- Amortised Cost	5,47,237	4,72,733
- At Fair Value through Other Comprehensive Income	80,865	63,462
Total - Gross Loans	**6,28,102**	**5,36,195**
Less: Un-Amortized Processing Fees	3,561	3,647
Total - Carrying Value of Loans	**6,24,541**	**5,32,548**
Less : Impairment Allowance	8,673	6,981
Total - Net Loans	**6,15,868**	**5,25,567**

5 Trade Receivables

PARTICULARS	As at March 31, 2021			As at March 31, 2020		
Category of Trade receivables	**Gross**	**Impairment allowance**	**Net**	**Gross**	**Impairment allowance**	**Net**
Stage 1: Considered good	14	-	14	12	-	12
Stage 2: Significant increase in credit risk	1	-	1	4	-	4
Stage 3: Credit impaired	-	1	(1)	-	4	(4)
Net Carrying value of trade receivables	**15**	**1**	**14**	**16**	**4**	**12**

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

39. Financial risk review *(Continued)*

A. Credit risk

i. Credit quality analysis (Continued)

Derivative Financial Instruments

The Company enters into derivatives contract for risk management purposes and has elected to apply hedge accounting requirements. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

Derivatives held for Risk management purposes	As at March 31, 2021			As at March 31, 2020		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Foreign Exchange Forward contracts	21,507	-	30	7,721	221	-
Cross currency interest rate swap	29,292	1,122	-	29,897	1,944	-
Interest rate Cap	20,981		1,907			
Total	71,780	1,122	1,937	37,618	2,166	-

Derivatives held for risk management purposes, not designated as hedging instruments:

The Company is exposed to foreign currency risk related to external commercial borrowings and the primary risk of change in the floating interest rate and payment in foreign currency towards principal and interest at future date is managed by entering into a cross currency interest rate swap and foreign exchange forward rate purchase agreement respectively.
The Corporation's risk management strategy and how it is applied to manage risk is explained in Note 40

The Cross Currency Interest rate swap and foreign exchange forward currency agreements are entered to fully hedge the risk on account of change in interest rate and foreign exchange fluctuations on account of the external commercial borrowings.

ii. Collateral and other credit enhancements

The Company holds collateral and other credit enhancements against certain of its credit exposures.
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.
The main types of collateral obtained are as follows:
The term loans are secured by charge on assets and cash flows of the underlying solar and road projects
The table represents categories of collaterals available against the loan exposures:

Particular	Category of collateral available
Financial assets	
Loans	Charge on assets and cash flows of the underlying solar and road projects
Bills purchased and bills discounted	
Term loans	
Credit substitutes	

(Rs. in lakh)

39. Financial risk review *(Continued)*

A. Credit risk

iii Amounts arising from ECL

Impairment allowance on financial asset is covered in note 2 (x)
Inputs, assumptions and estimation techniques used for estimating ECL

1) Inputs:

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, expert credit assessment and including forward looking information.

The Company allocates each exposure to a credit risk grade based on days past due (DPD), which is a quantitative factor that indicates the risk of default. The determination of the probability of default is based on internal ratings mapped against the external ratings in absence of actual history of default. Additional qualitative factors are applied such as fraudulent customer and reschedulement of loans. Further, accounts identified as high risk by the Risk team qualifies for classification as stage 2 since there is increase in credit risk.

The objective of the ECL assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime probability of default (PD) as at the reporting date; with the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure and adjusted for changes on account of prepayments.

In assessing the impairment of loan assets under Expected Credit Loss (ECL) Model, the loans have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial instrument.

Refer note 2(x) in Significant accounting policies for definition of Stages of Asset

2) Assumptions:

The Company has applied following assumptions for determination of ECL.

a) Loss given default (LGD) is an estimate of loss from a transaction given that a default occurs.

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

c) Exposure at default (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company including loan commitments.

d) Definition of default: A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due. Further if the customer has requested forbearance in repayment terms, such restructured, rescheduled or renegotiated accounts are also classified as Stage 3. Non-payment on another obligation of the same customer is also considered as a stage 3.

e) Forward looking information
The Company incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables such as real GDP, domestic credit growth, money market interest rate etc. as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes. The base case represents a most likely outcome in a normal distribution curve while the other scenarios represent more optimistic and more pessimistic outcomes. More weight is applied to pessimistic outcome consistently as a matter of prudence than optimistic outcome.

f) Assessment of significant increase in credit risk
The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Additional qualitative factors are applied such as fraudulent customer and reschedulement of loans. Further, accounts identified as high risk by the Risk team qualifies for classification as stage 2 since there is increase in credit risk. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

(Rs. in lakh)

39. Financial risk review *(Continued)*

A. Credit risk

iii Amounts arising from ECL

3) Estimation techniques:

The Company has applied the following estimation technique for ECL model:

a) The Company has used historic default rates for calculating the 12-month PD and Lifetime PDs

b) Loss given default is calculated after considering outstanding at the time of default and adjusting for actual recoveries basis time value of money, absent availability of internal data we have used information to the extent available from Basel norms.

i) Credit risk monitoring techniques

Exposures are subject to ongoing monitoring, which may indicate that a significant increase in credit risk has occurred on an exposure. The monitoring typically involves use of the following data for Corporate:

ii) Overdue status

iii) Restructuring, reschedulement of loans and requests for granting of forbearance

iv) Fraudulent customer

v) Marked as high risk by the Risk Management Committee

vi) Techniques for determining PD

vii) Information published in the Basel IRB (Basel internal rating based approach refers to set of credit measurement techniques proposed by the Basel committee on Bank Supervision (BCBS) for capital adequacy purpose) norms is also used.

Based on advice from the external risk management experts, the Company considered variety of external actual and forecast information to formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. Such forecasts are adjusted to estimate the PDs.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data.

A maximum of a 12-month PD or actual contractual tenure is considered for financial assets for which credit risk has not significantly increased. The Company measures ECL for stage 2 and stage 3 assets considering the risk of default over the maximum contractual period over which it is exposed to credit risk.

The portfolio is subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Company has limited historical data, external benchmark information is used to supplement the internally available data.

viii) Techniques for determining LGD:

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates against defaulted counterparties. The LGD models consider the cash flow received, assets received in lieu of settlement of loan and collateral available for subsequent recovery that is integral to the financial asset. LGD estimates are calculated on a discounted cash flow basis using the internal rate of return as the discounting factor. Absent observed history of default, LGD applied is based on Basel IRB norms.

ix) Techniques for computation of EAD

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on credit conversion factor prescribed by RBI for various loan commitments. For financial assets in stage 2, EAD is determined by estimating the possible exposure in future using linear amortisation techniques.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Company if the holder of the commitment draws down the loan and the cash flows that the Company expects to receive if the loan is drawn down. Outstanding exposure for utilised limit as well as un-utilised limit post applying the credit conversion factor as prescribed under RBI guidelines, absent availability of information of past history of conversion of un-utilised limits into utilised limits is considered as exposure at default for non-fund based facilities.

(Rs. in lakh)

39. Financial risk review *(Continued)*

A. Credit risk

iii Amounts arising from ECL

4) Impact of COVID 19 on ECL impairment allowance

The current COVID -19 impact on economic growth of the country is difficult to predict and the extent of impact will mainly depend on the future developments in containment of COVID-19 and responses of businesses. Existing ECL model of the Company was primarily based on historical experiences of the economic conditions, customer behaviour and related factors. Hence, the increased uncertainty about potential future economic scenarios and their impact on credit losses has necessitated to consider additional scenarios while measuring ECLs.

TCCL portfolio largely consists of project finance loans to renewable energy generation and other infrastructure sectors, which are primarily backed by project cash flows. Additional risks in the portfolio may arise on account of various factors, such as, lower power offtake from consumers (Power Utility Companies, industrial/commercial/institutional entities) on account of slowdown in economy, payment delay from offtakers, delay in completion of under construction project on account of restrictions in resource mobilisation at project site.

To assess additional potential risk in the portfolio on account of COVID19, portfolio segmentation was carried out on the basis of overall risk profile of the borrowing accounts. Various factors were used for arriving at this segmentation. For operational projects, segmentation was done on the basis of strength of the promoter /sponsor, credit profile of payment counterparty, performance of the project and availability of liquidity support in the project.

Similarly, for under construction project, portfolio was assessed on the basis of construction progress of the project vs scheduled progress, visibility of funds to complete the project, strength of the promoter, support available to Special Purpose Vehicle (borrowing entity) from promoter in the form of sponsor undertaking/guarantee.

To estimate the potential impact of COVID19, certain scenarios were built on the basis of likely duration of the COVI19 and the possible impact on the company's portfolio credit profile. Based on the portfolio segmentation, forward flow into Stage 2 and Stage 3 were estimated for each of the scenarios. ECL rates of each product has been applied to the forward flows as estimated, to arrive at estimated provision for each scenario. Further, by assigning weightages to various scenario, an overall impact assessment was carried out. Accordingly, a credit provision of Rs. 3,500 lakh as on March 31, 2021 (Previous Year Rs. 2,500 lakh) was carried to capture any potential downward movement in the credit profile of the Company on account of COVID19.

