TATA CLEANTECH CAPITAL LIMITED

Annual Report 2019-20

Corporate Information

Board of Directors	Ms. Varsha Purandare Ms. Padmini Khare Kaicker Dr. Ajay Mathur Mr. Rajiv Sabharwal Mr. Manish Chourasia
Chief Financial Officer	Mr. Behzad Bhesania
Company Secretary	Mr. Manish Parikh
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

Contents

Board's Report	1
Financial Statements	
Independent Auditors Report	61
Financials for FY 2019-20	74

BOARD'S REPORT

To the Members,

The Board has pleasure in presenting the Ninth Annual Report and the Audited Financial Statements for the Financial Year ("FY") ended March 31, 2020.

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. INDUSTRY OVERVIEW AND OUTLOOK

India is currently facing economic slowdown. Industrial output during FY 2019-20 was at an 8-year low. As the industrial sector is the largest consumer of electricity in India, the slowdown has also impacted power demand growth of the country. The power demand has largely remained stagnant in FY 2019-20. In fact, power demand has registered a growth in only 2 out of last 8 months, viz. August 2019 to March 2020, and total power demand fell by 2% in this period.

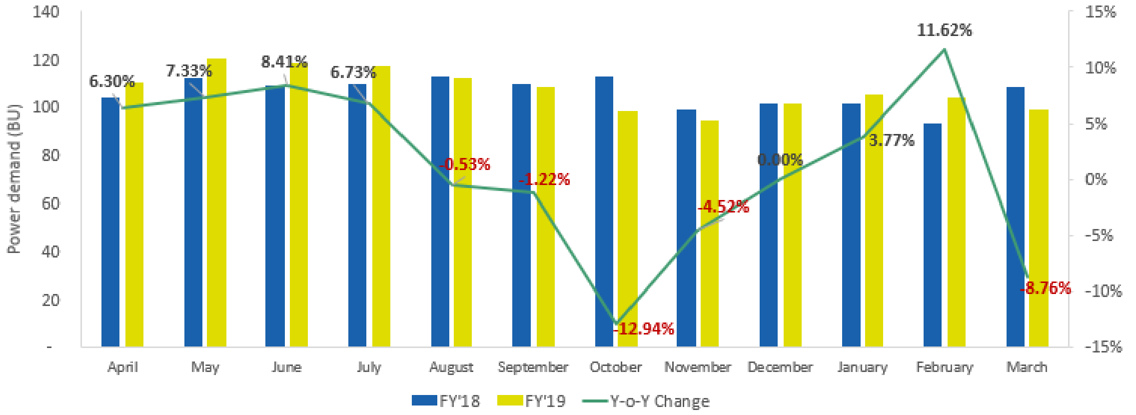


Figure 1: India's monthly power demand

Source: CEA

The renewable power being infirm in nature requires balancing support from grid for integration. Falling power demand exacerbates the problem of grid imbalance particularly with rising penetration of renewable power. The problem is comparatively higher for projects connected at lower voltage levels. However, the renewable projects enjoy regulatory support in the form of 'Must Run' status. In any case, power demand slowdown is a temporary phenomenon and expected to bounce back with rise in economic activity.

Renewable project installation in India has fallen in last three years after installations peaking in FY 2016-17.

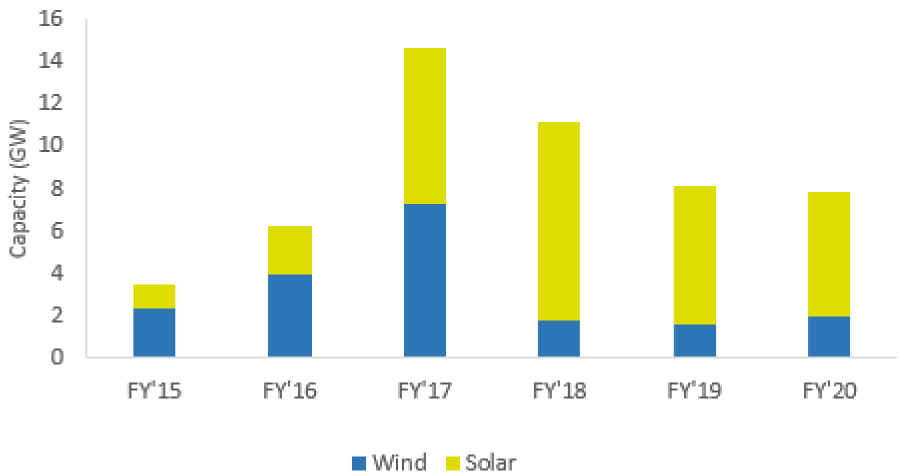


Figure 2: Annual renewable capacity addition in India
Source: CEA

However, the pipeline of project allocation remains strong with projects of around 33 Gigawatt ("GW") already allocated. This comprises of around 24 GW of solar and 9 GW of wind. Over 75% of this pipeline capacity is allocated by highly bankable central agencies – Solar Energy Corporation of India Limited and National Thermal Power Corporation Limited. The outbreak of the novel coronavirus (COVID-19) has impacted the supply landscape of solar Photovoltaic ("PV") cells and modules. However, with recent start of manufacturing albeit at lower capacity utilizations by major manufacturers across China imply that module availability would not be a major concern and the projects would be delayed only by 2-3 months on account of lock down.

Apart from the Government Power Purchase Agreements ("PPAs"), there is another opportunity in India's Corporate PPAs market. This segment has largely been driven by the ever-changing regulatory landscape. While economic viability of corporate PPAs is in place, growth of this segment is hindered owing to resistance from Distribution Companies ("DISCOMs"). Although this segment was slow in FY 2019-20, the opportunities continue to open up in multiple states for Corporate PPA segment.

Solar installation in developed countries was predominated by rooftop solar installation. On the other hand, India and China have higher share from utility scale projects. Indian solar rooftop market growth has been slower than expected and represents only around 8% (2,425 Mega Watt ("MW")) of total solar installations. This is despite target of 40% set by Ministry of New and Renewable Energy ("MNRE") of India. Developer's power selling (OPEX) model represents 46% of the rooftop market and is the biggest driver for reputed and highly bankable industrial offtakers.

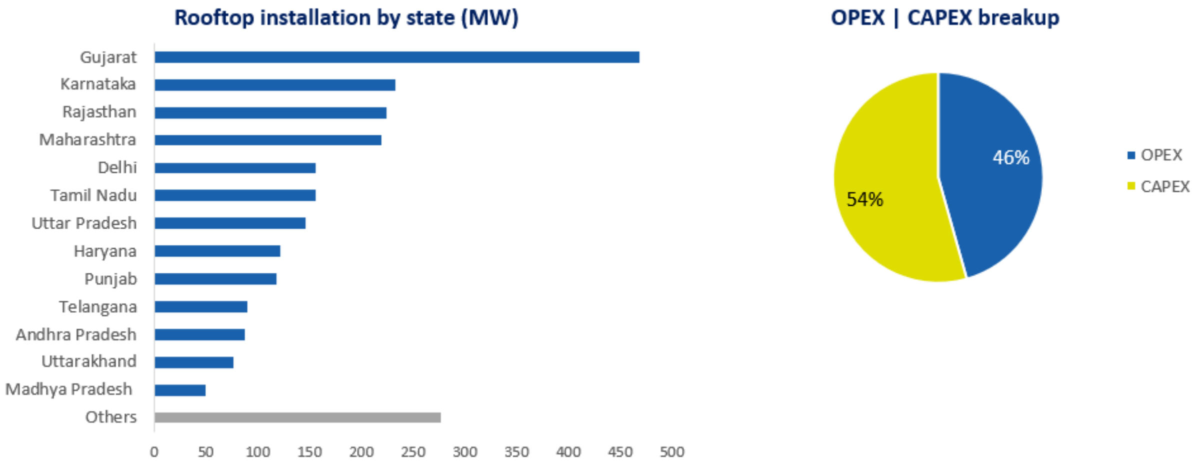


Figure 3: Rooftop market landscape (February 2020)

Source: MNRE and TCCL Research

Apart from renewable projects, other emerging Clean Technology sectors of importance are Industrial energy efficiency, E-mobility, Water and Smart meters. Further, the Company is also considering opportunities in Power Transmission including Green Corridor projects. With increasing solar and wind penetration, power transmission 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 around $15 billion through the Tariff Based Competitive Bidding route.

3. FINANCIAL RESULTS

3.1 The performance of the Company for Financial Year ended March 31, 2020 is, summarized below:

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19
Gross Income (Including net gain on fair value changes)	**615.87**	**433.12**
Less:		
Finance Costs	357.93	248.53
Net loss on fair value changes	-	-
Impairment of investment in Associates	-	-
Impairment on Financial Instruments	48.14	7.98
Employee Benefits Expense	21.60	20.62
Depreciation, Amortisation and Impairment	0.91	0.23
Other expenses	21.63	18.39
Profit Before Tax	**165.66**	**137.37**
Less: Provision for Tax	43.09	35.19
Profit After Tax	**122.57**	**102.18**
Other comprehensive income	(1.79)	0.83
Less: Tax on other comprehensive income	0.45	0.31

Particulars	FY 2019-20	FY 2018-19
Other comprehensive income after tax	(1.34)	0.52
Less: Non-controlling interest	-	-
Total comprehensive income for the year	**121.23**	**102.70**
Amount brought forward from previous year	152.94	85.82
Amount available for appropriation	**274.17**	**188.52**
Appropriations:		
Special Reserve Account	39.56	35.58
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	**234.50**	**152.94**

3.2 During FY 2019-20, the Company disbursed loans amounting to ₹ 2,371 crore (FY 2018-19: ₹ 3,247 crore). The Company's loan portfolio stood at ₹ 5,362 crore as on March 31, 2020 (FY 2018-19: ₹ 4,910 crore). The Cost to Income ratio in FY 2019-20 was 16.7% as compared to 20.7%, in FY 2018 -19. TCCL has maintained the best in class asset quality with only one project being a Non-Performing Asset ("NPA"), as on March 31, 2020.

3.3 Gross Income increased by 42% and stood at ₹ 616 crore (FY 2018-19: ₹ 433 crore). Interest expense increased by 44% to ₹ 358 crore in FY 2019-20, from ₹ 249 crore in FY 2018-19.

3.4 Total Income (Net Interest Margin plus Other Revenue) of the Company increased by 40% from ₹ 183 crore, in FY 2018-19 to ₹ 257 crore, in FY 2019-20. Net Interest Margin as a percentage of average assets stood at 4.5% for FY 2019-20.

3.5 Operating Cost increased by 24% from ₹ 17 crore in FY 2018-19 to ₹ 21 crore in FY 2019-20. Manpower expenses for FY 2019-20 were ₹ 22 crore as against ₹ 21 crore in FY 2018 -19, an increase of 5%.

3.6 The Company's Net Profit After Tax ("NPAT") for the year increased by 20% from ₹ 102.2 crore in FY 2018 -19 to ₹ 122.6 crore in FY 2019-20.

3.7 As required under Section 45IC of the RBI Act, 1934, 20% of the profits are required to be transferred to a Special Reserve Account. An amount of ₹ 24.51 crore (FY 2018-19: ₹ 20.44 crore), being 20% of the profits, has been transferred to the said Reserve and ₹ 15.05 crore (FY 2018-19: ₹ 15.14 crore) has been transferred to the Special Reserve Fund pursuant to Section 36(i)(viii) of the Income Tax Act, 1961, for FY 2019-20. An amount of ₹ 234.5 crore has been carried to the Balance Sheet as Surplus.

4. COVID-19 PANDEMIC

The COVID-19 pandemic and the long-drawn lock-down has resulted in a significant decrease in the economic activities globally as well as across our country. The extent of impact of COVID-19 on economic growth of the country is difficult to predict and will mainly depend on the future developments in containment of COVID-19 and the actions taken for resumption of operations, which are highly uncertain.

In order to address this risk and to seamlessly carry out normal operations, the Company immediately activated its Business Continuity Plan ("BCP"). 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 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. June 20, 2020. In order to cover the impact of COVID-19 on the future expected credit losses, the Company has made a provision of ₹ 25 crore, in addition to the RBI prescribed norms.

5. SHARE CAPITAL

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

The Issued, Subscribed and Paid-up Equity Share Capital of the Company as on March 31, 2020, was ₹ 388.01 crore, consisting of 38,80,15,639 Equity Shares of ₹ 10/- each, which was held by TCL and IFC in the ratio of 80.5:19.5, respectively.

6. 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, 2020.

7. REVIEW OF BUSINESS OPERATIONS OF THE COMPANY

During FY 2019-20, the Company consolidated its performance on the strong foundations laid over the past five years. The Company's asset book has grown by 9% to ₹ 5,362 crore in FY 2019-20, the year marked by low growth for Indian Non-Banking Financial Company ("NBFCs"). The Company's loan portfolio consists of projects in the areas of Wind Energy, Solar Energy, Rooftop Solar and other cleantech sector comprising over 80% of the asset book. The balance portfolio consists of projects in the areas of transmission, roads and other Infrastructure sector. Of the total loan portfolio, over 81% of the asset book comprises operational projects whereas the balance portfolio comprises under-construction / partially commissioned projects.

The Company has successfully diversified its liability sources by leveraging its relationships with global investors. The Company has secured $75 million line of credit from Asian Infrastructure Investment Bank, $40 million from Sumitomo Mitsui Banking Corporation, $25 million from Bank of America and $15 million from CTBC Bank. Further, the Company has augmented long term sources of funds by raising funds cumulating to ₹ 1,667 crore between April 2019 to February 2020. Share of long-term borrowing has increased from 57% to 64% in FY 2019-20.

The Company deepened its footprint in the Techno Commercial advisory services by securing and completing prestigious advisory projects. During FY 2019-20, the Company, in consortium with Tata Consulting Engineers has secured an advisory mandate from Asian Development Bank for assessing the financial viability of distribution network upgrade in Bangladesh. The Company has also completed projects in consortium with Swansea University of UK for commercialization of next generation solar PV technology. GIZ (commissioned by German Federal Ministry for Economic Cooperation and Development) partnered with the company for developing innovative models to promote solar rooftop in commercial and industrial clusters of Delhi. During FY 2019-20, the Company increased its footprint in providing Environment and Social due diligence services and successfully undertook five projects for Vestas and Powerica Group and has enlisted with European Bank for Reconstruction and Development for providing climate advisory assignments.

During FY 2019-20, the Company has been actively advising on Mergers & Acquisitions deals including assisting a global renewable energy Developer in sale of a 300 MW wind power project and setting up a 1.7 GW development platform in partnership with a global investor alongwith sale of a 27 MW solar asset owned by a European sponsor to a renowned private equity fund. The Company has also successfully developed close relations with multiple domestic and global investors which will help us in future transactions.

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 groups like Amp Solar, Amplus, Gawar Constructions, Avaada, EDF-SITAC, KNR and BVSR Constructions in FY 2019-20.

8. FINANCE

During FY 2019 - 20, 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 also issued NCDs on a private placement basis, during FY 2019-20, under the following categories:

(₹ in crore)

Category	Amount
Secured Redeemable NCDs	425.00
Secured Redeemable NCDs – Market Linked NCDs	61.84
Subordinated NCDs	350.00

The aggregate debt of the Company outstanding as at March 31, 2020 was ₹ 5,143 crore (of which, ₹ 2,457 crore was payable within one year). The Debt Equity ratio as on March 31, 2020 was 5.32 times.

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

9. CREDIT RATING

During FY 2019-20, 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+

10. RISK MANAGEMENT

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 31000:2009, 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.

11. INTERNAL CONTROL SYSTEMS

The Company'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.

The Company’s internal control system is commensurate with its size and the nature of its operations.

12. 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 2019-20, 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, 2020. Based on the above, the Board believes that adequate Internal Financial Controls exist and are effective.

13. INFORMATION TECHNOLOGY SUPPORT

Information Technology (“IT”), having improved the core systems stability is now working on adopting best in class technologies to drive data, digital and security initiatives.

The extensive use of data analytics as differentiator is improving employee productivity and bringing operational efficiencies. The Company has gone live with assigning an Unique Customer Identification Code for all new customers and prospects and is also working on the Finance Data project which will automate all regulatory reporting, Finance Management Information System, Expected Credit Loss computation for Ind AS filing.

The Company had moved its data centre and key software assets to the cloud which is effectively contributing towards scalability and elasticity to support its business growth at optimum costs.

The IT Team had taken the ownership of driving BCP Strategy for the Company, as required by the RBI and has successfully completed the BCP annual drill along with providing support during the country-wide pandemic COVID-19 lockdown.

In its endeavour towards continual improvement in the IT operations and Service Management area, the IT Team has adopted BMC- Helix service management tool through its One Tata Operating Network (“OTON”) platform and is estimated to Go Live by June 2020.

During FY 2019-20, the Company has fully complied with all the requirements of the Master Direction - Information Technology Framework for the NBFC Sector (“IT Master

Directions") issued by the RBI and the same has been validated by Deloitte Touche Tohmatsu India LLP.

During FY 2019-20, the Company had undertaken various IT projects like Early Warning Signal, TCCL World, Penal charges calculation etc. for efficiency improvement and for having better controls.

14. HUMAN RESOURCES

The Company had 68 permanent employees on the rolls of the Company as at March 31, 2020.

The Company recognizes people as its most valuable asset and has taken initiatives in the direction to develop and drive the culture of high performance and meritocracy. Tata Capital has embarked on its journey of "Happiness at the workplace" which has helped to look at employee engagement in a more holistic way.

Tata Capital was one of the first few companies in the country to conduct a detailed Happiness at Work Survey 2018. It was facilitated in partnership with Delivering Happiness. The response rate for the survey was an overwhelming 90% in TCCL. Tata Capital's Happiness Index is 6.2, which is in the top 30% of the scores. This survey was an important step in Tata Capital's journey to create a more positive and happy work environment. As a critical step post the survey, action planning was ensured across the enterprise and business unit levels.

Four key themes were identified namely Connectedness, Leadership Engagement, Appreciation and Wellness wherein several initiatives were deployed to make the happiness program more robust. These initiatives are part of an Annual Happiness Calendar and primarily designed in alignment with the employee feedback and key happiness survey findings.

Tata Capital was the proud recipient of the "Best People Insight Employee Engagement Company" Award for its Happiness+ Initiative at the Employee Engagement Leadership Awards 2019 organized by Kamikaze.

The Learning & Development ("L&D") initiatives at Tata Capital are strategically focused on building the right functional and behavioural competencies through interventions, such as Executive Development Programs, e-learning and various classroom-based training programs.

Tata Capital has also rolled out an Advanced Learning Management System, facilitating various Digital Upskilling programs, building a robust Digital Library consisting of micro learnings, video-based learning, gamification and e-books. E-learning modules on key organizational imperatives such as the Tata Capital Leadership Traits with video messages from senior leaders, New Employee Orientation, Tata Code of Conduct ("TCOC"), Prevention of Sexual Harassment at Workplace ("POSH") were also rolled out on an ongoing basis to ensure maximum reach and coverage.

Tata Capital's L&D initiatives have been consistently recognized and awarded across various external forums. These include –

- Tata Capital's practice of "Measuring the effectiveness of learning and development initiatives" recognized at the Tata Group level as one of the Best Practices 2019.

- Tata Capital was the proud recipient of the 'Best Customer Service Training Program' at the TISS Leapvault CLO Awards 2019.

- The Head of Learning & Development, Tata Capital, was awarded the 'Best Learning & Development Leader of The Year Award' under the Leadership Category Awards at the Employee Engagement Leadership Awards 2019 organized by Kamikaze.

15. 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, 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 and Skill Development, Health, Climate Action and Entrepreneurship, as adopted by the CSR Committee of the Board. During FY 2019-20, the CSR Policy was amended to, *inter alia*, align the 'Vision' with the appropriate CSR scope related to community development and benefit, re-define the beneficiary group, impact and reword the thematic areas, widen the scope for the target beneficiaries and change the monitoring from overall to periodic basis, with the relevant teams / committees. The CSR Policy of the Company is available on the Company's website, www.tatacapital.com. As per the provisions of Section 135 of the Companies Act, 2013 ("Act"), the Company has constituted a CSR Committee.

In FY 2019-20, the CSR budget of the Company was ₹ 219.91 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 of 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.

16. COMPLIANCE

The Company is registered with the RBI as a Systemically Important Non-Deposit taking - Non-Banking Financial Company – Infrastructure Finance 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 ("RBI Master Directions"), as amended from time to time.

With respect to provisioning of NPA, the Company follows stricter norms than those prescribed by RBI. The Capital to Risk Assets Ratio of the Company is 22.2% as on March 31, 2020, which is more than the prescribed minimum of 15.00%.

17. DEPOSITS

The Company did not hold any public deposits at the beginning of the year nor has it accepted any public deposits during FY 2019-20.

18. 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.

19. 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").

20. DISCLOSURE OF GREEN BONDS ISSUED BY THE COMPANY

The Company had raised ₹ 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* - CO_2 Emissions Reduction	Amount Disbursed (₹ in crore)
1	Clean Solar Power	Karnataka	Solar	220 (20.54 Plant Load Factor ("PLF"))	374867 tCO_2/yr (0.947 t CO_2/MWh)	98.35
2	Surajkiran Renewable	Telangana	Solar	57.5 (19.47 PLF)	92679 tCO_2/yr (0.947 t CO_2/MWh)	87.705

* IMPACT: Through financing solar power plants, these bonds contribute to a positive environmental impact. The total CO_2 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 'CO_2 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.

21. DIRECTORS

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 a Non-Executive Director ("NED") of the Company, with effect from May 1, 2019.

During FY 2019-20, Mr. Vittaldas Leeladhar (DIN: 02630276) ceased to be an Independent Director and Chairman of the Board, with effect from January 6, 2020, consequent upon his resignation as a Director of the Company. Further, Mr. Pradeep C. Bandivadekar (DIN: 00059330) would cease to be the NED of the Company with effect from June 30, 2020, consequent upon his resignation as a Director of the Company. The Directors place on record, their appreciation for the valuable contribution made by Mr. Leeladhar and Mr. Bandivadekar, during their tenure, as Directors of the Company.

The Board of Directors vide Circular Resolution passed on January 24, 2020, approved the appointment of Ms. Varsha Purandare (DIN: 05288076), as an Additional Director of the Company, with effect from January 25, 2020, to hold office up to the ensuing Annual General Meeting ("AGM") and as an Independent Director, for an initial term of five years commencing from January 25, 2020 up to January 24, 2025, subject to the approval of the Members of the Company. Further, the Board of Directors, at its meeting held on January 27, 2020, had also appointed Ms. Purandare as the Chairperson of the Board of Directors with effect from January 27, 2020.

Ms. Purandare holds office upto the ensuing AGM and is eligible for appointment as a Director. The Company has received a Notice as per the provisions of Section 160 of the Act, from a Member proposing the appointment of Ms. Purandare as a Director of the Company. Accordingly, the approval of the Members is being sought for the appointment of Ms. Purandare by way of an Ordinary resolution, at the ensuing AGM 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 current term of Mr. Chourasia as the Managing Director of the Company would come 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. Accordingly, approval of the Members for the re-appointment of Mr. Chourasia as the Managing Director through ordinary resolution, is being sought at the ensuing AGM 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 Resumes of Ms. Purandare, Mr. Sabharwal and Mr. Chourasia.

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' declarations from Ms. Purandare, Mr. Sabharwal and Mr. Chourasia for their respective appointment / re-appointment as Directors of the Company, which have been taken on record by the NRC.

The Company has received declarations from the Independent Directors viz. Ms. Purandare 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 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 are required to undertake online proficiency self-assessment test conducted by the IICA within a period of one year from the date of inclusion of their names in the data bank. The said online proficiency self-assessment test, unless exempted, would be undertaken by the Independent Directors of the Company within the stipulated time period.

22. 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 (including the Chairman) as well as an evaluation of the working of all the Committees of the Board. The Board of Directors was assisted by the NRC. 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 SEBI, had encouraged companies which were not covered under Chapter IV of the 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 Chairman. 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 Chairman 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.

23. 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, Key Managerial Personnel and all other employees is reasonable and sufficient to attract, retain and motivate them to successfully run the Company.

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

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

- Remuneration to Managing Director / Executive Directors / Key Managerial Personnel 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.

The Company has also adopted a 'Fit and Proper' Policy for ascertaining the 'fit and proper' criteria to be adopted at the time of appointment of Directors and on a continuing basis, pursuant to the RBI Master Directions for NBFCs. The Company has received the 'Fit and Proper' declarations from all the Directors of the Company in April 2020, which have been taken on record by the NRC.

24. KEY MANAGERIAL PERSONNEL

During FY 2019-20, Mr. Manish Parikh was appointed as Company Secretary, Compliance Officer and Key Managerial Personnel ("KMP") of the Company, with effect from June 01, 2019.

Mr. Manish Chourasia, Managing Director, Mr. Behzad Bhesania, Chief Financial Officer, and Mr. Manish Parikh, Company Secretary, are the KMPs of the Company.

25. 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 2019-20.

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, the applicable accounting standards and guidance provided by The Institute of Chartered Accountants of India have been followed and that there are no material departures thereof;

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.

26. 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, Government and others. 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. During FY 2019-20, TCL, won the Golden Peacock Award for Excellence in Corporate Governance in the Financial Services sector.

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 of becoming a leading financial services company in India, with a global footprint, 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 in 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 and an Anti-Bribery and Anti-Corruption ("ABAC") Policy .

During FY 2019-20, the Company has revised the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices, to align it with the amendments made in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

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 identity.

a) <u>Board of Directors</u>

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, 2020, the Board comprised six Directors viz. Ms. Varsha Purandare, Chairperson of the Board of Directors of the Company, Ms. Padmini Khare Kaicker, Dr. Ajay Mathur, Mr. Rajiv Sabharwal, Mr. Pradeep C. Bandivadekar and Mr. Manish Chourasia, Managing Director of the Company.

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

Ms. Purandare (appointed with effect from January 25, 2020) and Ms. Kaicker are the Independent Directors (“IDs”) of the Company, while Dr. Mathur and Mr. Sabharwal are the NEDs of the Company.

During FY 2019-20, nine Meetings of the Board of Directors were held on the following dates: April 30, 2019, May 27, 2019, June 17, 2019, July 26, 2019, October 19, 2019, October 29, 2019, December 16, 2019, January 27, 2020 and March 30, 2020.