(Rs. in lakh)

39. Financial risk review *(Continued)*

A. Credit risk

iii Amounts arising from ECL

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

a)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	5,10,147	20,018	6,030.00	5,36,195	4,90,368	612	-	4,90,980
New assets originated or purchased (including charges levied on existing exposure)	2,34,519	-	-	2,34,519	1,79,009	-	-	1,79,009
Assets derecognised or repaid (excluding write offs)	(1,41,735)	(877)	-	(1,42,612)	(1,33,649)	(145)	-	(1,33,794)
Transfers to Stage 1	7,001	(7,001)	-	-	-	-	-	-
Transfers to Stage 2	(9,330)	9,330	-	-	(19,551)	19,551	-	-
Transfers to Stage 3	-	-	-	-	(6,030)	-	6,030	-
Amounts written off	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**6,00,602**	**21,470**	**6,030.00**	**6,28,102**	**5,10,147**	**20,018**	**6,030.00**	**5,36,195**

b)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	3,461	2,127	1,393	6,981	2,125	31	-	2,156
Remeasurement due to changes in EAD/estimates	4,001	-	800	4,801	6,064	-	-	6,064
Assets derecognised or repaid (excluding write offs)	(2,278)	(831)	-	(3,109)	(1,224)	(15)	-	(1,239)
Transfers to Stage 1	387	(387)	-	-	-	-	-	-
Transfers to Stage 2	(1,506)	1,506	-	-	(2,111)	2,111	-	-
Transfers to Stage 3	-		-	-	(1,393)	-	1,393	-
Amounts written off	-	-	-	-	-	-	-	-
ECL allowance - closing balance	**4,065**	**2,415**	**2,193**	**8,673**	**3,461**	**2,127**	**1,393**	**6,981**

Note : Include impairment allowance on Loan commitments Rs. 131 lakh (As on March 31, 2020: Rs. 124 lakh)

(Rs. in lakh)

39. Financial risk review *(Continued)*

A. Credit risk

iv) Concentration of Credit Risk

The table below shows the credit quality based on credit concentration and the maximum exposure to credit risk based on the days past due and year-end stage classification of Loans. The amounts presented are gross of impairment allowances.

a)

Outstanding Gross Loans	**As at March 31, 2021**				**As at March 31, 2020**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Term Loans	5,76,390	21,470	6,030	6,03,890	5,02,631	20,018	6,030	5,28,679
Credit Substitutes	24,202	-	-	24,202	7,516	-	-	7,516
Bills Purchased and Bills discounted	-	-	-	-	-	-	-	-
Loan to TCL Employee Welfare Trust	10	-	-	10	-	-	-	-
Total	6,00,602	21,470	6,030	6,28,102	5,10,147	20,018	6,030	5,36,195

Note : Gross Carrying amount does not include Loan commitments Rs. 97,634 lakh (As on March 31, 2020: Rs. 146,525 lakh)

b)

Impairment allowance on Loans	**As at March 31, 2021**				**As at March 31, 2020**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Term Loans	4,035	2,415	2,193	8,643	3,431	2,127	1,393	6,951
Credit Substitutes	30	-	-	30	30	-	-	30
Bills Purchased and Bills discounted	-	-	-	-		-	-	-
Total	4,065	2,415	2,193	8,673	3,461	2,127	1,393	6,981

Note : Include impairment allowance on Loan commitments Rs. 131 lakh (As on March 31, 2020: Rs. 124 lakh)

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

39. Financial risk review *(Continued)*

B. Liquidity risk

For the definition of liquidity risk and information on how liquidity risk is managed by the Company, see Note 40.

i. **Exposure to liquidity risk**

The Company has set tolerance limits in the light of the Company's business objectives, strategic direction and overall risk appetite. The tolerance limits reflects balance between profitability and managing liquidity risk and considers Company's current financial condition and funding capacity. The Company maintains liquidity buffer of unencumbered highly liquid assets (if required) to insure against liquidity stress events.

ii. Maturity analysis for financial liabilities and financial assets

The following tables set out the remaining contractual maturities of the Company's financial liabilities and financial assets:

As at March 31, 2021	**Carrying amount**	**Gross nominal inflow / outflow**	**Less than 1 month**	**1–3 months**	**3 months –1 year**	**1–5 years**	**More than 5 years**	**upto 1 Year**	**more than 1 Year**
Financial liability by type									
Non-derivative liabilities									
Trade payables*	807	807	-	-	807	-	-	807	-
Debt securities	1,54,972	1,54,972	10,000	-	31,788	75,684	37,500	41,788	1,13,184
Borrowings (Other than debt securities)	3,22,228	3,22,228	6,875	46,708	73,007	1,75,956	19,681	1,26,590	1,95,638
Subordinated liabilities	53,036	53,036	-	-	3,036	-	50,000	3,036	50,000
Lease Liabilities	84	84	4	9	42	29	-	55	29
Other financial liabilities*	601	601	-	-	601	-	-	601	-
Derivative financial instruments	1,937	2,207	6	2	24	2,175	-	32	2,175
Total	**5,33,665**	**5,33,935**	**16,885**	**46,719**	**1,09,304**	**2,53,845**	**1,07,181**	**1,72,909**	**3,61,026**
Market Borrowings	2,18,021	2,18,021	10,000	-	44,837	75,684	87,500	54,837	1,63,184
Bank borrowings	3,12,215	3,12,215	6,875	46,708	62,994	1,75,956	19,681	1,16,577	1,95,638
Total Borrowings	**5,30,236**	**5,30,236**	**16,875**	**46,708**	**1,07,831**	**2,51,640**	**1,07,181**	**1,71,414**	**3,58,822**
Financial asset by type									
Non-derivative assets									
Cash and cash equivalents	23,432	23,432	23,432	-	-	-	-	23,432	-
Bank balances	-	-	-	-	-	-	-	-	-
Receivables*	14	14	-	-	14	-	-	14	-
Loans	6,15,999	6,15,999	9,855	24,812	1,11,300	2,25,217	2,44,814	1,45,967	4,70,032
Investments	5,520	5,520	5,520	-	-	-	-	5,520	-
Other Financial Assets*	289	289	-	-	-	289	-	-	289
Derivative financial instruments	1,122	1,119	(160)	(271)	(1,289)	2,839	-	(1,720)	2,839
Total	**6,46,376**	**6,46,373**	**38,647**	**24,541**	**1,10,025**	**2,28,346**	**2,44,814**	**1,73,213**	**4,73,160**

* Maturity pattern considered as per ALM reporting.

Tata Cleantech Capital Limited

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

39. 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 Company's financial liabilities and financial assets:

As at March 31, 2020	Carrying amount	Gross nominal inflow / outflow	Less than 1 month	1–3 months	3 months –1 year	1–5 years	More than 5 years	upto 1 Year	more than 1 Year
Financial liability by type									
Non-derivative liabilities									
Trade payables	818	818	-	-	818	-	-	818	-
Debt securities	1,40,306	1,40,306	20,000	9,500	41,731	49,184	19,891	71,231	69,075
Borrowings (Other than debt securities)	3,43,961	3,43,961	25,375	60,808	93,416	1,42,220	22,142	1,79,599	1,64,362
Subordinated liabilities	37,177	37,177	-	-	1,904	-	35,273	1,904	35,273
Lease Liabilities	129	129	-	-	129	-	-	129	-
Other financial liabilities	622	622	-	-	622	-	-	622	-
Total	**5,23,013**	**5,23,013**	**45,375**	**70,308**	**1,38,620**	**1,91,404**	**77,306**	**2,54,303**	**2,68,710**
Market Borrowings	2,64,813	2,64,813	20,000	12,100	96,383	59,024	77,306	1,28,483	1,36,330
Bank borrowings	2,56,631	2,56,631	25,375	58,208	40,667	1,32,380	-	1,24,251	1,32,380
Total Borrowings	**5,21,444**	**5,21,444**	**45,375**	**70,308**	**1,37,050**	**1,91,404**	**77,306**	**2,52,734**	**2,68,710**
Financial asset by type									
Non-derivative assets									
Cash and cash equivalents	89,455	89,455	89,455	-	-	-	-	89,455	-
Bank balances	-	-	-	-	-	-	-	-	-
Receivables	12	12	-	-	12	-	-	12	-
Loans	5,25,691	5,25,691	15,521	5,150	19,980	1,48,293	3,36,747	40,650	4,85,041
Investments	77	77	77	-	-	-	-	77	-
Other Financial Assets	281	281	-	-	-	281	-	-	281
Derivative financial instruments	2,166	2,166	-	-	221	1,945	-	221	1,945
Total	**6,17,682**	**6,17,682**	**1,05,053**	**5,150**	**20,213**	**1,50,519**	**3,36,747**	**1,30,415**	**4,87,267**

(Rs. in lakh)

39. Financial risk review *(Continued)*

B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

The amounts in the table above have been compiled as follows.

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. For unrecognised loan commitments, earliest possible period in which the loan commitments is expected to be disbursed.
Derivative financial liabilities and financial assets held for risk management purposes	The Derivative liability amount represents the Mark to market (MTM) gain.

The Company's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:
a) Unrecognised loan commitments are not all expected to be drawn down immediately; and
b) Term loans have an original contractual maturity of between 12 and 180 months but an average expected maturity of 36 months because customers take advantage of early repayment options.

The Company maintains agreed lines of credit with other banks to maintain the liquidity requirements.

As part of the management of liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents to meet liquidity requirements. In addition, the Company maintains agreed lines of credit with other banks to maintain the liquidity requirements.

The Company has a policy of recognizing cash flows from performing assets on the basis of their contracted maturities. However due to the advent of Covid 19 and measures announced by RBI, the Company has adopted a conservative approach for bucketing the inflows by suitably deferring the expected inflows on performing loans in the initial part of the fiscal year 2021.