The details of attendance at Board Meetings held during FY 2019-20 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 June 17, 2019**
			Held during tenure	**Attended**	
Mr. Vittaldas Leeladhar[1]	02630276	Independent Director	7	7	Yes
Ms. Varsha Purandare[2]	05288076	Independent Director	2	2	N.A.
Ms. Padmini Khare Kaicker	00296388	Independent Director	9	8	Yes
Dr. Ajay Mathur[3]	07490468	Non-Executive Director	8	5	No
Mr. Rajiv Sabharwal	00057333	Non – Executive Director	9	8	Yes
Mr. Pradeep C. Bandivadekar[4]	00059330	Non – Executive Director	9	8	Yes
Mr. Manish Chourasia	03547985	Managing Director	9	9	Yes

Notes:

1. *Mr. Vittaldas Leeladhar ceased to be an Independent Director of the Company, with effect from January 06, 2020, consequent upon his resignation as a Director of the Company.*
2. *Ms. Varsha Purandare was appointed as an Independent Director of the Company, with effect from January 25, 2020.*
3. *Dr. Ajay Mathur was appointed as the NED of the Company, with effect from May 01, 2019.*
4. *Mr. Pradeep C. Bandivadekar would cease to be the NED of the Company with effect from June 30, 2020, consequent upon his resignation as a Director of the Company.*

Ms. Padmini Khare Kaicker, Chairperson of the Audit Committee and 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 2019-20 to them, within the maximum prescribed limits, as recommended by the NRC and approved by the Board at their respective meetings held on June 19, 2020 and June 20, 2020 respectively. The details of the same are, as under:

(Amount in ₹)

Name of Director(s)	Sitting Fees paid for attending Board and Committee Meetings during FY 2019-20	Commission to be paid for FY 2019-20
Mr. Vittaldas Leeladhar [1]	7,70,000	10,12,500
Ms. Varsha Purandare [2]	2,80,000	2,25,000
Ms. Padmini Khare Kaicker	7,70,000	13,50,000
Dr. Ajay Mathur [3]	1,50,000	12,37,500

Notes:

1. *Mr. Vittaldas Leeladhar ceased to be an Independent Director of the Company with effect from January 06, 2020, consequent upon his resignation as a Director of the Company.*
2. *Ms. Varsha Purandare was appointed as an Independent Director of the Company with effect from January 25, 2020.*
3. *Dr. Ajay Mathur was appointed as the Non - Executive Director of the Company with effect from May 01, 2019. Dr. Mathur is a Nominee Director appointed by IFC. Hence, Sitting fees / Commission is paid by the Company to IFC.*

At the meetings of the NRC and Board of Directors held on June 19, 2020 and June 20, 2020 respectively, a Commission of ₹ 52 lakh was approved as payable to Mr. Chourasia for FY 2019-20. With this, the total remuneration of Mr. Chourasia for FY 2019-20, was ₹ 2.90 crore.

None of the NEDs and IDs had any pecuniary relationships or transactions with the Company during FY 2019-20.

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 Gist 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

During FY 2019-20, six Meetings of the Audit Committee were held on the following dates: April 30, 2019, July 26, 2019, October 29, 2019, November 25, 2019, January 27, 2020 and February 19, 2020. The composition of the Audit Committee and the attendance of its Members at its Meetings held during FY 2019-20 are, given below:

Name of the Member(s)	Category	No. of Meetings	
		Held during tenure	Attended
Ms. Padmini Khare Kaicker, Chairperson	Independent Director	6	5
Mr. Vittaldas Leeladhar[1]	Independent Director	4	4
Ms. Varsha Purandare[2]	Independent Director	2	2
Mr. Rajiv Sabharwal	Non-Executive Director	6	5

Notes:

1. *Mr. Vittaldas Leeladhar ceased to be an Independent Director of the Company, consequent upon his resignation and, accordingly, ceased to be the Member of the Audit Committee, with effect from January 06, 2020.*
2. *Ms. Varsha Purandare was appointed as a Member of the Audit Committee with effect from January 25, 2020.*

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.

Given below, *inter alia*, is a gist of the responsibilities of the Audit Committee:

- 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 ensure adequacy of internal controls and compliances and recommend remedial measures;
- To review adequacy of the Internal Audit function;
- To review and monitor the Auditors' independence and performance and effectiveness of the audit process;
- To oversee financial reporting process and disclosure of financial information;
- To examine the financial statements and the Auditors' Report thereon;
- To evaluate adequacy of the risk management systems;
- To act as a link between the Statutory Auditors, the Internal Auditors and the Board of Directors;
- To review financial, accounting and risk management policies;
- 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 scrutinize inter-corporate loans and investments;
- To evaluate the valuation of undertakings or assets of the Company, if necessary;
- To monitor the end use of funds raised through public offers and related matters;
- To review findings of internal investigations, frauds, irregularities, etc.;
- To carry out additional functions as per the regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee;
- To carry out the responsibilities under the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices;
- To conduct Information Systems Audit of the internal systems and processes at least once in two years to assess operational risks;
- To appoint Auditors to undertake such audits as may be directed by law / Audit Committee / Board, from time to time;
- 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 2019-20.

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 during FY 2019-20 is, given below:

Name of the Member(s)	Category
Mr. Rajiv Sabharwal, Chairman	Non- Executive Director
Mr. Vittaldas Leeladhar[1]	Independent Director
Ms. Varsha Purandare[2]	Independent Director
Ms. Padmini Khare Kaicker	Independent Director

Notes:

1. *Mr. Vittaldas Leeladhar ceased to be an Independent Director of the Company, consequent upon his resignation and, accordingly, ceased to be the Member of the NRC, with effect from January 06, 2020.*
2. *Ms. Varsha Purandare was appointed as a Member of the NRC with effect from January 25, 2020.*

Terms of reference

Given below, *inter alia*, is a gist of the responsibilities of the NRC:

- 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;
- To review 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 take steps to refresh the composition of the Board;
- To decide Commission payable to the Directors, subject to prescribed limits and approval of shareholders; and
- To review employee compensation *vis-à-vis* industry practices and trends.

(iii) Risk Management Committee ("RMC")

Composition

The composition of the RMC during FY 2019-20 is, given below:

Name of the Member(s)	Category
Mr. Vittaldas Leeladhar[1]	Independent Director
Ms. Varsha Purandare, Chairperson[2]	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Pradeep C. Bandivadekar[3]	Non-Executive Director
Mr. Manish Chourasia	Managing Director

Notes:

1. *Mr. Vittaldas Leeladhar ceased to be an Independent Director of the Company, consequent upon his resignation and, accordingly, ceased to be the Chairman of the RMC, with effect from January 06, 2020.*
2. *Ms. Varsha Purandare was appointed as a Chairperson of the RMC with effect from January 25, 2020.*
3. *Mr. Pradeep C. Bandivadekar would cease to be the NED of the Company, consequent upon his resignation and, accordingly, would cease to be the Member of the RMC, with effect from June 30, 2020.*

Terms of reference

Given below, *inter alia*, is a gist of the responsibilities of the RMC:

- 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.

Pursuant to Notification dated May 16, 2019 issued by the RBI, captioned 'Risk Management System – Appointment of Chief Risk Officer for NBFCs', NBFCs with an asset size of more than ₹ 50 billion were required to appoint a Chief Risk Officer ("CRO"). Accordingly, the Company had appointed Mr. Ashwini Kumar as the CRO of the Company.

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

Composition

The composition of the ALCO during FY 2019-20 is, given below:

Name of the Member(s)	Category
Mr. Vittaldas Leeladhar[1]	Independent Director
Ms. Varsha Purandare, Chairperson[2]	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Pradeep C. Bandivadekar[3]	Non-Executive Director
Mr. Manish Chourasia	Managing Director

Notes:

1. *Mr. Vittaldas Leeladhar ceased to be an Independent Director of the Company, consequent upon his resignation and, accordingly, ceased to be the Chairman of the ALCO, with effect from January 06, 2020.*
2. *Ms. Varsha Purandare was appointed as a Chairperson of the ALCO with effect from January 25, 2020.*
3. *Mr. Pradeep C. Bandivadekar would cease to be the NED of the Company, consequent upon his resignation and, accordingly, would cease to be the Member of the ALCO, with effect from June 30, 2020.*

Terms of reference

Given below, *inter alia*, is a gist of the responsibilities of the ALCO:

- To comply with the RBI Prudential Norms / Directions / Guidelines for Asset Liability Management; and
- To determine the Prime Lending Rates of the Company, from time to time, in accordance with the Policy for Determining Interest Rates, Processing and Other Charges.

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

Composition

The composition of the CSR Committee during FY 2019-20 is, given below:

Name of the Member(s)	Category
Mr. Vittaldas Leeladhar[1]	Independent Director
Ms. Varsha Purandare, Chairperson[2]	Independent Director
Ms. Padmini Khare Kaicker	Independent Director
Mr. Pradeep C. Bandivadekar[3]	Non-Executive Director
Mr. Manish Chourasia[4]	Managing Director

Notes:

1. *Mr. Vittaldas Leeladhar ceased to be an Independent Director of the Company, consequent upon his resignation and, accordingly, ceased to be the Chairman of the CSR Committee, with effect from January 06, 2020.*
2. *Ms. Varsha Purandare was appointed as the Chairperson of the CSR Committee with effect from January 25, 2020.*
3. *Mr. Pradeep C. Bandivadekar would cease to be the NED of the Company, consequent upon his resignation and, accordingly, would cease to be the Member of the CSR Committee, with effect from June 30, 2020.*
4. *Mr. Manish Chourasia was appointed as a Member of the CSR Committee with effect from January 25, 2020.*

Terms of reference

Given below, *inter alia*, is a gist of the responsibilities of the CSR Committee:

- 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;
- 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; and
- To oversee the Company's conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen.

(vi) Investment Credit Committee ("ICC")

Composition

The composition of the ICC during FY 2019-20 is, given below:

Name of the Member(s)	**Category**
Mr. Vittaldas Leeladhar[1]	Independent Director
Ms. Varsha Purandare, Chairperson[2]	Independent Director
Ms. Padmini Khare Kaicker[3]	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Pradeep C. Bandivadekar[4]	Non-Executive Director
Mr. Manish Chourasia[5]	Managing Director

Notes:

1. *Mr. Vittaldas Leeladhar ceased to be an Independent Director of the Company, consequent upon his resignation and, accordingly, ceased to be the Chairman of the ICC, with effect from January 06, 2020.*
2. *Ms. Varsha Purandare was appointed as the Chairperson of ICC with effect from January 25, 2020.*
3. *Ms. Padmini Khare Kaicker was appointed as a Member of ICC with effect from July 26, 2019.*

4. *Mr. Pradeep C. Bandivadekar would cease to be the NED of the Company, consequent upon his resignation and, accordingly, would cease to be the Member of the ICC, with effect from June 30, 2020.*
5. *Mr. Manish Chourasia was appointed as a Member of ICC with effect from January 25, 2020.*

Terms of reference

Given below, *inter alia*, is a gist of the responsibilities of the ICC:

- To approve / modify / disapprove financing / credit proposals, 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 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;
- To periodically review proposals approved by Management Credit Committee; and
- To carry out such other functions as may be delegated by the Board from time to time.

(vii) Information Technology Strategy Committee ("ITSC")

Composition

The composition of the ITSC during FY 2019-20 is, given below:

Name of the Member(s)	**Category**
Ms. Padmini Khare Kaicker, Chairperson	Independent Director
Mr. Vittaldas Leeladhar[1]	Independent Director
Ms. Varsha Purandare[2]	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Manish Chourasia	Managing Director
Mr. Prasad Ranade	Business Chief Information Officer

Notes:

1. *Mr. Vittaldas Leeladhar ceased to be an Independent Director of the Company, consequent upon his resignation and, accordingly, ceased to be the Member of the ITSC, with effect from January 06, 2020.*

2. *Ms. Varsha Purandare was appointed as a Member of the ITSC with effect from January 25, 2020.*

Terms of reference

Given below, *inter alia*, is a gist of the responsibilities of the ITSC:

- To approve the IT strategy and policy documents, ensuring that the Management puts an effective strategic planning process in place and ascertaining that the Management had implemented processes and practices that ensure that the IT delivers value to the business;
- To monitor the method that the Management used to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- To constitute the Steering Committee and review the discussions of the said Committee periodically;
- 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;
- To review the IT / Information Systems ("IS") Audit report and provide its observation/recommendations to the Audit Committee; and
- To recommend the appointment of IT / IS Auditor to the Audit Committee.

(viii) Other Committees:

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

A. Asset Purchase Committee:

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, is given below:

Name of the Member(s)	Category
Mr. Vittaldas Leeladhar[1]	Independent Director
Ms. Varsha Purandare, Chairperson[2]	Independent Director
Ms. Padmini Khare Kaicker	Independent Director
Dr. Ajay Mathur[3]	Non-Executive Director

Notes:

1. *Mr. Vittaldas Leeladhar ceased to be an Independent Director of the Company, consequent upon his resignation and, accordingly, ceased to be the Chairman of the Asset Purchase Committee, with effect from January 06, 2020*

2. *Ms. Varsha Purandare was appointed as the Chairperson of the Asset Purchase Committee with effect from January 25, 2020.*
3. *Dr. Ajay Mathur was appointed as a Member of the Asset Purchase Committee with effect from May 1, 2019.*

B. Referral Committee:

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, is given below:

Name of the Member(s)	Category
Mr. Vittaldas Leeladhar[1]	Independent Director
Ms. Varsha Purandare, Chairperson[2]	Independent Director
Dr. Ajay Mathur[3]	Non-Executive Director

Notes:

1. *Mr. Vittaldas Leeladhar ceased to be an Independent Director of the Company, consequent upon his resignation and, accordingly, ceased to be the Chairman of the Referral Committee, with effect from January 06, 2020*
2. *Ms. Varsha Purandare was appointed as the Chairperson of the Referral Committee with effect from January 25, 2020.*
3. *Dr. Ajay Mathur was appointed as a Member of the Referral Committee with effect from May 1, 2019.*

C. Working Committee:

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

Composition

The composition of the Working Committee during FY 2019-20 is, given below:

Name of the Member(s)	Category
Ms. Padmini Khare Kaicker	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Pradeep C. Bandivadekar[1]	Non-Executive Director
Mr. Manish Chourasia	Managing Director

Note:

1. *Mr. Pradeep C. Bandivadekar would cease to be the NED of the Company, consequent upon his resignation and, accordingly, would cease to be the Member of the Working Committee, with effect from June 30, 2020.*

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 Company's NCDs issued on a private placement basis, are listed on the Wholesale Debt Market segment of the NSE.

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.

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 22 4080 7000 Fax: +91 22 4080 7080 Website: www.idbitrustee.com e-mail: itsl@idbitrustee.com

Registrar and Transfer Agents
Non – Convertible Debentures issued on a Private Placement basis
TSR Darashaw Consultants Private Limited 6-10, Haji Moosa Patrawala Industrial Estate, Near Famous Studio, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400011, Maharashtra, India Tel: +91 22 6656 8484 Fax: +91 22 6656 8494 SEBI Registration number. INR000004009 Website: www.tsrdarashaw.com e-mail: nnair@tsrdarashaw.com
Equity Shares issued by the Company
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

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 2019-20, 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 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 Vigil Mechanism, the Whistle Blower Policy, 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 2019-20, no complaint was 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) (“BSR”) 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. Further, the Company follows 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, Statutory Auditors, in their Reports dated June 20, 2020 on the Financial Statements of the Company for FY 2019 -20.

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 2019-20. 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 June 20, 2020, on the Secretarial and other related records of the Company, for FY 2019-20.

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, 2020 and June 20, 2020 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 2019-20, 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.

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 have been 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) Technology absorption:

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) Foreign Exchange Earnings and Outgo:

During FY 2019-20, the Foreign Exchange earned in terms of actual inflows during was Nil and the Foreign Exchange Outgo in terms of actual outflows was ₹ 0.01 crore.

36. EXTRACT OF ANNUAL RETURN

An extract of the Annual Return as prescribed under Section 92(3) of the Act and the Companies (Management and Administration) Rules, 2014, in the prescribed Form No. MGT-9, is annexed as Annexure 'E' and is also 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, 2020, is annexed as Annexure 'F'.

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, 2020, 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 only through electronic mode 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

The Management Discussion and Analysis Report is annexed as Annexure ‘G’.

39. ACKNOWLEDGEMENTS

The Directors would like to place on record their gratitude for the valuable guidance and support received from the RBI, the SEBI, the 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, commendable efforts, team work and professionalism. The Directors regret the loss of life due to COVID – 19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

For and on behalf of the Board of Directors

Varsha Purandare
Chairperson
DIN: 05288076

Mumbai
June 20, 2020

Annexure A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (“CSR”) ACTIVITIES

1. **Brief outline of the Company’s CSR policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs:**

   Vision: Our CSR vision is 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 Education and Skill Development, Climate Action, Health and Entrepreneurship

   Sectors and Issues: To focus on Climate Action.

   For details of the CSR Policy along with projects and programs, kindly refer website of the Company, www.tatacapital.com.

2. **The composition of the CSR Committee:**

   The Board of Directors have constituted a CSR Committee in accordance with the requirements of Section 135 (1) of the Companies Act, 2013 (“Act”), which comprises:
   - Ms. Varsha Purandare, Independent Director (Chairperson)
   - Ms. Padmini Khare Kaicker, Independent Director
   - Mr. Pradeep C. Bandivadekar, Non-Executive Director
   - Mr. Manish Chourasia, Managing Director

3. **Average Net Profit of the Company for last three Financial Years:**

(Amount in ₹)

Financial Year	Net Profit
FY 2016-17	67,53,40,700
FY 2017-18	1,17,76,42,389
FY 2018-19	1,44,57,41,791
Average Net Profit	**1,09,95,74,960**

Note: The above net profit has been calculated in accordance with the provisions of Section 198 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014

4. **Prescribed CSR expenditure (2% of Average Net Profit as indicated in Point No. 3):**

   The prescribed CSR expenditure for FY 2019-20 was ₹ 219.91 Lakh

5. **Details of CSR spend during FY 2019-20:**

   a. Total amount to be spent: ₹ 219.91 Lakh
   b. Amount unspent, if any: Nil
   c. Manner in which the amount was spent during FY 2019-20 is detailed below:

(in ₹)

Sr. No	CSR Project identified	Project Sector (Schedule VII)	Project Area and district, State	Amount Outlay (budget)	Amount Spent on the project		Cumulative expenditure up to the reporting period	Amount Spent	
	Name of the Project				Direct expenditure	Overheads		Direct	Implementing Agency
1	The Green Switch	Ensuring Environmental sustainability	Wada Palghar, Maharashtra	1,04,91,000	99,21,000	5,70,000	1,04,91,000	-	Keshav Shrusti Gram Oorja Solutions Private Limited
2	Ecoshpere Project	Ensuring Environmental sustainability	Mokhada, Maharashtra	1,00,00,000	97,50,000	2,50,000	1,00,00,000	--	Diganta Swaraj Foundation Srushtidnyan Avesta Solar Pvt. Ltd.
3	The Green Switch	Ensuring Environmental sustainability	Shahapur, Thane, Maharashtra	10,46,000	9,93,750	52,250	10,46,000	-	Keshav Shrusti Gram Oorja Solutions Private Limited
4	The Green Switch with AJEH	Ensuring Environmental sustainability	Mastichak, Saran, Bihar	4,54,000	454,000	-	4,54,000	-	Yugrishi Shriram Sharma Acharya Charitable Trust (Akhand Jyoti Eye Hospital) Fourth Partner Energy Limited
Total				2,19,91,000	2,11,18,750	8,72,250	2,19,91,000		

6. **In case the Company has failed to spend the 2% of the Average Net Profit of the last three financial years or any part thereof, reasons for not spending the amount:**

   Not Applicable as amount has been spent.

7. **Responsibility Statement:**

   The CSR Committee of the Board hereby confirms that the implementation and monitoring of the CSR Policy are in compliance with the CSR objectives and CSR Policy of the Company.

Ms. Varsha Purandare Chairperson, CSR Committee Independent Director DIN: 05288076	Ms. Padmini Khare Kaicker Member, CSR Committee Independent Director DIN:00296388	Mr. Pradeep C. Bandivadekar Member, CSR Committee Non – Executive Director DIN:0059330	Mr. Manish Chourasia Member, CSR Committee Managing Director DIN: 03547985

Mumbai, June 20, 2020

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, 2020

(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, 2020, 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, 2020 according to the applicable provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

(vi) Other laws specifically applicable to the Company, namely:

a) 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.
b) Credit Information Companies (Regulation) Act, 2005 and Rules.
c) The Prevention of Money Laundering Act, 2002 and the Prevention of Money Laundering (Maintenance of Records, etc.) Rules, 2005.
d) SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

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 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.

i. Issued 4,250 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs. 425.00 crore;
ii. Redeemed 1,527 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs. 152.70 crore;
iii. Issued 6,184 Secured Redeemable Principal Protected Market Linked Non-Convertible Debentures for an aggregate amount of Rs. 61.84 crore; and
iv. Issued 3,500 Unsecured Redeemable Non-Convertible Subordinated Debentures as Tier-II Capital for an aggregate amount of Rs. 350.00 crore.
v. Issued 48,240 Commercial Papers for an aggregate amount of Rs. 2,412.00 crore; and
vi. Redeemed 53,500 Commercial Papers for an aggregate amount of Rs. 2,675.00 crore.

For Parikh & Associates
Company Secretaries

Place: Mumbai
Date : June 20, 2020

Signature:
Anuja Shah
Partner
ACS No: 52937 CP No: 21367
UDIN: A052937B000359760

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 : June 20, 2020

Signature:
Anuja Shah
Partner
ACS No: 52937 CP No: 21367
UDIN: A052937B000359760

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 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 third 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 (₹ 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	Holding Company	ICDs accepted during the year	2,04,950	Tenor upto one year	Cost of funds at market borrowing rate	-
			ICDs repaid back during the year	1,87,150	Tenor upto one year	Not Applicable	-
2	Tata Capital Financial Services Limited	Subsidiary of Holding Company	Purchase of loan portfolio	12,855	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 is as per the Framework for Related Party Transactions adopted by the Company.*

For and on behalf of the Board of Directors

Varsha Purandare
Chairperson

Mumbai
June 20, 2020

Annexure 'E'

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on March 31, 2020
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN: U65923MH2011PLC222430

ii) Registration Date: September 27, 2011

iii) Name of the Company: Tata Cleantech Capital Limited

iv) a) Category: Company limited by shares

b) Sub-Category of the Company: Indian Non-Government Company

v) Address of the Registered Office and contact details:

11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013

Contact details:

Tel: 022-6606 9000

E-mail id: manish.parikh@tatacapital.com

vi) Whether listed company: Yes. As per Section 2(52) of the Companies Act, 2013, the Company is considered as a listed company since its debentures are listed on the National Stock Exchange of India Limited.

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:

Non – Convertible Debentures issued on a Private Placement basis	**Equity Shares issued by the Company**
TSR Darashaw Consultants Private Limited 6-10, Haji Moosa Patrawala Industrial Estate, Near Famous Studio, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400011, Maharashtra, India Tel: +91 22 6656 8484 Fax: +91 22 6656 8494 Website: www.tsrdarashaw.com e-mail: nnair@tsrdarashaw.com	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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

SR.NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT/ SERVICE	% TO TOTAL TURNOVER OF THE COMPANY
1	Financial Service Activity	64990	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SR. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Tata Capital Limited 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013	U65990MH1991PLC060670	Holding Company	80.50%	Section 2(46)

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-Wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	31,23,52,590	-	31,23,52,590	80.50	31,23,52,590	-	31,23,52,590	80.50	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other…	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	31,23,52,590		31,23,52,590	**80.50**	**31,23,52,590**	-	**31,23,52,590**	**80.50**	**0.00**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
(2) **Foreign**									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**31,23,52,590**	**-**	**31,23,52,590**	**80.50**	**31,23,52,590**	-	**31,23,52,590**	**80.50**	**0.00**
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Multilateral Financial Institution)	7,56,63,049	-	7,56,63,049	19.50	7,56,63,049	-	7,56,63,049	19.50	0.00
Sub-total (B)(1):-	7,56,63,049	**-**	7,56,63,049	**19.50**	**7,56,63,049**	-	**7,56,63,049**	**19.50**	0.00
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
ii) Overseas	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
b) Individuals i) Individual shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**7,56,63,049**		**7,56,63,049**	**19.50**	**7,56,63,049**	-	**7,56,63,049**	**19.50**	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**38,80,15,639**	-	**38,80,15,639**	**100**	**38,80,15,639**	-	**38,80,15,639**	**100**	**0.00**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1.	Tata Capital Limited	31,23,52,590	80.50	-	31,23,52,590	80.50	-	0.00
	Total	**31,23,52,590**	**80.50**	-	**31,23,52,590**	**80.50**	-	**0.00**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name	Shareholding		Date	Increase / Decrease	Reason	Cumulative Shareholding during the year (1.4.2019 to 31.3.2020)	
		No. of shares at the beginning (1.4.2019)/ end of the year (31.3.2020)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Tata Capital Limited	31,23,52,590	80.50	April 1, 2019	-	-	31,23,52,590	80.50
					No Change	_		
		31,23,52,590	80.50	March 31, 2020			31,23,52,590	80.50

There has been no change in the shareholding of the promoter during the year.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name	Shareholding		Date	Increase / Decrease	Reason	Cumulative Shareholding during the year (1.4.2019 to 31.3.2020)	
		No. of shares at the beginning (1.4.2019)/ end of the year (31.3.2020)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	International Finance Corporation	7,56,63,049	19.50	April 1, 2019	-	-	7,56,63,049	19.50
		-	-					
		7,56,63,049	19.50	March 31, 2020			7,56,63,049	19.50

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	No. of shares	No. of shares	No. of shares
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	-	-	-	-
3.	At the end of the year	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in crore)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i) Principal Amount	3,351.49	932.65	-	4,284.14
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	39.46	2.94	-	42.40
Total (i+ii+iii)	**3,390.95**	**935.59**	**-**	**4,326.54**
Change in Indebtedness during the financial year				
· Addition (Net)	4,930.78	4,823.62	-	9,754.40
· Reduction	4,233.71	4,627.20	-	8,860.91
Net Change	**697.07**	**196.42**	**-**	**893.49**