The Company is in the business of giving loans for different categories of customers and the tenor of such loans vary across categories. Each of such categories exhibits varying degrees of prepayment which is factored in the inflows except for the year ended March 31, 2021 as stated in the above note.

The Company has set tolerance limits in the light of the Company's business objectives, strategic direction and overall risk appetite. The tolerance limits reflects balance between profitability and managing liquidity risk and considers Company's current financial condition and funding capacity. The Company maintains liquidity buffer of unencumbered highly liquid assets (if required) to insure against liquidity stress events.

iii. Financial assets pledge / not pledge

Details of assets pledged / not pledged as securities are as follows

	As at March 31, 2021			As at March 31, 2020		
ASSETS	**Pledged**	**Not Pledged**	**Total**	**Pledged**	**Not Pledged**	**Total**
Financial assets						
Cash and cash equivalents	-	23,432	23,432	-	89,455	89,455
Bank Balance other than (a) above	-	-	-	-	-	-
Derivatives financial instruments	-	1,122	1,122	-	2,166	2,166
Trade Receivables	-	14	14	-	12	12
Loans	6,15,999	-	6,15,999	5,25,691	-	5,25,691
Investments	-	5,520	5,520	-	77	77
Other financial assets	-	289	289	-	281	281
Non-financial Assets						
Current tax asset	-	1,544	1,544	-	1,775	1,775
Deferred tax Assets (Net)	-	2,419	2,419	-	2,218	2,218
Investment property	212	-	212	224	-	224
Property, Plant and Equipment	-	57	57	-	79	79
Other Intangible assets	-	10	10	-	-	-
Right to use assets	-	96	96	-	159	159
Other non-financial assets	-	75	75	-	59	59
Total Assets	**6,16,211**	**34,578**	**6,50,789**	**5,25,915**	**96,281**	**6,22,196**

39. Financial risk review (Continued)

B. **Liquidity risk**

iv) Impact of COVID 19 on Liquidity risk

The unprecedented situation created by COVID-19 outbreak necessitated a nationwide lockdown thereby having a potential to impact treasury operations and risks on liquidity.

In order to address this risk and to seamlessly carry out treasury activities, the Company immediately activated its Business Continuity Plan (BCP) and took following key actions amongst other administrative actions:

a) The company moved away from the pen and paper mode of payment to electronic mode for payments of its debt obligations in collaboration with its payment banks. It has honoured all its debt obligations on time.

b) Besides tracking and monitoring its collections and disbursals very closely on a daily basis, the company enhanced its liquidity on hands by drawing upon bank lines and accessing money markets.

c) The company raised medium to long term funding from the capital markets and financial institutions under the various schemes promulgated by the RBI.

d) During Q1 the company has accessed fresh funding lines from banks to augment its liquidity.

Accordingly, from liquidity perspective the Company does not anticipate any adverse impact due to this situation.

The Company also assessed its structural liquidity for the period ended March 31, 2021 after taking in to account the moratorium extended to its borrower under the RBI relief package and factored the expected change in prepayment behaviour. Based on this assessment no negative impact on liquidity has been observed and the cash flow mismatches have remained within the stipulated regulatory limits.

With the steps taken as above the Company has been able to function normally and also make preparedness to start business as usual from the perspective of funds requirement.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

39. Financial risk review *(Continued)*

C. Market risk

i Exposure to interest rate risk – Non-trading portfolios

Company carries out earning adjusted rate (EAR) model analysis for loans and borrowings, to assess the impact on the earnings upon change in the interest rates.

Below table illustrates impact on earnings on account of 100 bps change on in interest rate on the loans and borrowings due for repayment / rate reset in one year.

As at March 31, 2021

(Rs. in lakh)

Rate sensitive	Less than 1 Year	@ 100bps change increase	@ 100bps change decrease
Loans given	5,76,263	4,447	(4,447)
Borrowings	2,58,658	(2,040)	2,040
Net Gap (Asset - liability)	3,17,605	6,487	(6,487)

As at March 31, 2020

(Rs. in lakh)

Rate sensitive	Less than 1 Year	@ 100bps change increase	@ 100bps change decrease
Loans given	5,26,369	3,443	(3,443)
Borrowings	3,48,442	2,621	(2,621)
Net Gap (Asset - liability)	1,77,927	822	(822)

The following table sets forth, for the periods indicated, the break-up of borrowings into variable rate and fixed rate.

Particulars	As at March 31, 2021	As at March 31, 2020
Variable rate borrowings	41%	54%
Fixed rate borrowings	59%	46%
Total borrowings	100%	100%

ii. Exposure to currency risks – Non-trading portfolios

There are no exposure to foreign currency risks in the non trading portfolio as on March 31, 2021, since Company has entered into derivative contract to fully hedge the risk. (Refer Note no. 4 for disclosure relating to derivative financial instruments.)

39. Financial risk review (Continued)

C. Market risk

iv Impact of COVID 19 on Market risk

Currency Risk

The foreign currency loans in form of ECBs raised by the company are fully hedged, therefore there is no change in the contractual terms of the hedged item and hedging instrument pursuant to the COVID-19 outbreak.

Interest rate risk

The company is not anticipating any significant interest rate risk due to COVID-19 outbreak. The following assessment are being conducted on regular basis to monitor the interest rate risk.

a. The impact of 100 bps change in interest rate on Net interest Income upto 1-year time frame.

b. The impact of 200 bps movement in interest rate on economic value of equity.

Equity price risk

The Company does not have any significant amount of investments in equities, hence, there is no material impact is expected due to COVID -19 outbreak.

Operational risk

COVID-19 is impacting businesses globally by disrupting supply chains, travel, operations and financial markets. To ensure continuity of critical activities, the Company has adopted work from home policy during the lockdown period.

The Company adapted to the changed environment in a very short period of time. It also addressed the potential risks which posed themselves due to offsite working typically on internal processes and system vulnerabilities. The Company also ensured seamless accessibility of critical systems through Virtual Private Network thereby minimizing the risk of security/data breaches and cyberattacks. This enabled the Company to provide work experience very close to the way employees work from office with adequate controls in place.

To safeguard its infrastructure and employees' health and safety, the Company continued tracking of all closed branch/offices premises and also ensured employee engagements.

(Rs. in lakh)

39. Financial risk review *(Continued)*

D. Disclosure pursuant to Ind AS 7 "Statement of Cash Flows"

Changes in Liabilities arising from financing activities

particulars	April 1, 2020	Cash Flows (net)	Exchange Difference	Others	March 31, 2021
Debt Securities	1,40,306	14,800	-	(134)	1,54,972
Borrowings (Other than debt securities)	3,43,961	(18,895)	(4,428)	1,590	3,22,228
Subordinated liabilities	37,177	15,000	-	859	53,036
Total	**5,21,444**	**10,905 -**	**4,428**	**2,316**	**5,30,236**

Other column includes the effect of interest accrued but not due, amortisation of borrowing cost, amortisation of premium/discount on CPs/NCDs (including subordinated debts).

particulars	April 1, 2019	Cash Flows (net)	Exchange Difference	Others	March 31, 2020
Debt Securities	1,31,244	9,246	-	(184)	1,40,306
Borrowings (Other than debt securities)	3,01,141	40,499	2,349	(28)	3,43,961
Subordinated liabilities	-	35,282	-	1,895	37,177
Total	**4,32,385**	**85,027**	**2,349**	**1,683**	**5,21,444**

Other column includes the effect of interest accrued but not due, amortisation of borrowing cost, amortisation of premium/discount on CPs/NCDs (including subordinated debts).

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

39. Financial risk review *(Continued)*

E. Capital management

i Regulatory capital

The Reserve Bank of India (RBI) sets and monitors capital adequacy requirements for the Company from time to time.

The Company's regulatory capital consists of the sum of the following elements.

Tier 1 Capital includes:
1) Ordinary share capital,
2) securities premium account,
3) retained earnings,
4) special reserve
5) general reserve
Tier 1 Capital does not include unrealised fair value gain/loss booked for financial instruments measured at fair value through profit and loss.
Following items are deducted from Tier I
a) Intangibles
b) Deferred revenue expenditure for raising borrowings
c) Deferred tax assets
d) Prepaid expenses and unamortised direct sourcing cost

Tier II capital includes
1) subordinated debt
2) impairment allowance provisioning for stage 1 financial assets to the extent the same does not exceed 1.25% of Risk weighted assets (standard asset provisions)
3) perpetual debt to the extent not eligible for Tier I.

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate.
The Board of Directors (BOD) has authorised the Asset and Liability Management Committee (ALCO) to review the Capital requirement. Treasury team closely monitors the Tier I and Tier II capital requirement of the Company and reports to ALCO. The Company endeavour to maintain a balance between ensuring high level of return on capital employed and securing strong capital base.
The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital.
The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

Amt. in lakh	**As at March 31, 2021**	**As at March 31, 2020**
Tier 1 capital		
Ordinary share capital	38,802	38,802
Securities premium reserve	22,029	22,029
Retained earnings	35,012	23,195
Special reserve u/s 45 IC	11,085	7,730
Special reserve u/s 36 (1) (viii)	8,211	6,610
General reserve	22	22
Other reserves	(38)	(69)
Less		
-Deferred Revenue Expenditure	(1,130)	(558)
-Prepaid Expenses	(29)	(40)
-Deferred Tax Asset	(2,419)	(2,218)
-Other Intangible Assets	(10)	-
Tier I Capital	**1,11,535**	**95,503**
Subordinate Debt	50,000	35,000
Impairment loss allowance - stage I	4,065	3,461
Tier II Capital	**54,065**	**38,461**
Tier I + Tier II Capital	**1,65,600**	**1,33,964**

(Rs. in lakh)

40. Financial risk management

A) Introduction

As a financial institution, TATA Capital is exposed to various types of risks namely credit risk, liquidity risk, market risks, operational risk, strategic risk (including emerging & external risks) and compliance & reputation risk. We have adopted a holistic and data driven enterprise level risk management approach which includes monitoring both internal and external indicators.