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year:				
i) Principal Amount	4,034.32	1,114.15	-	5,148.47
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	53.69	17.87	-	71.56
Total (i+ii+iii)	**4,088.01**	**1,132.02**	**-**	**5,220.03**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. **Remuneration to Managing Director, Whole-time Directors and/or Manager**:

(₹ in lakh)

Sr. no.	Particulars of remuneration	Name of Managing Director	Total Amount
		Mr. Manish Chourasia	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	 198.28 14.10 --	 198.28 14.10 --
2.	Stock Option	56.24	56.24
3.	Sweat Equity	--	--
4.	Commission - as % of profit - others, specify…	--	--
5.	Others, please specify (Retirals and Other Benefits)	21.76	21.76
	Total (A)	**290.38**	**290.38**
	Ceiling as per the Act		1030.43

Notes:

1. *The Remuneration details above includes Commission of FY 2019-20 to be paid in FY 2020-21.*
2. *The compensation cost shown under Stock Options in the table above, represents the Fair Value of the Stock Options in accordance with Indian Accounting Standards.*

B. Remuneration to other directors:

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors				Total
	Independent Directors	**Mr. Vittaldas Leeladhar**	**Ms. Padmini Khare Kaicker**	**Ms. Varsha Purandare**	**Dr. Ajay Mathur**	
1.	• Fee for attending board / committee meetings	7.7	7.7	2.8	1.5	19.7
	• Commission	10.12	13.50	2.25	12.37	38.24
	• Others, please specify	-	-	-	-	-
	Total (1)	**17.82**	**21.20**	**5.05**	**13.87**	**57.94**
	Total Managerial Remuneration (A+B)					348.32
	Overall Ceiling as per the Act					2266.94

Notes:

1. *Dr. Ajay Mathur was appointed as a Non - Executive Director, with effect from May 1, 2019. Hence, commission for FY 2019-20 will be paid to him on a pro-rata basis for 11 months. Since Dr. Mathur is a nominee director appointed by International Finance Corporation ("IFC"), commission would be paid to IFC.*
2. *Mr. Vittaldas Leeladhar ceased to be an Independent Director of the Company, with effect from January 06, 2020. Hence, commission for FY 2019-20 will be paid to him on a pro-rata basis for 9 months.*
3. *Ms. Varsha Purandare was appointed as an Independent Director of the Company with effect from January 25, 2020. Hence, commission for FY 2019-20 will be paid to her on a pro-rata basis for 2 months.*
4. *No Sitting Fees or commission has been paid to Mr. Rajiv Sabharwal and Mr. Pradeep C Bandivadekar.*

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in lakh)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	**Company Secretary**	**Total**
		Mr. Behzad Bhesania	**Mr. Manish Parikh**	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	52.37	32.94	85.31
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--

2.	Stock Option	--	--	--
3.	Sweat Equity	--	--	--
4.	Commission - as % of profit - others, specify…	--	--	--
5.	Others, please specify (Retirals and Other Benefits)	2.43	2.06	4.49
	Total	**54.80**	**35.00**	**89.8**

Notes:

1. *The Remuneration details above includes Performance Pay of FY 2019-20 to be paid in FY 2020-2021.*
2. *Mr. Manish Parikh was appointed as the Company Secretary and Compliance Officer, with effect from June 01, 2019.*

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

ANNEXURE 'F'

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 2019-20 is, as under:

Name of Director(s)	Ratio to Median
Mr. Vittaldas Leeladhar[1]	0.65:1
Ms. Padmini Khare Kaicker	0.77:1
Ms. Varsha Purandare[2]	0.18:1
Dr. Ajay Mathur[3]	0.51:1
Mr. Manish Chourasia	10.59:1

Notes:

1. *Mr. Vittaldas Leeladhar has ceased to be the Director of the Company with effect from January 6, 2020.*
2. *Ms. Varsha Purandare was appointed as the Independent Director of the Company with effect from January 25, 2020.*
3. *Dr. Ajay Mathur was appointed as the Non –Executive Director of the Company with effect from May 1, 2019.*

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, Non-Executive Director, did not draw any remuneration from the Company, as he is 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 2019-20, is as under:

Name of Director(s)	% Increase /(decrease) in Remuneration
Ms. Padmini Khare Kaicker	7.07 %
Mr. Manish Chourasia	16.23 %

Notes:

1. *Since Mr. Vittaldas Leeladhar has ceased to be the Director of the Company with effect from January 6, 2020, his remuneration is not comparable with that of FY 2018-19. Ms. Varsha Purandare was appointed as the Independent Director of the Company with effect from January 25, 2020 and Dr. Ajay Mathur was appointed as the Non -Executive Director of the Company with effect from May 1, 2019. In view of the same, the percentage increase/decrease in their remuneration, has not been computed.*
2. *Mr. Rajiv Sabharwal and Mr. Pradeep C. Bandivadekar, Non - Executive Directors of the Company, did not draw any remuneration from the Company in FY 2019-20. In view of the same, the percentage increase in their remuneration, has not been computed.*
3. *The percentage increase in remuneration of Mr. Behzad Bhesania, Chief Financial Officer, for FY 2019-20 was 6.62 % as compared to FY 2018-19.*
4. *Mr. Manish Parikh was appointed as the Company Secretary of the Company with effect from June 1, 2019.*

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

There is an increase in the median remuneration of employees in FY 2019-20 by 5.5% as compared to FY 2018-19.

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

The permanent employees on the rolls of Company as on March 31, 2020, were 68.

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 2019-20 is 9.75% and the percentage increase in the overall managerial remuneration is 18.63%.

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.

ANNEXURE 'G'

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY OVERVIEW AND OUTLOOK

Please refer to para 2 of the Board's Report.

2. PERFORMANCE REVIEW AND OUTLOOK

During FY 20-20, the Company continued to exhibit robust growth and consolidated on the strong foundations laid in the previous years. This is reflected in the 21% growth of Profit Before Tax growing from ₹ 137.4 crore to ₹ 165.7 crore

Over the past six years, the Company has exhibited strong growth on all parameters, with the total loan portfolio (including non-fund based commitments) growing from ₹ 132 crore to ₹ 5,362 crore over the period FY 2013-14 to FY 2019-20, at a Compounded Annual Growth Rate (CAGR) of around 85%. Commensurate with the increase in the loan portfolio, the Profit Before Tax ("PBT") has increased from ₹ 4.5 crore to ₹ 165.7 crore (at CAGR of around 82%) and the Profit After Tax ("PAT") has increased from ₹ 3.0 crore to ₹ 122.6 crore (at CAGR of around 86%) during the same period, while at the same time maintaining good asset quality with only a single Non-Performing Asset ("NPA").

The Company has successfully diversified its liability sources by leveraging its relationships with global investors by securing over $150 million line of credit. This was further augmented by long term fund raise cumulating to ₹1,667 crore. Share of long-term borrowing has increased from 57% to 64% in FY 2019-20

The Company was inducted into the Green Bank Network on September 24, 2019 in New York coinciding with United Nations meetings on Climate Change. The Company is the only Private Sector Climate Finance Institution in the Green Bank Network thus far and the first Indian Financial Institution to enter the coveted network. Membership will help the Company to expand its network with global green banks and global climate investors.

In FY 2019-20, the Company has taken significant steps towards digitization. Building on the concept of Data Lake, a repository of data is being created consisting of data pertaining to all aspects to clean technology space. Going forward, the Company aims to build intensive data analytics systems and processes to utilize the Data Lake for more efficient under-writing. The Company has also launched multiple IT projects to digitize the internal processes and improving productivity.

The book growth for the Company of 9% has been lower than the expectations. The Company has faced challenges due to following reasons:

- NBFC growth in FY 20 was the lowest in the decade
- Capacity addition for renewable projects have reduced in last couple of years
- With breakout of COVID-19 pandemic, the Company purposefully slowed down the interim appraisal and disbursement process

The disruption created by COVID-19 has been unprecedented. The Company is assessing the impact on existing portfolio and future opportunities. As it continues to unravel the industries and businesses not only in India but across the World, the impact will be known only with a lag.

One asset of the Company went into NPA due to tariff renegotiation in Andhra Pradesh. The matter is expected to be resolved shortly with intervention of High Court orders.

Advisory segment has strengthened the portfolio base and enhanced the presence across various geographies. The team is further strengthened by launch of a research division to develop in house research products.

Going forward, the Company aims to gradually transition its project portfolio to projects with offtakes from Central and stronger State entities. Similarly, the Company shall also be selective with states for corporate PPA market. The Company shall also target other pockets of opportunities with loan of 4-5 years maturities. Company is looking to leverage its strong underwriting abilities to bring in diverse set of lenders and investors for co-investment. To improve on liability front, in addition to focusing on climate investors, the team is strengthened to also explore domestic bond market.

3. SEGMENT WISE OR PRODUCT WISE PERFORMANCE OF THE COMPANY

Please refer to Para 7 of the Board's Report.

4. RISKS AND CONCERNS

Please refer to Para 10 of the Board's Report.

5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Please refer to Para 3 of the Board's Report.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Please refer to Para 11 of the Board's Report.

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

Please refer to Para 14 of the Board's Report.

Financial Statements

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

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 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of matter

As described in Note 50 to the financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with Reserve Bank of India Covid-19 Regulatory Package.

As described in Note 38 to the financial statements, the extent to which the Covid-19 pandemic will impact the Company's financial performance and consequently the financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

B S R & Co (a partnership firm with Registration No. BA61223) converted into
B S R & Co. LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8181)
with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi Mumbai - 400 011. India

Key Audit Matters

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

Description of Key Audit Matter:

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment of loans and advances to customers

Charge: INR 4,814 lakhs for year ended 31 March 2020
Provision: INR 6,981 lakhs at 31 March 2020</td></tr>
<tr><td colspan="2">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 judgments”, “Note 39(B)(iv), Note 39(c)(iv) and Note 50 to the Financial Statements: Loans and advances”</td></tr>
<tr><td>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’) model. The Company’s impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.

The most significant areas in the ECL calculation are:
- Segmentation of loan book;
- Determination of exposure at default
- Loan staging criteria;
- Calculation of probability of default / loss given default;
- Consideration of probability weighted scenarios and forward looking macro-economic factors.

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. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.

Impact of Covid-19

On 11 March 2020 the World Health Organisation declared the Novel Coronavirus (Covid-19) outbreak to be a pandemic.</td><td>Our key audit procedures included:

Design / controls

• Evaluating the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109 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.

• Evaluating management’s controls over collation of relevant information used for determining estimates for ECL computation, including for assessing the impact arising on account of Covid-19.

• Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the ECL charges.

• Testing the system reports with the help of our IT specialists to check the completeness and accuracy of the data and reports used to perform computations for ECL.

• Testing of review controls over measurement of impairment allowances and disclosures in financial statements.

• Testing that the governance controls over ECL are line with the RBI guidance.</td></tr>
</table>

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances to customers *(Continued)* Management has identified the impact of, and uncertainty related to the Covid-19 pandemic as a key element of consideration for recognition and measurement of impairment of loans and advances on account of: - short and long term macro-economic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities; - impact of the pandemic on the Company's customers and their ability to repay dues; and - application of Regulatory Package announced by the Reserve Bank of India ('RBI') on asset classification and provisioning. Management has conducted a qualitative assessment of Significant Increase in Credit Risk ('SICR') of the loan portfolio and has also considered various macro-economic scenarios and management overlays to reflect potential impact of Covid-19 on expected credit losses on its loan portfolio.	**Substantive tests** • 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 test of details over calculation of ECL, in relation to the completeness, accuracy and relevance of data. • 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. • Corroborate through independent check and enquiries the reasonableness of management's assessment of severity of impact of Covid-19 on segments of its loan portfolio and the resultant impairment provision computed. • Using modelling specialist to test the ECL model methodology and reasonableness of assumptions used (including assessing for Covid-19 impact), including management overlays. • Assessing the appropriateness of the additional financial statement disclosures made by the Company regarding impact of Covid-19.

Information Technology ('IT')

The key audit matter	How the matter was addressed in our audit
IT systems and controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems. Further, the prevailing Covid-19 situation has caused the required IT applications to be made accessible to the employees on a remote basis. 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 program development, user access management, change management, segregation of duties, and system application controls over key financial accounting and reporting systems.	Our key audit procedures included: • Testing the General IT Control ('GITC') over key financial accounting and reporting systems and supporting control systems (referred to as in-scope systems). • Testing sample of key controls operating over information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • Testing 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.

Key Audit Matters *(Continued)*

Information Technology ('IT') *(Continued)*

The key audit matter	How the matter was addressed in our audit
IT systems and controls *(Continued)* We have identified 'IT system and controls' as a Key Audit Matter since the Company relies on automated processes and controls in the day to day conduct of its business.	• For a selected group of key controls over financial and reporting system, 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. • Assessing other areas independently, that include password policies, security configurations, 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. • Understanding and testing the IT infrastructure (operating systems and databases supporting the in-scope systems and related data security controls) in relation to large number of users working on the Company's systems remotely in the light of Covid-19.