We as an organization periodically adjust our strategy, incognizance with industry risk dynamics and emergence of new challenges and opportunities. TATA Capital's risk management framework has been laid down with long term sustainability and value creation in mind. Important pillars of the risk management approach are developing a strong risk management culture within Tata Capital and group companies, alignment of risk with business strategy, creating, preserving and realizing value. The key risks are being monitored by way of various policies covering these areas. The policies provide guiding principles by setting various limits, triggers, KRI frameworks etc. which are regularly tracked and reviews are presented to various senior management committees and board committees. An effort is also made to understand the best practices in risk management across industries which are then customized to our business requirements.

The risk management practices of Tata Capital and its subsidiaries are compliant with ISO 31000: 2018 which is the international standard for risk management that lays down principles, guidelines and framework for risk management in an organisation.

B) Company's Risk Management Framework for Measuring and Managing Risk

Risk Management Framework
Risk Management forms an integral part of TATA Capital's operations. The company's Board of Directors with support of risk function has overall responsibility for the establishment and oversight of the risk management framework.
The Board of Directors has constituted following committees and defined their role for monitoring the risk management policies of the company.

Board level committees
Risk Management Committee of the Board (RMC): The purpose of the Committee is to assist the Board in its oversight of various risks (i) Credit Risk (ii) Liquidity and Interest Rate Risk (iii) Operational Risk (Process, HR, Technology and Fraud) (iv) Strategic Risks (including emerging and external risks) (v) Compliance and Reputation Risk (compliance risk and reputation risk are covered through compliance risk management charter).

Investment Credit Committee of the Board (ICC): Provide guidance on nature of investments that shall be undertaken, and approve credit limits for various counterparties, where exposures in aggregate exceed a certain level.

Asset Liability Management Committee of the Board (ALCO): ALCO shall review the Liquidity Risk and Interest Rate Risk on a regular basis and suggest necessary actions based on its view and expectations on the liquidity and interest rate profile.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the activities of the Group. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Risk Management Committee oversees how the management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Senior Management Committees
Operations Committee: Monthly Business performance review with all the SBUs and functions on budget achievements and portfolio quality. The members include MD and various business and functional heads
Management Credit Committee (MCC): Committee members include Managing Director, Chief operating officer – CFD, Chief Financial officer& Head-Risk. Committee approves policies on recommendation of concerned credit committee. It approves/ modifies/disapproves business proposal based on DOA approved by the Board and recommends proposals.
Operational Risk Management Committee (ORMC): ORMC is the oversight committee for operational risk, committee members include MD, CFO, Head-Risk, CHRO and Head-Legal & Compliance. The committee approves operational risk management policy and amendments to it, insurance management framework and corrective actions on operational risk incidents. The committee reviews the operational risk profile of the organization.
Fraud Risk Management Committee (FRMC): An independent Fraud Risk Management Committee (FRMC) comprising of top management representatives has been constituted who review the matters related to fraud risk and approve / recommend actions against frauds. FRMC consists of CFO, Head-Risk, CHRO and Head–Legal and Compliance.

Business Unit Level Committees
There are various committees that exist at the business level for credit sanctions, monitoring and reviews such as Credit Committee (CC), Credit Monitoring Committee (CMC) for corporate lending business and Credit Monitoring Committee (CMC), Retail Risk Review (RRR) for retail business.

(Rs. in lakh)

40. Financial risk management

C) Company's Risk Management Approach for handling various type of risks

a) Credit Risk

It is the risk of loss suffered by a party whereby the counterparty fails to meet its contractual obligations. In its lending operations credit risk is one of the key risks that the company is exposed to.

Credit risk management:

The credit risk is governed by defined credit policies and Board approved DOA which undergo periodic review. The credit policies outline the type of products that can be offered, customer categories, targeted customer profile, credit approval process, DOA and limits etc. Each business unit is required to implement company's credit policies and procedures and maintain the quality of its credit portfolio.

The Company has additionally taken the following measures for risk management:

i. single party and group borrower limit

ii.limit on secured and unsecured exposure for commercial and SME finance division and at Company level

iii. establishment of a separate credit monitoring team to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required

iv.enhanced monitoring of sensitive sector exposures

v.enhanced monitoring of portfolio through periodic reviews

Credit Risk assessment methodology

Credit assessment

The Company has a structured credit approval process, which includes a well-established procedure of comprehensive credit appraisal.

For corporate and SME customers, the credit appraisal process involves critical assessment of quantitative and qualitative parameters subject to review and approval as per defined DOA. The credit assessment involves detailed analysis of industry, business, management, financials, end use etc. An internal rating is also assigned to the borrower based on defined parameters.

For retail customers, the credit assessment is based on a parameterised approach.

Credit risk monitoring and portfolio review

The company measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level. The company ensure effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is higher for cases with higher outstanding balances.

The monitoring for corporate customers includes rating of the customers based on monitoring of the security, monitoring of the portfolio based on defined triggers such as sector limits, secured/ unsecured limits, group and individual borrower limits, early warning signals etc.

The retail borrowers are managed at a portfolio level based on defined policy triggers, early warning signals etc. Data analytics is extensively used for effective risk monitoring.

Additional measures taken during COVID- 19 pandemic

The Company is taking following additional measures during COVID-19 pandemic for sustainable growth and maintaining a diversified and resilient portfolio.

i.Increased engagement with the customers through dedicated relationship manager and collection team

ii.Policy intervention by way of sector and geography analysis based on COVID 19 impact

iii.Strengthened credit assessment process

iv.Realigning the product suite by way of differentiated product mix offering to different segments of borrowers

v.Increased geographical diversification of portfolio

vi.Enhanced portfolio and account level monitoring measures

vii.Digitization of key processes enabling better and real time portfolio monitoring.

viii.Strengthening of the collection infrastructure

b) Market Risk

Risk due to change in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads, but not relating to changes in the obligor's/issuer's credit standing and will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable risk tolerances levels to ensure the solvency while optimising the return on risk.

ALCO sets up limits for each significant type of risk/aggregated risk and various products in the portfolio, with market liquidity being a primary factor in determining the level of limits. The market risk officer is responsible for the development of detailed market risk management policies & periodic review along with day to day implementation.

(Rs. in lakh)

40. Financial risk management

Exposure to Market Risk

Interest rate risk

Core business of the Company is borrowing and lending as permitted by the Reserve Bank of India, exposing us to interest rate risk.
Interest rate risk is measured through Interest rate sensitivity report where gaps are being monitored classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to earliest of contracted/behavioural maturities or anticipated re-pricing date.
The Company monitor interest rate risk through above measures on a monthly basis. The interest rate risk limits are approved by the ALCO.
The extent to which COVID-19 pandemic will impact current estimates of interest rates is uncertain at this point in time. On a best estimate basis, the company is not anticipating any significant interest rate risk due to COVID-19 outbreak. The following assessment are being conducted on regular basis to monitor the interest rate risk.
a. The impact of 100 bps change in interest rate on Net interest Income up to 1 year time frame.
b. The impact of 200 bps movement in interest rate on economic value of equity.

Currency Risk

The company is exposed to currency risk arising due to external commercial borrowings. The foreign currency loan in form of external commercial borrowing (ECB) raised by the Company are fully hedged basis.
The hedging policy as approved by the Asset Liability Committee (ALCO) prescribes the hedging of the risk associated with change in the interest rates and fluctuation of foreign exchange rates. The currency risk and interest rate risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, option contracts, interest rate swaps. Counter party risk is reviewed periodically in terms of exposure to various counter parties.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed. All hedges entered into by the Company are cash flow hedges.
There is no change in the contractual terms of the hedged item and hedging instrument pursuant to the COVID-19 outbreak.

Equity price risk

The Company has carried investment in equity at fair value through the statement of profit and loss account and does not expect any incremental impact due to COVID-19 outbreak.

Liquidity risk

A risk that the Company will encounter difficulty in meeting its day to day financial obligations is known as liquidity risk.
Management of liquidity risk is done as follows:
1) ALCO sets the strategy for managing liquidity risk commensurate with the business objectives;
2) ALCO has delegated the responsibility of managing overall liquidity risk and interest rate risk to Treasury. ALCO has delegated the responsibility of managing overall liquidity and interest rate risk to Treasury. ALCO has set various gap limits for tracking liquidity risk. The market risk function monitors such gaps at regular intervals.
3) Treasury department manages the liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the Company. Treasury team ensures the regulatory compliance to the liquidity risk related limits approved in the ALM policy by ALCO.
4) The Company's approach to managing liquidity is to ensure sufficient liquidity to meet its liabilities when they are due without incurring unacceptable losses or risking damage to the Company's reputation.
5) The company has been maintaining the Liquidity coverage ratio since 1st Dec 2020 as per RBI circular dated 4th Nov 2019 circular no RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20.

The key elements of the Company's liquidity risk management strategy are as follows:
1) Maintaining a diversified funding through market and bank borrowings resources such as debentures, commercial papers, subordinated debt, perpetual debt, Inter-corporate deposits (ICD's), overdraft and bank term loans. Unused bank lines constitute the main liquidity back up to meet the contingency funding plan. Additionally, based on Market scenario, the company also maintains a portfolio of highly liquid mutual fund units.
2) Under the ALM guidelines, the dynamic liquidity statement and structural liquidity statement are being prepared on monthly basis to monitor the maturity gaps in the Assets and Liabilities cash flows. We monitor the behavioural characteristics of the Company's financial assets and financial liabilities while preparing the structural liquidity statement.
3) The company carries out stress testing of cash flows on periodic basis and shares the results with ALCO to gauge the adequacy of liquidity.

A long-drawn nation-wide lockdown necessitated by the outbreak of COVID-19 pandemic, has increased liquidity risk across the economy to a large extent.
In order to address this risk and to seamlessly carry out treasury activities, the Company took following key actions amongst other administrative actions as on March 31, 2021 and up to the date of the adoption of the financial statements:
The company has honoured all its debt obligations on time. Based on liquidity risk assessment, cash-flows mismatches are within the stipulated regulatory limits. The company has been successful in maintaining the adequate liquidity by raising fresh/renewal of bank lines, regular access to capital market and financial institution under the various scheme promulgated by RBI to raise medium to long term funds.
Owing to the above measures, the Company has not seen a rise in its liquidity risk.

(Rs. in lakh)

40. Financial risk management

c) Operational Risk

The risk of direct or indirect potential loss arising from a wide variety of causes associated with the company's processes, personnel, systems, or from external factors other than credit, compliance, reputation, market and liquidity risks.
Management of operational risk forms an integral part of TATA Capital’s enterprise wide risk management systems. The organisation thrives towards incremental improvements to its operational risk management framework to address the dynamic industry landscape. Clear strategies and oversight by the Board of Directors and senior management, a strong operational risk management culture, effective internal control and reporting and contingency planning are crucial elements of TATA Capital’s operational risk management framework.
The operational risk team monitors and reports key risk indicators (“KRI”) and KRI exceptions. Suitable risk mitigation actions are taken wherever required to curtail the potential risk at the acceptable levels.
ORMC meets periodically to review the operational risk profile of the organization and oversee the implementation of the risk management framework and policies.
FRMC meets periodically to review matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

Tata Capital has a Business Continuity Planning “BCP” framework in place, to ensure uninterrupted business operations in case any disruptive event occurs. The company immediately activated its Business Continuity Plan (BCP) during this time of COVID 19 pandemic. TCL continues to seamlessly carry out normal operations hence addressing the risk associated with occurrence of the pandemic.

TATA Capital has an IT Disaster Recovery Planning “IT-DRP” which provides the technology framework to continue day-to-day operations using secondary/back-up systems when primary system fails. It also protects the organisation against loss of computer based data and information.

Cyber Security Risk

Various measures are adopted to effectively protect the company against phishing, social media threats and rogue mobile. During COVID-19 pandemic TCL ensured seamless accessibility of critical systems through virtual private network (VPN), thereby minimizing the risk of security/data breaches and cyber-attacks.
Tata Capital has adopted “Framework for Improving Critical Infrastructure Cyber Security” published by the National Institute of Standards & Technology (NIST) and complies with regulatory guidelines.

d) Regulatory and Compliance Risk

Regulatory compliances are handled by Finance team, Treasury and Business teams in consultation with Group Compliance team. Statutory compliances are handled by Group Secretarial team, Administrative and people process related compliances are handled by Administration & HR departments.
Additionally, Risk team coordinates for Special Mention Accounts (SMA) and Fraud reporting in line with regulatory guidelines.
As per regulatory requirements, required policies are adopted, modified and rolled from time to time. Compliance to the defined policies is strictly adhered to.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

41. Maturity analysis of assets and liabilities

The table below set out carrying amount of assets and liabilities according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

	As at March 31, 2021			As at March 31, 2020		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial assets						
Derivative financial instruments	(1,720)	2,842	1,122	221	1,945	2,166
Cash and cash equivalents	23,432	-	23,432	89,455	-	89,455
Trade Receivables	14	-	14	12	-	12
Loans	1,45,967	4,70,032	6,15,999	40,650	4,85,041	5,25,691
Investments	5,520	-	5,520	77	-	77
Other financial assets	-	289	289	-	281	281
Non-financial Assets						
Current tax assets (Net)	-	1,544	1,544	-	1,775	1,775
Deferred tax Assets (Net)	-	2,419	2,419	-	2,218	2,218
Investment property	-	212	212	-	224	224
Property, Plant and Equipment	-	57	57	-	79	79
Capital work-in-progress	-	-	-	-	-	-
Other intangible assets	-	10	10	-	-	-
Right of use assets	-	96	96	-	159	159
Other non-financial assets	-	75	75	40	19	59
Total Assets	**1,73,213**	**4,77,576**	**6,50,789**	**1,30,455**	**4,91,741**	**6,22,196**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

41. Maturity analysis of assets and liabilities

B. **Liquidity risk *(Continued)***

ii. Maturity analysis of assets and liabilities *(Continued)*

	As at March 31, 2021			As at March 31, 2020		
LIABILITIES	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial Liabilities						
Trade Payables	807	-	807	818	-	818
Debt Securities	41,788	1,13,184	1,54,972	71,231	69,075	1,40,306
Borrowings (Other than debt securities)	1,26,590	1,95,638	3,22,228	1,79,599	1,64,362	3,43,961
Subordinated liabilities	3,036	50,000	53,036	1,904	35,273	37,177
Lease Liabilities	55	29	84	129	-	129
Other financial liabilities	601	-	601	622	-	622
Derivative financial instruments	32	1,905	1,937	-	-	-
Non-Financial Liabilities						
Current tax liabilities (Net)	423	-	423	-	-	-
Provisions	131	90	221	124	112	236
Other non financial liabilities	235	-	235	192	-	192
Total liabilities	1,73,698	3,60,846	5,34,544	2,54,619	2,68,822	5,23,441
Net	(485)	1,16,730	1,16,245	(1,24,164)	2,22,919	98,755

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

42. Disclosure as required by Indian Accounting Standard (Ind AS) – 115 on "Revenue from Contracts with Customers" notified under the Companies (Indian Accounting Standard) Rules, 2015:

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

	PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
i	**Type of service**		
	- Fee and commission income	933	1,105
	- Other income	3	10
	Total	**936**	**1,115**
ii.	**Primary geographical market:**		
	- Outside India	-	-
	- India	936	1,115
	Total revenue from contracts with customer	**936**	**1,115**
iii.	**Timing of revenue recognition**		
	- at a point in time upon rendering services	936	1,115
	- over period of time upon rendering services	-	-
	Total	**936**	**1,115**
iv.	**Trade receivables towards contracts with customers**		
	- Opening Balance	12	34
	- Closing Balance	14	12
v.	**Impairment on trade receivables towards contracts with customers**	-	-

As on March 2021/2020, the Company doesn't have any unsatisfied/partially satisfied performance obligation.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

43 Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities (Based on RBI Guidelines)

For the year 2020-21

	Liabilities			Assets		
Particulars	Borrowings from Banks	Market Borrowings	Foreign Currency Borrowings	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (One month)	6,875	10,000	-	9,855	5,520	-
Over One month to 2 months	15,833	-	-	9,575	-	-
Over 2 months upto 3 months	30,875	-	-	15,237	-	-
Over 3 months to 6 months	28,958	10,000	-	36,241	-	-
Over 6 months to 1 year	34,036	34,837	-	75,059	-	-
Over 1 year to 3 years	78,254	72,184	75,907	1,40,739	-	-
Over 3 years to 5 years	21,795	3,500	-	90,828	-	-
Over 5 years	19,681	87,500	-	2,38,465	-	-
Total	**2,36,308**	**2,18,021**	**75,907**	**6,15,999**	**5,520**	**-**

Note : During the Financial Year 2020-21, the company has experienced significant prepayments of loans. The ALM statement of March 2021 has been prepared based on scheduled repayment structure and actual inflows received in April 21.

For the year 2019-20

	Liabilities			Assets		
Particulars	Borrowings from Banks	Market Borrowings	Foreign Currency Borrowings	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (One month)	25,375	20,000	-	15,521	77	-
Over One month to 2 months	39,583	9,600	-	91	-	-
Over 2 months upto 3 months	18,625	2,500	-	5,059	-	-
Over 3 months to 6 months	14,720	63,482	-	6,603	-	-
Over 6 months to 1 year	25,947	32,901	-	13,377	-	-
Over 1 year to 3 years	97,505	32,604	29,897	72,264	-	-
Over 3 years to 5 years	4,978	26,420	-	76,030	-	-
Over 5 years	-	77,306	-	3,36,747	-	-
Total	**2,26,734**	**2,64,813**	**29,897**	**5,25,691**	**77**	**-**

Note : During the Financial Year 2019-20, the company has experienced significant prepayments of loans. The ALM statement of March 2020 has been prepared based on scheduled repayment structure and actual inflows received in April 20.

44 Capital to Risk Asset Ratio (CRAR)

Particulars	As at March 31, 2021	As at March 31, 2020
CRAR (%)	24.84%	22.38%
CRAR - Tier I Capital (%)	16.73%	15.95%
CRAR - Tier II Capital (%)	8.11%	6.42%
Amount of Subordinated Debt raised as Tier II Capital	50,000	35,000
Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

45 Disclosure of details as required by Revised Para 18 of the Non Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, earlier Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.