Business model assessment

The key audit matter	How the matter was addressed in our audit
Assessment of business model for classification and measurement of financial assets **Financial assets classified at Amortised cost: Rs. 462,105 lakh as at 31 March 2020** **Financial assets classified at FVOCI: INR 63,462 lakh at 31 March 2020**	
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' and 'Note 35' to the Financial Statements: Financial risk review: Credit risk 'Note 35(A)	
Classification and measurement of Financial assets - Business model assessment Ind AS 109, Financial Instruments contains three principal measurement categories for financial assets i.e.: • Amortised cost; • Fair Value through Other Comprehensive Income ('FVOCI'); and • Fair Value through Profit and Loss ('FVTPL').	Our key audit procedures included: **Design / controls** • Assessed 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); • 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.

Key Audit Matters *(Continued)*

Business model assessment *(Continued)*

The key audit matter	How the matter was addressed in our audit
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.	**Substantive tests** • Test of details over of classification and measurement of financial assets in accordance with management's intent (business model) • 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 auditor's report thereon.

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

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

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

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

Independent Auditors’ Report *(Continued)*

Tata Cleantech Capital Limited

Management's and Board of Directors’ Responsibility for the Financial Statements *(Continued)*

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

- 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;

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

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

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

i. The Company has disclosed the impact of pending litigations as at 31 March 2020 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 29 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.

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

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

In our opinion and according to the information and explanations given to us, the remuneration paid/ provided for by the Company in respect of 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

Sagar Lakhani
Partner
Membership No. 111855
ICAI UDIN: 20111855AAAAEH3060

Mumbai
20 June 2020

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) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.

(vii) a. According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, 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, duty of customs and duty of excise.

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 2020 for a period of more than six months from the date they became payable.

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

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.

(viii) 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.

(ix) In our opinion and according to the information and explanations given to us, the monies raised by the Company from debt instruments and term loans 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.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, no 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.

(xi) 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.

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

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

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

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

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

(xvi) 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

Sagar Lakhani
Partner
Membership No. 111855
UDIN: 20111855AAAAEH3060

Mumbai
20 June 2020

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 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Emphasis of Matter

As described in Emphasis of Matter paragraph of our report to the financial statements, the extent to which the Covid-19 pandemic will have impact on the Company's internal financial controls with reference to financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter. .

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.

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

Auditor’s Responsibility ***(Continued)***

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

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

Meaning of Internal Financial controls with Reference to the Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Sagar Lakhani
Partner
Membership No. 111855
ICAI UDIN: 20111855AAAAEH3060

Mumbai
20 June 2020

Tata Cleantech Capital Limited

Balance Sheet

as at March 31, 2020

(Rs. in lakh)

PARTICULARS	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	3	**89,455**	31,792
(b) Bank balances other than (a) above		**-**	-
(c) Derivative financial instruments	4	**2,166**	-
(d) Receivables			
(i) Trade receivables	5	**12**	34
(ii) Other receivables		**-**	-
(e) Loans	6	**5,25,567**	4,85,788
(f) Investments	7	**77**	60
(g) Other financial assets	8	**281**	292
Total Financial assets		**6,17,558**	5,17,966
(2) Non-financial assets			
(a) Current tax assets (Net)	9	**1,775**	547
(b) Deferred tax assets (Net)	9	**2,218**	1,527
(c) Investment Property	10	**224**	235
(d) Property, plant and equipment	10	**238**	23
(e) Other non-financial assets	11	**59**	112
Total Non-financial assets		**4,514**	2,444
Total Assets		**6,22,072**	5,20,410
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) 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	**60**	2
(ii) Other payables			
- Total outstanding dues of micro enterprises and small enterprises		**-**	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		**-**	-
(b) Debt Securities	13	**1,35,616**	1,27,415
(c) Borrowings (Other than debt securities)	14	**3,43,399**	3,00,731
(d) Subordinated liabilities	15	**35,273**	-
(e) Other financial liabilities	16	**7,329**	4,240
Total Financial liabilities		**5,21,678**	4,32,388
(2) Non-Financial liabilities			
(a) Current tax liabilities (Net)		**-**	-
(b) Provisions	17	**112**	95
(c) Other non-financial liabilities	18	**1,527**	1,369
Total Non-financial liabilities		**1,639**	1,464
(3) Equity			
(a) Equity Share capital	19	**38,802**	38,802
(b) Other equity	20	**59,953**	47,756
Total Equity		**98,755**	86,558
Total Liabilities and Equity		**6,22,072**	5,20,410
significant accounting policies	2		
See accompanying notes forming part of the financial statements	3-52		

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

Sagar Lakhani
Partner
Membership No: 111855

Rajiv Sabharwal
(Director)
DIN: 00057333

Padmini Khare Kaicker
(Director)
DIN: 00296388

Varsha Purandare
(Director)
DIN: 05288076

Pradeep C. Bandivadekar
(Director)
DIN: 00059330

Ajay Mathur
(Director)
DIN: 07490468

Manish Chourasia
(Managing Director)
DIN: 03547985

Behzad Bhesania
(Chief Financial Officer)

Manish Parikh
(Company Secretary)

Mumbai
20 June 2020

Tata Cleantech Capital Limited

Statement of Profit and Loss

for the year ended March 31, 2020

(Rs. in lakh)

	PARTICULARS	*Note*	**For the year ended March 31, 2020**	For the year ended March 31, 2019
I	**Revenue from operations**			
	(i) Interest income	*21*	**59,342**	42,045
	(ii) Fees and commission income	*22*	**1,105**	1,151
	(iii) Net gain on fair value changes	*23*	**1,126**	78
			61,573	43,274
II	**Other income**	*24*	**14**	38
III	**Total Income (I+II)**		**61,587**	43,312
IV	**Expenses**			
	Finance costs	*25*	**35,793**	24,853
	Fees and commission expense		**-**	-
	Impairment on financial instruments	*26*	**4,814**	798
	Employee benefit expenses	*27*	**2,160**	2,062
	Depreciation, amortisation and impairment	*10*	**91**	23
	Other expenses	*28*	**2,163**	1,839
	Total expenses (IV)		**45,021**	29,575
V	**Profit before exceptional items and tax (III-IV)**		**16,566**	13,737
VI	**Exceptional Items**		**-**	-
VII	**Profit before tax (V-VI)**		**16,566**	13,737
VIII	**Tax expense**			
	(i) Current tax	*9*	**4,958**	4,248
	(ii) Deferred tax	*9*	**(649)**	(729)
	Net tax expense (i+ii)		**4,309**	3,519
IX	**Profit from continuing operations (VII-VIII)**		**12,257**	10,218
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)**		**12,257**	10,218
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)		**8**	111
	(b) Income tax relating to fair value gain on financial assets carried at FVTOCI		**(2)**	(39)
	(c) The effective portion of loss on hedging instrument in a cash flow hedge		**(159)**	-
	(d) Income tax relating to effective portion of gains and loss on hedging instrument in a cash flow hedge		**40**	-
	(ii) Items that will not be reclassified subsequently to statement of profit and loss			
	(a) Remeasurement of defined employee benefit plans		**(28)**	(28)
	(b) Income tax relating to items that will not be reclassified to profit or loss		**7**	8
	Total Other Comprehensive Income (i+ii)		**(134)**	52
XV	**Total Comprehensive Income for the year (XIII+XIV) (Comprising Profit and Other Comprehensive Income for the year)**		**12,123**	10,270
XVI	**Earnings per equity share (for continuing operation)**			
	(1) Basic (Rs.)		**3.16**	2.83
	(2) Diluted (Rs.)		**3.16**	2.83
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.)		**3.16**	2.83
	(2) Diluted (Rs.)		**3.16**	2.83

significant accounting policies *2*

See accompanying notes forming part of the financial statements *3-52*

In terms of our report of even date

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

Sagar Lakhani
Partner
Membership No: 111855

Rajiv Sabharwal
(Director)
DIN: 00057333

Padmini Khare Kaicker
(Director)
DIN: 00296388

Varsha Purandare
(Director)
DIN: 05288076

Pradeep C. Bandivadekar
(Director)
DIN: 00059330

Ajay Mathur
(Director)
DIN: 07490468

Mumbai
20 June 2020

Manish Chourasia
(Managing Director)
DIN: 03547985

Behzad Bhesania
(Chief Financial Officer)

Manish Parikh
(Company Secretary)

Tata Cleantech Capital Limited

Statement of Changes in Equity

for the year ended March 31, 2020

(Rs. in lakh)

a. Equity share capital

Particulars	Note	Rs. in Lakh
Balance as at April 1, 2018		35,576
Changes in equity share capital during the year		3,226
Balance at March 31, 2019	19	**38,802**
Balance as at April 1, 2019		38,802
Changes in equity share capital during the year		-
Balance at March 31, 2020	19	**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, 2018	**15,265**	**3,235**	**3,591**	**19**	**3**	**8,245**	**-**	**(17)**	**354**	**30,695**
Profit for the year	-	-	-	-	-	10,218	-	-	-	**10,218**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	(20)	72	**52**
Total	**15,265**	**3,235**	**3,591**	**19**	**3**	**18,463**	**-**	**(37)**	**426**	**40,965**
Transfer to stock reserve - equity settled options	-	-	-	(12)	12	-	-	-	-	**-**
Share based payment expense	-	-	-	27	-	-	-	-	-	**27**
Premium on issue of Equity Shares	6,774	-	-	-	-	-	-	-	-	**6,774**
Share issue expenses written-off	(10)	-	-	-	-	-	-	-	-	**(10)**
Transfer to Special Reserve Account	-	2,044	1,514	-	-	(3,558)	-	-	-	**-**
Balance at March 31, 2019	**22,029**	**5,279**	**5,105**	**34**	**15**	**14,905**	**-**	**(37)**	**426**	**47,756**
Profit for the year	-	-	-	-	-	12,257	-	-	-	**12,257**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	(119)	(21)	6	**(134)**
Total	**-**	**-**	**-**	**-**	**-**	**12,257**	**(119)**	**(21)**	**6**	**12,123**
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)	-	-	-	**-**
Ind AS 116 transition impact net of tax	-	-	-	-	-	(11)	-	-	-	**(11)**
Balance at March 31, 2020	**22,029**	**7,730**	**6,610**	**112**	**22**	**23,195**	**(119)**	**(58)**	**432**	**59,953**

Significant accounting policies 2

See accompanying notes forming part of the financial statements- refer notes 3-52

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

Sagar Lakhani
Partner
Membership No: 111855

Rajiv Sabharwal
(Director)
DIN: 00057333

Padmini Khare Kaicker
(Director)
DIN: 00296388

Varsha Purandare
(Director)
DIN: 05288076

Pradeep C. Bandivadekar
(Director)
DIN: 00059330

Ajay Mathur
(Director)
DIN: 07490468

Manish Chourasia
(Managing Director)
DIN: 03547985

Behzad Bhesania
(Chief Financial Officer)

Manish Parikh
(Company Secretary)

Mumbai
20 June 2020

Tata Cleantech Capital Limited

Statement of Cash Flow

for the year ended March 31, 2020

(Rs. in lakh)

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
1 CASH FLOW USED IN OPERATING ACTIVITIES		
Profit before tax	**16,566**	13,737
Adjustments for :		
Depreciation and amortisation	**91**	23
Interest expenses	**31,360**	20,635
Discounting charges on commercial paper	**4,433**	4,218
Interest income	**(59,342)**	(42,045)
Net loss /(gain) on fair value changes		
- Realised	**(1,122)**	(75)
- Unrealised	**(4)**	(3)
Provision for leave encashment	**16**	27
Provision against trade receivables	**4**	-
Share based payments- Equity-settled	**85**	26
Impairment loss allowance on loans (Stage I & II)	**3,417**	798
Impairment loss allowance on loans (Stage III)	**1,393**	-
Operating Loss before working capital changes and adjustments for interest received, interest paid and dividend received	**(3,103)**	(2,659)
Adjustments for :		
Increase in trade receivables	**18**	(11)
Increase in Loans	**(42,288)**	(1,78,885)
(Increase) / Decrease in - Other financial / non-financial assets	**15**	26
Decrease / (Increase) in other financial/ non financial liabilities	**232**	522
Cash used in operations before adjustments for interest received, interest paid and dividend received	**(45,126)**	(1,81,007)
Interest paid	**(33,505)**	(24,752)
Interest received	**57,028**	40,826
Dividend received	**-**	-
Cash used in operations	**(21,603)**	(1,64,932)
Taxes paid	**(6,179)**	(4,556)
NET CASH USED IN OPERATING ACTIVITIES (A)	**(27,782)**	(1,69,488)
2 CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital advances)	**(77)**	(13)
Proceeds from sale of property, plant and equipment	**3**	7
Purchase of mutual fund units	**(42,66,426)**	(3,08,332)
Proceeds from redemption of mutual fund units	**42,67,535**	3,08,391
NET CASH USED IN INVESTING ACTIVITIES (B)	**1,035**	53

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

(Rs. in lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
3 CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Shares	**-**	9,990
Share issue / debenture issue / loan processing expenses	**(569)**	(315)
Proceeds from borrowings (other than debt securities)	**6,43,972**	4,27,763
Proceeds from Debt Securities	**2,86,681**	1,89,630
Proceeds from Subordinated liabilities	**35,282**	-
Repayment of Borrowings (other than debt securities)	**(6,03,473)**	(2,45,777)
Repayment of Debt Securities	**(2,77,435)**	(1,80,775)
Repayment of Subordinated liabilities	**-**	-
Repayment of lease liabilities	**(48)**	-
NET CASH FROM FINANCING ACTIVITIES (C)	**84,410**	2,00,516
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	**57,663**	31,081
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	**31,792**	711
CASH AND CASH EQUIVALENTS AS AT THE END OF YEAR (refer note no 3.1)	**89,455**	31,792

Significant accounting policies 2
See accompanying notes forming part of the financial statements- refer notes 3-52

In terms of our report of even date

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

Sagar Lakhani
Partner
Membership No: 111855

Rajiv Sabharwal
(Director)
DIN: 00057333

Padmini Khare Kaicker
(Director)
DIN: 00296388

Varsha Purandare
(Director)
DIN: 05288076

Pradeep C. Bandivadekar
(Director)
DIN: 00059330

Ajay Mathur
(Director)
DIN: 07490468

Manish Chourasia
(Managing Director)
DIN: 03547985

Behzad Bhesania
(Chief Financial Officer)

Manish Parikh
(Company Secretary)

Mumbai
20 June 2020

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 standalone or separate financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act"), other relevant provisions of the Act, 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 June 20, 2020.

ii. Presentation of financial statements

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

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

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

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, 2020 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 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. 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.
Revenue from brokerage is recognised when the service is performed. Trail brokerage is recognised at the end of the measurement period when the pre-defined thresholds are met. Revenue is net of applicable indirect taxes and sub-brokerage.