Liabilities Side:

Particulars	Amount Outstanding		Amount Overdue	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not due				
a) Debentures:				
(other than those falling within the meaning of public deposit)				
- Secured	1,25,460	1,16,765	-	-
- Unsecured	53,036	37,177	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	2,77,184	2,23,078	-	-
d) Inter-corporate loans and borrowing	10,013	52,888	-	-
e) Commercial Paper	29,512	23,541	-	-
f) Other loans	-	-	-	-
- Working Capital Demand Loan	35,000	67,991	-	-
- Overdraft	31	4	-	-

Assets side:

Particulars	Amount Outstanding	
	2020-21	2019-20
2) Break up of loans and advances including bills receivables		
(other than those included in (3) below)		
- Secured	6,28,102	5,36,195
- Unsecured	-	-
3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
a) Lease assets including lease rentals under sundry debtors:		
- Financial Lease	-	-
- Operating Lease	-	-
b) Stock on hire including hire charges under sundry debtors		
- Assets on hire	-	-
- Repossessed assets	-	-
c) Other loans counting towards Asset Financing Company activities		
- Loans where assets have been repossessed	-	-
- Other loans	-	-

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

45 Disclosure of details as required by Revised Para 18 of the Non Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, earlier Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.

Assets side: *(Continued)*

Particulars	Amount Outstanding	
	2020-21	2019-20
4) Break up of Investments		
Current Investments:		
a) **Quoted:**		
- Shares: Equity	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	-	-
- Government Securities	-	-
- Others	-	-
b) **Unquoted:**		
- Shares: Equity	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	-	-
- Government Securities	-	-
- Others (Pass through certificate)	-	-
Long-Term Investments:	-	-
a) **Quoted:**		
- Shares: Equity (Net of provision)	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	-	-
- Government Securities	5,440	-
- Others	-	-
b) **Unquoted:**	-	-
- Shares: Equity	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	80	77
- Government Securities	-	-
- Others	-	-

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

(Rs. in lakh)

Particulars	Secured		Unsecured		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
a) Related parties						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	-	-	-	-	-	-
(iii) Other related parties	4,230	-	-	-	4,230	-
b) Other than related parties	6,23,872	5,36,195	-	-	6,23,872	5,36,195
TOTAL	**6,28,102**	**5,36,195**	**-**	**-**	**6,28,102**	**5,36,195**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

45 Disclosure of details as required by Revised Para 18 of the Non Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, earlier Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.

Assets side: *(Continued)*

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

(Rs. in lakh)

Particulars	**Market Value/Break up or fair value or NAV**		**Book Value (Net of Provisions)**	
	2020-21	**2019-20**	**2020-21**	**2019-20**
a) Related parties				
i) Subsidiaries	-	-	-	-
ii) Companies in the same group	-	-	-	-
iii) Other related Parties	-	-	-	-
b) Other than related parties	5,520	77	5,520	77
TOTAL	**5,520**	**77**	**5,520**	**77**

a) Companies in the same group have been considered to mean companies under the same management as per Section 370(1B) of the Companies Act, 1956.

7) Other Information

(Rs. in lakh)

Particulars	**2020-21**	**2019-20**
a) Gross Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	6,030	6,030
b) Net Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	3,837	4,637
c) Assets acquired in satisfaction of debt	-	-

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

46 Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

(i) Funding Concentration based on significant counterparty

Sr. No	Number of Significant Counterparties	% of Total deposits	Amount	% of Total Liabilities
1	21	0%	4,35,208	81%

* Principal amount outstanding as on March 31, 2021

Working↓

Sr. No	Number of Significant Counterparties	Amount (in lakh)	% of total liabilities
1	BANK OF INDIA	58,334	10.91%
2	HDFC BANK	36,875	6.90%
3	ADITYA BSL TRUSTEE PVT. LTD A/C - ADITYA BIRLA SUN LIFE LIQUID FUND	35,000	6.55%
4	DEUTSCHE BANK	35,000	6.55%
5	NABARD LOAN	31,982	5.98%
6	CENTRAL BANK OF INDIA	30,000	5.61%
7	AIIB ECB	25,903	4.85%
8	SMBC ECB LOAN	22,283	4.17%
9	STATE BANK OF INDIA	20,000	3.74%
10	NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V. (FMO)	18,000	3.37%
11	MIZUHO ECB LOAN	17,283	3.23%
12	UCO BANK	15,000	2.81%
13	ALLAHABAD BANK	12,500	2.34%
14	THE PROVIDENT FUND TRUST FOR THE EMPLOYEES OF INDIAN OIL CORPORATION LTD (MD)	11,740	2.20%
15	CTBC ECB LOAN	10,439	1.95%
16	THE LARSEN AND TOUBRO OFFICERS AND SUPERVISORY STAFF PROVIDENT FUND	10,370	1.94%
17	TATA CAPITAL LIMITED	10,000	1.87%
18	CORPORATION BANK	10,000	1.87%
19	AXIS BANK	10,000	1.87%
20	STAR HEALTH AND ALLIED INSURANCE CO. LTD.	8,000	1.50%
21	LARSEN AND TOUBRO LIMITED	6,500	1.22%

(ii) Top 20 Large Deposits

Sr. No	Counterparty	Amount	% of total deposits
	Nil		

(iii) Top 10 Borrowing

Sr. No	Name of Counterparty	Amount (in lakh)	% of total borrowings
1	10	3,02,421	58%

* Principal amount outstanding as on March 31, 2021

Sr. No.	Name of Counterparty	Amount	% of total borrowings
1	BANK OF INDIA	43,334	8%
2	HDFC BANK	41,458	8%
3	ADITYA BSL TRUSTEE PVT. LTD A/C - ADITYA BIRLA SUN LIFE LIQUID FUND	40,000	8%
4	DEUTSCHE BANK	34,443	7%
5	NABARD LOAN	30,000	6%
6	CENTRAL BANK OF INDIA	25,903	5%
7	AIIB ECB	25,000	5%
8	SMBC ECB LOAN	22,283	4%
9	STATE BANK OF INDIA	20,000	4%
10	NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V. (FMO)	20,000	4%

46 Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

(iv) Funding Concentration based on significant instrument/product

Sr.No	Name of the instrument/product	Amount	% of total liabilities
1	Bank Loans	2,04,208	38%
2	Non-Convertible Debentures	1,70,684	32%
3	Commercial Paper	30,000	6%
4	Inter-Corporate Deposits	10,000	2%
5	Loan from Financial Institution	31,982	6%
6	External Commercial Borrowings	75,907	14%
	Total	**5,22,782**	

(v) Stock Ratios

Particulars	%
(a) Commercial papers as a % of total public funds	6%
(a) Commercial papers as a % of total liabilities	6%
(a) Commercial papers as a % of total assets	5%
(b)Non-convertible debentures (original maturity less than 1 year) as a % of total public funds	0%
(b)Non-convertible debentures (original maturity less than 1 year) as a % of total liabilities	0%
(b)Non-convertible debentures (original maturity less than 1 year) as a % of total assets	0%
(c)Other Short-term liabilities as a % of total public funds	27%
(c)Other Short-term liabilities as a % of total Liabilities	27%
(c)Other Short-term liabilities as a % of total Assets	22%

Footnotes :

For the purpose of above disclosure, "Public Funds" i.e. Commercial papers, NCD's and CRPS are shown at Face Value whereas Total assets and total liabilities are shown at Carrying values.

Total Liabilities refer to Total outside liabilities i.e. Balance sheet total excluding Share Capital and Reserves.

(vi) The Company's Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Board of Directors has established the Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(vii) Disclosure relating to Liquidity Coverage Ratio ("LCR")

		Reporting Period Jan 21 to Mar 21		Reporting Period Dec 20	
		Total Unweighted Value (average)	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
High Quality Assets					
1	Total High Quality Assets (HQLA)	5,982	5,982	7,000	7,000
Cash Outflows					
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	13,333	15,333	15,000	17,250
4	Secured wholesale funding	7,885	9,067	1,875	2,156
5	Additional requirements, of which	25,033	28,788	31,545	36,277
(i)	*Outflows related to derivative exposures and other collateral requirements*	-	-	-	-
(ii)	*Outflows related to loss of funding on debt products*	-	-	-	-
(iii)	*Credit and liquidity facilities*	25,033	28,788	31,545	36,277
6	Other contractual funding obligations	2,405	2,765	1,334	1,534
7	Other contingent funding obligations	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	48,656	55,954	49,754	57,217
Cash Inflows					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	11,993	8,995	9,847	7,385
11	Other cash inflows	1,56,270	1,17,202	1,63,115	1,22,336
12	**TOTAL CASH INFLOWS**	1,68,263	1,26,197	1,72,962	1,29,721
			Total Adjusted Value		Total Adjusted Value
13	**TOTAL NET CASH OUTFLOWS**		13,989		14,304
14	**Minimum HQLA required to be maintained by TCCL for compliance (30% of net cash outflow)**		4,197		4,291
15	**TOTAL HQLA MAINTAINED**		5,982		7,000
16	**LIQUIDITY COVERAGE RATIO (%)**		43%		49%

(Rs. in lakh)

46 Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

a LCR framework under the liquidity risk management of the Tata Capital Cleantech Ltd. (TCCL) is undertaken by the Market risk division in the Risk group under the central oversight of the Asset Liability Management Committee (ALCO) in accordance with the Board approved policies.

b As per the RBI circular dated 4th Nov 2019 circular no **RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20** all non-deposit taking NBFCs with asset size of between ₹5,000 crores. to ₹10,000 crores., shall maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days.Road Map for NBFCs to adhere the LCR is as per the table (as prescribed by RBI).

c

From	01-Dec-20	01-Dec-21	01-Dec-22	01-Dec-23	01-Dec-24
Minimum LCR	30%	50%	60%	85%	100%

d As per the above requirement, Tata Cleantech Capital Ltd (TCCL) is required to maintain LCR from December 01, 2020. Therefore, for the year ended March 31, 2021, TCCL has disclosed the LCR for the period Q4-FY 21 as a simple average of the past 3 months and the standalone figure for the month December 2020.

e **LCR maintained:** Starting in December 2020, LCR has been computed as per methodology prescribed in the RBI circular dated November 4, 2019. The LCR maintained for the month December 2020 was at 49% (HQLA- ₹7,000 lakhs) as against the requirement of 30% (HQLA - ₹4,291 lakhs). For the quarter ended March 21, 2021, the simple average of the past three months was observed at 43% (HQLA- ₹5,982 lakhs) against the requirement of minimum 30% (HQLA - ₹4,197 lakh). Thus the company was compliant with maintenance of stipulated LCR.

f **Main drivers to the LCR numbers:** All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.

g **Intra-period changes and changes over time:** As per RBI guidelines, the company has been monitoring the LCR at monthly intervals for the period of December, 2020 to March, 2021. The maximum and minimum monthly required HQLA for regulatory compliance has been ₹4,959 lakhs and ₹3,743 lakhs respectively for the period of December 2020 to March 2021.

h **Composition of HQLA:** The HQLA maintained by TCCL comprises Government securities such as long dated G-sec, T bills and cash balance maintained in current account. The details are given below.
i. As on December 1, 2020, the HQLA (₹7,000 lakhs) comprised of cash.
ii.For the period January to March 2021, the average HQLA of (₹5,982 lakhs) comprised of ₹4,166 lakhs in cash and remaining ₹1,816 lakhs from government securities and T bill.

i **Concentration of funding sources:**
The company maintains well diversified sources of funding comprising short/long term loans from banks, NCDs, sub-ordinated and perpetual debt, ECBs and CPs. The funding pattern is reviewed regularly by the management.

j **Derivative exposures and potential collateral calls:**
As on March 31, 2021 the company has fully hedged interest and principal outflows on the foreign currency ECBs. ECBs constitutes no more than 14.34% of the total borrowings as on March 31, 2021. Hence, derivative exposures are considered NIL.

k **Currency mismatch in LCR:** There is NIL mismatch to be reported in LCR as on March 31, 2021 since FCY ECBs are fully hedged for the corresponding interest and principal components.

l Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile. NIL as on March 31, 2021.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

47 Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019-20 dated March 13, 2020 pertaining to Asset Classification as per RBI Norms

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind As 109 Provisions and IRACP norms
		A	B	C = A - B	D	E = B - D
Performing Assets						
Standard	Stage I	6,00,602	3,934	5,96,668	2,402	1,532
	Stage II	21,470	2,415	19,054	86	2,329
Subtotal for Standard	Stage I & II	6,22,072	6,349	6,15,722	2,488	3,861
Non-Performing Assets (NPA)						
Substandard	Stage III	6,030	2,193	3,837	603	1,590
Doubtful - up to 1 year	Stage III	-	-	-	-	-
1 to 3 years	Stage III	-	-	-	-	-
More than 3 years	Stage III	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage III	-	-	-	-	-
Subtotal for NPA		6,030	2,193	3,837	603	1,590
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage I	97,634	131	97,504	-	131
	Stage II	-	-	-	-	-
	Stage III	-	-	-	-	-
Subtotal		97,634	131	97,504	-	131
Total	Stage I	6,98,237	4,065	6,94,172	2,402	1,663
	Stage II	21,470	2,415	19,054	86	2,329
	Stage III	6,030	2,193	3,837	603	1,590
	Total	**7,25,737**	**8,673**	**7,17,063**	**3,091**	**5,582**

(Rs. in lakh)

48. As per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, additional disclosures are required in the Annual Financial Statements as follows:

Derivative Instruments Exposures:

Derivative positions open as at March 31, 2021 and March 31, 2020 in the form of foreign currency forward exchange contract and interest rate cross currency swap are disclosed below. These transactions were undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and qualify or can be designated as hedging instruments. The accounting for these transactions is stated in note 2 (ix).

Forward exchange contracts (being derivative instrument), which are not intended for trading or speculation purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date at certain payables and receivables. Cross currency swap is entered to exchange an amount of cash in one currency for the same amount in another.

The Company does not hold any derivative instrument which are intended for trading or speculation as on the reporting date.

Outstanding foreign exchange forward contracts and cross currency swap entered into by the Company: -

Particulars	Buy / Sell	For the Year ended March 31, 2021			For the Year ended March 31, 2020		
		USD (Mio)	JPY (Mio)	Rs. In lakh	USD (Mio)	JPY (Mio)	Rs. In lakh
Foreign exchange forward contracts i.e. Notional principal of Swap Agreements (Foreign currency amount payable at future date *Closing exchange rate)	Buy	-	3,251	21,507	10	-	7,721
Cross currency swap contract i.e. Notional principal of Swap Agreements (Foreign Currency borrowings*Closing exchange rate)	Buy	40	-	29,292	40	-	29,897
Cap option i.e. Notional principal of Swap Agreements (Foreign Currency borrowings*Closing exchange rate)	Buy	-	3,172	20,981	-	-	
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Buy	NA	-	NA	NA	-	NA
Collateral required by the NBFC upon entering into swaps	Buy	NA	-	NA	NA	-	NA
Concentration of credit risk arising from the swaps $	Buy	NA	-	NA	NA	-	NA
The fair value gain/(loss) of the foreign exchange forward contract	Buy	NA	-	(2,128)	NA	-	221
The fair value gain of the Cross currency swap contract	Buy	NA	- -	823	NA	-	1,944
The fair value loss of the cap option	Buy	NA	-	(30)	NA	-	NA

Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure

The Company has a risk management policy to enter into derivatives to manage the risk associated with external commercial borrowings. The following table highlights the key aspects of the policy:

a) Treasury and Risk function is authorised to elect appropriate derivative instrument:,
b) The Company shall fully hedge the risk on account of foreign currency fluctuation and change interest rate towards external commercial borrowing;
c) The Company has put in place a reporting and monitoring mechanism for the risk associated with the derivative transaction;
d) Company has a hedging policy in place which mandates to have a hedge relation established before a derivative transaction is entered into. The Company ensures that the hedging effectiveness is monitored continuously during the life of the derivative contract;
e) The company has put in place accounting policy covering recording hedge and non-hedge transactions, recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning and credit risk mitigation.

B. Quantitative Disclosure

Particulars	Currency Derivatives		Interest Rate Derivatives	
	2020-21	2019-20	2020-21	2019-20
(i) Derivatives (Notional Principal Amount)	50,798	37,618	20,981	-
(ii) Marked to Market Positions [1]	-	-	-	-
(a) Assets (+)	1,122	2,166	-	-
(b) Liability (-)	(30)	-	(1,907)	-
(iii) Credit Exposure [2]	-	-	-	-
(iv) Unhedged Exposures	-	-	-	-

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

48 As per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, additional disclosures are required in the Annual Financial Statements as follows: (Continued)

(i) **Registration**

Issuing Authority	Registration No., if any	Date of registration	Valid upto	Registered as
Reserve Bank of India	N-13.02032	19-Oct-12	-	NBFC-ND-SI converted to NBFC- IFC w.e.f 15 Oct 2015

(ii) **Ratings assigned by credit rating agencies and migration of ratings during the year**

(i) Rating Assigned to	Commercial Papers, Debentures & Bank Loan facility
(ii) Date of Rating	CRISIL : March 30, 2021 | CARE : December 31, 2020 | ICRA : January 22, 2021
(iii) Rating Valid up to	Till the date of reaffirmation
(iv) Name of the Rating Agency	CRISIL Limited (CRISIL), Credit Analysis and Research Limited (CARE), ICRA Limited (ICRA)
(v) Rating of products	
(a) Commercial Paper	CRISIL A1+ , ICRA A1+
	Previous year CRISIL A1+ , ICRA A1+
(b) Debentures	Secured NCDS : CRISIL AAA/Stable, CARE AAA:Stable Secured NCDS - MLD: CRISIL PP-MLD AAAr/Stable Perpetual NCDS : CRISIL AA+/Stable; CARE AA+; Stable Sub-Debt NCDs : CRISIL AAA/Stable; CARE AAA; Stable
	Previous year Secured NCDS : CRISIL AAA/Stable, CARE AAA:Stable Secured NCDS - MLD: CRISIL PP-MLD AAAr/Stable Perpetual NCDS : CRISIL AA+/Stable; CARE AA+; Stable Sub-Debt NCDs : CRISIL AAA/Stable; CARE AAA; Stable
(c) Bank Loan Facility	CRISIL AAA/Stable
	Previous year CRISIL AAA/Stable

(iii) **Penalties levied by RBI**

RBI has not levied any penalties on the Company during the year.