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.

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.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019.

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.

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 (FVOCI); or
3) fair value through profit and loss (FVTPL).

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

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

- 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 FVOCI – equity investment). This election is made an investment – by – investment basis.

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

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

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 FVOCI), 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:

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.

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.

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:

Type of Financial asset	**Disclosure**
Financial asset measured at amortised cost	shown as a deduction from the gross carrying amount of the assets
Loan commitments and financial guarantee contracts	shown separately under the head “provisions”

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 FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

Financial liability, Equity and Compound Financial Instruments

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

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

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

Financial liabilities

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

Classification

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

De-recognition of financial liabilities

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

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 measured at fair value; any directly attributed transaction costs are recognised in profit and loss as incurred. Subsequent to initial recognition derivatives are measured at fair value, and changes therein are generally recognised in profit and loss.

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 provident fund and superannuation fund.

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

Defined contribution plans

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees in the year in which they occur. These contributions to provident fund are administered by the Regional Provident Fund Commissioner.
The Company's contribution to superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense in the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. 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.
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.

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

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

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

Applicable to financial year ended March 31, 2021 Company's financial statements:
• Amendments to References to Conceptual Framework in Ind AS Standards
• Definition of a Business (Amendments to Ind AS 103)
• Definition of Material (Amendment to Ind AS 1 and Ind AS 8)

Notes forming part of the financial statements (Continued)
as at March 31, 2020

(Rs. in lakh)

3 CASH AND CASH EQUIVALENTS

PARTICULARS		As at March 31, 2020	As at March 31, 2019
(a)	Cash on hand	-	-
(b)	Balances with banks in current accounts	**89,455**	16,784
(c)	Cheques on hand	-	-
(d)	Balances with banks in deposits accounts	-	15,008
Total		**89,455**	31,792

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. 89,455 lakh (March 31, 2019 : 31,792 lakh)

3.2 Balances with banks in deposits accounts are less than three months.

3.3 As at March 31, 2020, the Company had undrawn committed borrowing facilities of Rs. 288,631 lakh (March 31, 2019 : Rs. 261,450 lakh).

Notes forming part of the financial statements (Continued)

as at March 31, 2020

(Rs. in lakh)

4. Derivative financial instruments

As at March 31, 2020

Derivatives held for hedging and risk management purposes	Notional value - USD (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	-
Cap	-	-	-	-
Total	**50**	**37,618**	**2,166**	**-**

As at March 31, 2019

Derivatives held for hedging and risk management purposes	Notional value - USD (in mn)	Notional value	Fair value assets	fair value liabilities
Foreign exchange forward	-	-	-	-
Interest rate swap	-	-	-	-
Cross currency interest rate swap	-	-	-	-
Cap	-	-	-	-
Total	**-**	**-**	**-**	**-**

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

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

As at March 31, 2019

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	-	-	-	-	-
INR USD - Currency Swaps	-	-	-	-	-

4. Derivative financial instruments *(Continued)*

Hedged item

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)	-	-
INR USD - Currency Swaps	-	-	-	-

As at March 31, 2019

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	-	-	-	-
INR USD - Currency Swaps	-	-	-	-

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, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Forward exchangecontracts and Currencyswaps	(183)	-	-	-

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

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Balance	-	-
Effective portion of changes in fair value Currency Swap	1,944	-
Effective portion of changes in fair value Interest rate risk	-	-
Effective portion of changes in fair value Cap	-	-
Effective portion of changes in fair value foreign currency risk	221	-
Foreign currency translation differences	(2,349)	-
Amortisation of forward premium	24	-
Tax on movements on reserves during the period	40	-
Closing Balance	**(119)**	**-**

4.4 Average fixed interest rate:
- Interest rate cross currency swap: 7.81%

All hedges are 100% effective i.e. there is no ineffectiveness (refer not 40)

Notes forming part of the financial statements (Continued)
as at March 31, 2020

(Rs. in lakh)

5 TRADE RECEIVABLES

PARTICULARS		As at March 31, 2020	As at March 31, 2019
(i)	Receivables considered good - Secured	-	-
(ii)	Receivables considered good - Unsecured	12	34
(iii)	Receivables which have significant increase in Credit Risk	-	-
(iv)	Receivables - credit impaired	4	-
		16	34
Less: Allowance for impairment loss			
(i)	significant increase in credit risk	-	-
(ii)	credit impaired	4	-
Total		12	34

5.1 Trade receivables include amounts due from the related parties Rs. Nil (March 31, 2019: Rs. Nil)

(Rs. in lakh)

6 LOANS

PARTICULARS	As at March 31, 2020			As at March 31, 2019		
	Amortised Cost	**At fair Value Through Other Comprehensive Income**	**Total**	Amortised Cost	At fair Value Through Other Comprehensive Income	Total
(A)						
(i) Bills Purchased and Bills discounted	-	-	-	-	-	-
(ii) Loans repayable on Demand	-	-	-	-	-	-
(iii) Term Loans	4,65,217	63,462	5,28,679	4,13,976	60,930	4,74,906
(iv) Credit Substitutes	7,516	-	7,516	16,074	-	16,074
(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	-	-	-	-	-	-
Gross Loans	4,72,733	63,462	5,36,195	4,30,050	60,930	4,90,980
Less : Impairment loss allowance						
Stage I & II	5,588	-	5,588	2,156	-	2,156
Stage III	1,393	-	1,393	-	-	-
Loans net of impairment loss allowance	4,65,752	63,462	5,29,214	4,27,894	60,930	4,88,824
Less : Revenue received in Advance	3,647	-	3,647	3,036	-	3,036
Total (A)	**4,62,105**	**63,462**	**5,25,567**	**4,24,858**	**60,930**	**4,85,788**
(B)						
(i) Secured by tangible assets	4,72,733	63,462	5,36,195	4,30,050	60,930	4,90,980
(ii) Secured by intangible assets	-	-	-	-	-	-
(iii) Covered by Bank / Government Guarantees	-	-	-	-	-	-
(iv) Unsecured	-	-	-	-	-	-
Gross Loans	4,72,733	63,462	5,36,195	4,30,050	60,930	4,90,980
Less : Impairment loss allowance						
Stage I & II	5,588	-	5,588	2,156	-	2,156
Stage III	1,393	-	1,393	-	-	-
Loans net of impairment loss allowance	4,65,752	63,462	5,29,214	4,27,894	60,930	4,88,824
Less : Revenue received in Advance	3,647	-	3,647	3,036	-	3,036
Total (B)	**4,62,105**	**63,462**	**5,25,567**	**4,24,858**	**60,930**	**4,85,788**
(C)						
Loans in India						
(i) Public Sector	7,516	-	7,516	7,463	-	7,463
(ii) Others	4,65,217	63,462	5,28,679	4,22,587	60,930	4,83,517
Gross Loans	4,72,733	63,462	5,36,195	4,30,050	60,930	4,90,980
Less : Impairment loss allowance						
Stage I & II	5,588	-	5,588	2,156	-	2,156
Stage III	1,393	-	1,393	-	-	-
Loans net of impairment loss allowance	4,65,752	63,462	5,29,214	4,27,894	60,930	4,88,824
Less : Revenue received in Advance	3,647	-	3,647	3,036	-	3,036
Total (C)	**4,62,105**	**63,462**	**5,25,567**	**4,24,858**	**60,930**	**4,85,788**
(D)						
Loans Stage wise						
(i) Secured	4,46,684	63,462	5,10,146	4,29,438	60,930	4,90,368
(ii) Unsecured	-	-	-	-	-	-
(iii) Significant increase in Credit Risk	20,019	-	20,019	612	-	612
(iv) Credit Impaired	6,030	-	6,030	-	-	-
Gross Loans	4,72,733	63,462	5,36,195	4,30,050	60,930	4,90,980
Less : Impairment loss allowance						
Stage I & II	5,588	-	5,588	2,156	-	2,156
Stage III	1,393	-	1,393	-	-	-
Loans net of impairment loss allowance	4,65,752	63,462	5,29,214	4,27,894	60,930	4,88,824
Less : Revenue received in Advance	3,647	-	3,647	3,036	-	3,036
Total (D) - Gross	**4,62,105**	**63,462**	**5,25,567**	**4,24,858**	**60,930**	**4,85,788**

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 includes impairment allowance on loan commitments Rs. 124 lakh (As on March 31, 2019 Rs. 281 lakh)

6.3 Loans given to related parties as on March 31, 2020 Rs. Nil (as on March 31, 2019 : 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)

Notes forming part of the financial statements (Continued)
as at March 31, 2020

(Rs. in lakh)

7 INVESTMENTS

PARTICULARS	**As at March 31, 2020 Rs in lakh**	As at March 31, 2019 Rs in lakh
Investments in India		
Investments carried at fair value through profit or loss		
Mutual Fund (Unquoted)		
- Tata Liquid Fund Regular Plan - Growth	**77**	60
TOTAL	**77**	60

Note

7.1 There are no investments outside India.

8 OTHER FINANCIAL ASSETS

PARTICULARS	**As at March 31, 2020**	As at March 31, 2019
(a) Security deposits	**273**	249
(b) Advances to employees	**8**	34
(c) Advances recoverable from related parties *	**x**	3
(d) Other receivables	**-**	6
Total	**281**	292

* Amount less than Rs. 50,000/-

Notes forming part of the financial statements (Continued)
as at March 31, 2020

(Rs. in lakh)

9. INCOME TAXES

(i) CURRENT TAX ASSET (NET)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Advance Tax (net of provision for Income tax Rs 16,271 lakhs (March 19 Rs 11,321 lakhs)	1,775	547
TOTAL	**1,775**	**547**

A The income tax expense consist of the following:

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Current tax:		
Current tax expense for the year	4,958	4,248
Current tax expense / (benefit) pertaining to prior years	-	-
	4,958	**4,248**
Deferred tax benefit		
Origination and reversal of temporary differences	(1,076)	(721)
Change in tax rates *	428	(8)
	(649)	**(729)**
Total income tax expense recognised in the year	**4,309**	**3,519**

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, 2020	As at March 31, 2019
Profit before income taxes	16,566	13,737
Indian statutory income tax rate	25.168%	29.120%
Expected income tax expense	4,169	4,000
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax	-	-
Non deductible expenses	43	29
Tax incentives	(332)	(382)
Tax on income at different rates	1	-
Impact of change in the expected tax rates on temporary differences	-	(120)
Change in tax rates *	428	(8)
Total income tax expense	**4,309**	**3,519**

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, 2020			As at March 31, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability (asset)	(28)	7	(21)	(28)	8	(20)
Items that are or may be reclassified subsequently to profit or loss						
Fair value gain / (loss) on financial assets carried at FVTOCI	8	(2)	6	111	(39)	72
The effective portion of gains and loss on hedging instrument in a cash flow hedge reserve	(159)	40	(119)	-	-	-
Total Amounts recognised in OCI	**(179)**	**45**	**(134)**	**83**	**(31)**	**52**

* refer note no 51

Notes forming part of the financial statements (Continued)
as at March 31, 2020

(Rs. in lakh)

9. (ii) DEFERRED TAX ASSET

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**

The major components of deferred tax assets and liabilities for the year ended March 31, 2019 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 I & II	542	280	5	-	-	827
(b) Employee benefits	14	9	-	-	-	23
(c) Deferred income	393	509	4	-	-	906
(d) Depreciation on property, plant and equipment	4	1	-	-	-	5
Deferred Tax Liabilities :-						
(a) Debenture issue expenses	(14)	(77)	-	-	-	(91)
(b) Investment measured at fair value	(1)	(1)	-	-	-	(2)
(c) Loans measured at FVTOCI	(101)	-	(1)	(39)	-	(141)
Net Deferred Tax Asset	**837**	**721**	**8**	**(39)**	**-**	**1,527**

Gross deferred tax assets and liabilities are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets :-		
(a) Impairment loss allowance - Stage III	89	-
(b) Impairment loss allowance - Stage I & II	1,455	827
(c) Employee benefits	21	23
(d) Deferred income	792	906
(e) Depreciation on property, plant & equipment	4	5
(f) IndAS 116 Impact	11	-
(g) DTA on Cash Flow Hedges	40	-
Deferred Tax Liabilities :-		
(a) Debenture issue expenses	(87)	(91)
(b) Investment measured at fair value	(2)	(2)
(c) Loans measured at FVTOCI	(105)	(141)
Net Deferred Tax Asset	**2,218**	**1,527**