(iv) **Off Balance Sheet Exposure as on March 31, 2021 is as follows:**

a) Undrawn Commitment given to the Borrower
As on March 31, 2021 Rs. 50, 123 lakh (Previous year : Rs.114,460 lakh)
Less than one year : Rs. 1,750 lakh (Previous year : Rs.50 lakh)
More than one year : Rs. 48,373 lakh (Previous year : Rs.114,410 lakh)

b) Letter of Comfort Rs. 10,083 lakh (as at March 31, 2020 Rs. 1,935 lakh)

(v) **Provisions and Contingencies**

(Rs. in lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	2020-21	2019-20
Provision towards NPA	1,276	1,393
Provision made towards Income tax	5,296	4,309
Provision for standard assets (Stage I & II)	1,524	3,417
Provision against other doubtful advances	(3)	4
Provision for Employee Benefits	(22)	17
Total	**8,071**	**9,140**

Note

1. The Company has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made separately as contingent liabilities in the notes to the accounts forming part of the financial statements (refer Note no 29). The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

2. The Company has not availed relief in the classification and provision for non-performing assets against the exposure to micro, small and medium borrowers registered under Goods and Service Tax as provided by RBI through its circular no. RBI/2017-18/129 DBR.No.BP.BC.100/21.04.048/2017-18 dated February 7, 2018.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2021

(Rs. in lakh)

48 As per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, additional disclosures are required in the Annual Financial Statements as follows: (Continued)

(vi) **Concentration of Advances & Exposures as per Para 24 of the RBI Norms stood as follows:**

Advances#

(Rs. In lakh)

Particulars	2020-21	2019-20
Total advances to twenty largest borrowers	2,53,194	2,26,658
Percentage of advances to twenty largest borrowers to total advances of the NBFC	40.3%	43.4%

Includes Loans, Advances & Credit Substitutes

Exposure *

(Rs. In lakh)

Particulars	2020-21	2019-20
Total advances to twenty largest borrowers	2,74,203	2,41,300
Percentage of exposures to twenty largest borrowers to total exposure of the NBFC	20.8%	37.9%

* Includes Loans, Advances, Credit Substitutes and Investment in Mutual Funds (including loan sanctioned but partly disbursed)

(vii) **Concentration of NPAs**

(Rs. In lakh)

Particulars	2020-21	2019-20
Total Exposure to top four NPA accounts	6,030	6,030

(viii) **Sector-wise NPAs**

(Rs. In lakh)

Sector	Percentage of NPAs to Total Advances in that sector	
	2020-21	2019-20
Infrastructure - Power	1.17%	1.31%

(ix) The Company does not have any Joint Ventures and Subsidiaries abroad. The Company has not sponsored any SPVs. Accordingly there is no disclosure applicable

(x) The Company had Nil complaints at the beginning of the year. No complaints were received during the year.

(xi) The Company has not done any Securitisation during the financial year. (Previous Year: Nil)

(xii) No parent company products are financed during the year (Previous Year Nil)

(xiii) The Exposure to a single borrower does not exceed the limit stipulated by the RBI Concentration norms applicable to NBFCs for the current year.

(xiv) The Exposure to unsecured advances is Rs. NIL (Previous Year Rs. Nil) constituting 0% of the Gross Loans and Advances.

(xv) Since the Company does not have significant uncertainties pending resolutions as at March 31, 2021, revenue recognition has not been postponed.

(xvi) The disclosure of the Concentration of Deposits taken is not applicable since the Company is not in the business of accepting deposits being a Systemically Important Non Deposit Accepting NBFC.

(xvii) No exposure to Capital market during the year. (Previous year Nil)

(xviii) No exposure to Real estate sector during the year. (Previous year Nil)

(xix) The disclosure of the Concentration of Deposits taken is not applicable since the Company is not in the business of accepting deposits being a Systemically Important Non Deposit Accepting NBFC.

(xx) Drawdown of reserves made during current year of Rs. Nil is on account of Share issue expenses (Year ended March, 31, 2020 : Rs.Nil) and impact of Ind AS 116 "Leases" amounting to Rs. Nil (year ended March 31, 2020 : Rs. 11 lakh)

(Rs. in lakh)

(xxi) Non Performing Assets purchased during the year - Nil (Previous Year : Nil).
(xxii) Details of Non Performing Assets sold during the year - Nil (Previous Year : Nil).
(xxiii) NPA Movement during the year

(Rs. In lakh)

	Particulars	**2020-21**	**2019-20**
(i)	**Net NPAs to Net Advances (%)**	0.61%	0.86%
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening Balance	6,030	-
	(b) Additions during the year	-	6,345
	(c) Reductions during the year	-	(315)
	(d) Closing balance	6,030	6,030
(iii)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
	(a) Opening Balance	1,393	-
	(b) Additions during the year	800	1,466
	(c) Write-off / write-back of excess provisions	-	(73)
	(d) Closing balance	2,193	1,393
(iv)	**Movement of Net NPAs**		
	(a) Opening Balance	4,637	-
	(b) Additions during the year	(800)	4,879
	(c) Reductions during the year	-	(242)
	(d) Closing balance	3,837	4,637

(xxiv) Investments

		Particulars	**2020-21**	**2019-20**
1		**Value of Investments**		
	(i)	**Gross Value of Investments**		
		a) In India	5,520	77
		b) Outside India	-	-
	(ii)	**Provision for Depreciation**		
		a) In India	-	-
		b) Outside India	-	-
	(iii)	**Net value of investments**		
		a) In India	5,520	77
		b) Outside India	-	-
2		**Movement of Provisions held towards depreciation on investments**		
	(i)	Opening Balance	-	-
	(ii)	Add: Provision/fair value loss during the year	-	-
	(iii)	Less: Write-off / write-back of excess provisions or fair value gain during the year	-	-
	(iv)	Closing balance	-	-

Note: The above details does not include investment in the form of Credit Substitutes.

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

50 The Company has reported frauds aggregating Rs. Nil (Previous year : Rs. Nil) based on management reporting to risk committee and to the RBI through prescribed returns.

51 **RBI Disclosure as per circular dated March 27, April 17 and May 23, 2020 for granting moratorium relief to borrowers, exclusion of the moratorium period for computation of days past-due of the customer**

In accordance with the RBI circulars on COVID-19 Regulatory Package dated March 27, April 17 and May 23, 2020, the Company had granted a moratorium of up to six months on payment of instalments, falling due between March 1, 2020 and August 31, 2020 to eligible borrowers as per the Company’s policy approved by the Board. For all such accounts where the borrower has been granted moratorium, the asset classification remained standstill during the moratorium period (i.e. the number of days past-due (‘DPD’) shall exclude the moratorium period for the purposes of staging) .

During the year ended March 31, 2021, the aggregate outstanding of the borrowers to whom moratorium was extended amounted to Rs. 2,11,616 lakhs. Of the above, due to the moratorium benefit, the overdues of only Rs. 8,776 lakhs were ranging between DPD 1-89 days. All these accounts have been classified as standard as at March 31, 2021. Of the above, none of the borrower accounts have got an asset classification benefit extended (accounts not classified as Stage 3) as at March 31, 2021 under the abovementioned COVID-19 Regulatory Package.

The Company has assessed its Expected Credit Loss in line with the RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Accordingly, no impairment reserve is required to be created and no provision has been adjusted during the accounting period.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

52 Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. This may lead to a rise in the number of borrowers defaults and consequently an increase in corresponding provisions. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Company's performance will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

The Company has assessed the potential impact of COVID-19 on the carrying value of its assets based on relevant internal and external factors / information available, upto the date of approval of these financial statements. In order to cover the impact of COVID-19 on the future expected credit losses, the Company is carrying a provision of Rs. 3,500 lakh as on March 31, 2021. (For the year ended March 31, 2020 Rs 2,500 lakh).

53 **Disclosure pursuant to Reserve Bank of India notification RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 pertaining to Resolution Framework for COVID-19-related Stress**

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans					
Corporate persons*	NIL	NIL	NIL	NIL	NIL
Of which, MSMEs					
Others					
Total					

**As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016*

54 In view of the Honourable Supreme Court of India interim order dated September 3, 2020 (Public Interest Litigation (PIL) by Gajendra Sharma Vs Union of India & ANR), no additional borrower accounts were classified as impaired (non-performing assets (NPA)), which were not declared non-performing till August 31, 2020. Basis the said interim order the Company had not classified any additional borrower account as NPA as per the Reserve Bank of India or other regulatory prescribed norms, after August 31, 2020 which were not NPA as of August 31, 2020.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Company has complied with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

55 RBI circular dated April 7, 2021 advised all lending institutions to put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 01, 2020 to August 31, 2020 in conformity with the Supreme Court judgement dated March 23, 2021 ("Supreme Court judgement"). Further, the circular stated that in order to ensure that the Supreme Court judgement is implemented uniformly in letter and spirit by all lending institutions, methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association ("IBA") in consultation with other industry participants/bodies, which shall be adopted by all lending institutions and also advised all lending institutions to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ended March 31, 2021. The IBA has released clarification on identification of borrowers and the calculation methodology of the amount to be refunded/adjusted vide letter CIB/ADV/MBR/9833 dated April 19, 2021. The Company has estimated the said amount and has recognised an interest reversal of Rs.134 lakhs in its Statement of Profit and Loss Account for the year ended March 31, 2021.

56 The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, announced a scheme for COVID-19 Relief for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether moratorium as per RBI regulatory package was availed or not. As per Company's assessment, there were no eligible customers to whom ex-gratia was required to be credited as per the Scheme.

57 There were no unhedged foreign currency transactions during current year.

In terms of our report of even date

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

For and on behalf of the Board of Directors
Tata Cleantech Capital Limited

Akeel Master
Partner
Membership No: 046768

Rajiv Sabharwal
(Director)
DIN: 00057333

Padmini Khare Kaicker
(Director)
DIN: 00296388

Varsha Purandare
(Director)
DIN: 05288076

Manish Chourasia
(Managing Director)
DIN: 03547985

Mumbai
April 21, 2021

Behzad Bhesania
(Chief Financial Officer)

Rajesh Gosia
(Company Secretary)