* amount less than Rs 50,000

Tata Cleantech Capital Limited

Notes forming part of the financial statements (Continued)

as at March 31, 2020

(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, 2019	Additions / Adjustments	Deletions	Closing balance as at March 31, 2020	Opening balance as at April 01, 2019	Depreciation/ Amortisation for the year	Deletions / Adjustments	Closing balance as at March 31, 2020	As at March 31, 2020
INVESTMENT PROPERTY #	257	-	-	257	22	11	-	33	224
	257	-	-	*257*	*11*	*11*	-	*22*	*235*
Total	**257**	**-**	**-**	**257**	**22**	**11**	**-**	**33**	**224**
Previous financial year	***257***	***-***	***-***	***257***	***11***	***11***	***-***	***22***	***235***
PROPERTY, PLANT AND EQUIPMENT									
Vehicles	24	70	15	79	15	13	12	16	63
	36	-	*12*	*24*	*11*	*9*	*5*	*15*	*9*
Furniture and Fixture*	-	0	-	0	-	0	-	0	0
	-	-	-	-	-	-	-	-	-
Computer Equipment	16	7	-	23	3	5	-	8	15
	3	*13*	-	*16*	*1*	*2*	-	*3*	*13*
Office Equipment *	2	0	-	2	1	0	-	1	1
	2	-	-	*2*	-	*1*	-	*1*	*1*
Right of use asset **	-	221	-	221	-	62	-	62	159
	-	-	-	-	-	-	-	-	-
Total	**42**	**298**	**15**	**325**	**19**	**80**	**12**	**87**	**238**
Previous financial year	***41***	***13***	***12***	***42***	***12***	***12***	***5***	***19***	***23***

Figures in italics relate to March 31, 2019

* Amount less than Rs. 50,000/-

** Transition impact refer note no 37 on Ind AS 116

Fair value of investment property as on March 31, 2020 Rs. 209 lakh. The Company has carried out valuation of Investment property as at March 31, 2020 and same is applicable to March 31, 2019. 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, 2020

(Rs. in lakh)

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

PARTICULARS	As at March 31, 2020	As at March 31, 2019
(a) Balances with government authorities	19	17
(b) Prepaid expenses	40	95
Total	**59**	112

12 TRADE PAYABLES

PARTICULARS	As at March 31, 2020	As at March 31, 2019
(a) Others		
(i) Payable to vendors	61	2
TOTAL	**61**	2

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, 2020	As at March 31, 2019
(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**	**-**

13 DEBT SECURITIES

PARTICULARS	As at March 31, 2020	As at March 31, 2019
DEBT SECURITIES in India		
At amortised cost		
Secured - in India		
Privately Placed Non-Convertible Debentures (Refer note 13.1 to 13.4 below)	1,12,075	78,550
[Net of unamortised premium of Rs. 223 lakh (March 31, 2019 : Rs. 2 lakh]		
Unsecured - in India		
Commercial paper (Refer note 13.5 below)	23,541	48,865
[Net of unamortised discount of Rs.159 lakh (March 31, 2019 : Rs. 1,135 lakh)]		
TOTAL	**1,35,616**	**1,27,415**

Notes forming part of the financial statements (Continued)

as at March 31, 2020

(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, 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, 2020		As at March 31, 2019	
			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	-	-
TCCL NCD 'B' FY 2019-20	16-Oct-19	16-Oct-29	600	6,000	-	-
TCCL NCD 'C' FY 2019-20	05-Dec-19	05-Dec-24	250	2,500	-	-
TCCL NCD 'C' FY 2017-18	02-Jun-17	03-Jun-24	100	1,000	100	1,000
TCCL NCD 'B' FY 2018-19	18-Dec-18	18-Dec-23	1,800	18,000	1,800	18,000
TCCL NCD 'D' FY 2019-20	17-Feb-20	17-Feb-23	2,000	20,000	-	-
TCCL MLD "A" FY 2019-20	31-May-19	30-Jan-23	729	729	-	-
TCCL MLD "A" 2019-20 Reissuance 1	10-Jun-19	30-Jan-23	278	278	-	-
TCCL MLD "A" 2019-20 Reissuance 2	19-Jun-19	30-Jan-23	321	321	-	-
TCCL MLD "A" 2019-20 Reissuance 3	20-Sep-19	30-Jan-23	1,502	1,502	-	-
TCCL MLD "A" 2019-20 Reissuance 4	03-Oct-19	30-Jan-23	1,054	1,054	-	-
TCCL MLD "A" 2019-20 Reissuance 5	10-Dec-19	30-Jan-23	1,000	1,000	-	-
TCCL MLD "A" 2019-20 Reissuance 6	23-Dec-19	30-Jan-23	1,300	1,300	-	-
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	200	2,000
TCCL NCD 'E' FY 2015-16	04-Sep-15	04-Sep-20	200	2,000	200	2,000
TCCL NCD 'A' FY 2018-19	24-Aug-18	24-Aug-20	750	7,500	750	7,500
TCCL NCD 'F' FY 2017-18	28-Jul-17	03-Aug-20	2,000	20,000	2,000	20,000
TCCL NCD 'C' FY 2015-16	20-Jul-15	20-Jul-20	200	2,000	200	2,000
TCCL NCD 'D' FY 2017-18	07-Jun-17	05-Jun-20	250	2,500	250	2,500
TCCL NCD 'A' FY 2017-18	15-May-17	15-May-20	200	2,000	200	2,000
TCCL NCD 'B' FY 2017-18	17-May-17	15-May-20	500	5,000	500	5,000
TCCL NCD 'G' FY 2017-18	08-Aug-17	08-Aug-19	-	-	500	5,000
TCCL NCD 'G' FY 2017-18	11-Sep-17	08-Aug-19	-	-	277	2,770
TCCL NCD 'E' FY 2017-18	26-Jul-17	26-Jul-19	-	-	500	5,000
TCCL NCD 'A' FY 2016-17	14-Jun-16	14-Jun-19	-	-	250	2,500
				1,12,184		**78,770**
Less : Unamortised borrowing cost				(332)		(222)
Add : Unamortised premium				223		2
TOTAL				**1,12,075**		**78,550**

13.4 Coupon rate of "NCDs" outstanding as on March 31, 2020 varies from 7.70% to 9.00% (Previous Year as on March 31, 2019 : 7.71% to 9.00%)

13.5 Discount on commercial paper varies between 5.80% to 8.90% (Previous year March 31, 2019 : 7.92 % 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, 2020

(Rs. in lakh)

14 BORROWINGS (OTHER THAN DEBT SECURITIES)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
At amortised cost		
(a) Term loans		
Secured - in India		
From Banks (Refer note 14.1 and 14.3 below)	1,58,686	1,01,662
From Others (Refer note 14.1 and 14.3 below)	34,443	64,443
Secured - Outside of India		
From Banks (Refer note 14.1 and 14.3 below)	29,694	-
(b) Loans repayable on demand		
Secured from Banks- in India		
(i) Working capital demand loan (Refer note 14.1 and 14.4 below)	67,973	71,900
(ii) Bank Overdraft (Refer note 14.1 below)	3	18,326
Unsecured from Bank- in India		
Working capital demand loan (Refer note 14.4 below)	-	5,000
(c) Other loans		
Unsecured - in India		
Inter corporate deposits'- From others (Refer note 14.5 below)	2,600	7,200
(d) Loan from related parties (unsecured)		
Inter corporate deposits - in India (Refer note 14.5 below)	50,000	32,200
TOTAL	**3,43,399**	3,00,731

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, 2020.

14.3 As per terms of agreements loan from banks aggregating Rs. 188,380 lakh (Previous Year: Rs. 101,662 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 7.75 % to 8.8% (March 31, 2019 : 8.60 % to 9.15%.).

As per terms of agreements loan from Financial Institution aggregating Rs. 50,000 lakh (Previous Year: Rs. Nil lakh) are repayable at maturity ranging between 12 and 168 months from the date of respective loan. Rate of interest payable on term loans varies between 5.67 % to 5.67% (March 31, 2019 : 5.67 % to 7.85%.).

14.4 Rate of interest payable on Working Capital Demand Loan varies between 7.65% to 9.00% (Previous Year as on March 31, 2019 : 8.25 % to 8.75%)

14.5 Rate of interest payable on Inter-corporate deposits varies between 7.95 % to 8.85 % (Previous Year March 31, 2019 : 8.05 % to 8.84%)

15 SUBORDINATED LIABILITIES

PARTICULARS	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Unsecured - in India		
Non-Convertible Subordinated Debentures	35,273	-
[Net of unamortised premium of Rs. 273 lakh (March 31, 2019 : Rs. Nil]		
TOTAL	**35,273**	-

Notes forming part of the financial statements (Continued)

as at March 31, 2020

(Rs. in lakh)

15 SUBORDINATED LIABILITIES *(Continued)*

Notes

15.1 Coupon rate of Sub Debts outstanding as on March 31, 2020 varies from 8.80% to 9.18% (Previous Year as on March 31, 2019 : Nil)

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

15.3 Subordinated Debt securities are not issued to related parties.

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, 2020		As at March 31, 2019	
			Number of NCDs	Rs. in lakh	Number of NCDs	Rs. in lakh
TCCL Tier II Bond "A" FY 2019-20	10-May-19	10-May-29	500	5,000	-	-
TCCL Tier II Bond "A" FY 2019-20 Reissuance no 1	29-May-19	10-May-29	500	5,000	-	-
TCCL Tier II Bond "A" FY 2019-20 Reissuance no2	27-Jun-19	10-May-29	500	5,000	-	-
TCCL Tier II Bond "B" FY 2019-20	13-Nov-19	13-Nov-29	500	5,000	-	-
TCCL Tier II Bond "B" FY 2019-20 Reissuance no 2	24-Feb-20	13-Nov-29	500	5,000	-	-
TCCL Tier II Bond "B" FY 2019-20 Reissuance no 1	03-Feb-20	13-Nov-29	1,000	10,000	-	-
				35,000		**-**
Add : Unamortised premium				273		-
TOTAL				**35,273**		**-**

Notes forming part of the financial statements (Continued)
as at March 31, 2020

(Rs. in lakh)

16 OTHER FINANCIAL LIABILITIES

PARTICULARS		As at March 31, 2020	As at March 31, 2019
(a)	Advances from customers	22	-
(b)	Interest accrued but not due on borrowings	7,156	4,240
(c)	Security Deposit payable	22	-
(d)	Lease payable	129	-
TOTAL		**7,329**	4,240

17 PROVISIONS

PARTICULARS		As at March 31, 2020	As at March 31, 2019
(a)	Provision for compensated absences	82	66
(b)	Provision for gratuity	27	27
(c)	Provision for long-term service award	3	2
TOTAL		**112**	95

18 OTHER NON-FINANCIAL LIABILITIES

PARTICULARS		As at March 31, 2020	As at March 31, 2019
(a)	Statutory dues	192	269
(b)	Accrued expenses	757	421
(c)	Accrued employee benefit expense	578	679
TOTAL		**1,527**	1,369

Notes forming part of the financial statements (Continued)
as at March 31, 2020

(Rs. in lakh)

19 SHARE CAPITAL

PARTICULARS	As at March 31, 2020	As at March 31, 2019
AUTHORISED		
50,00,00,000 (as at March 31, 2019 : 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, 2019 : 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, 2018	**35,57,57,575**	35,576
Additions during the year	3,22,58,064	3,226
Closing balance as on March 31, 2019	**38,80,15,639**	38,802
Additions during the year	-	-
Closing balance as on March 31, 2020	**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, 2019 has issued 32,258,064 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, 2018	28,63,84,848	28,639
Closing Balance as on March 31, 2019	31,23,52,590	31,236
Closing Balance as on March 31, 2020	31,23,52,590	31,236

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, 2018	28,63,84,848	80.50%
Closing Balance as on March 31, 2019	31,23,52,590	80.50%
Closing Balance as on March 31, 2020	31,23,52,590	80.50%
International Finance Corporation		
Opening Balance as on April 1, 2018	6,93,72,727	19.50%
Closing Balance as on March 31, 2019	7,56,63,049	19.50%
Closing Balance as on March 31, 2020	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, 2020

(Rs. in lakh)

20. OTHER EQUITY

PARTICULARS	**As at March 31, 2020**	As at March 31, 2019
(a) Securities Premium Account	22,029	22,029
(b) Special Reserve Account u/s 45-IC of Reserve Bank of India Act, 1934	7,730	5,279
(c) Special Reserve Account u/s 36(1)(viii) of Income tax Act, 1961	6,610	5,105
(d) Surplus in Statement of Profit and Loss	23,195	14,905
(e) Other Comprehensive Income		
(i) Fair value gain on Financial Assets carried at FVTOCI	432	426
(ii) The effective portion of gains and loss on hedging instruments in a cost of hedge	(119)	-
(iii) Remeasurement of defined employee benefit plans	(58)	(37)
(f) Share options outstanding account	112	34
(g) General Reserve	22	15
Total	**59,953**	47,756

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 completion of the vesting period of employees stock option or upon forfeiture of options granted

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

21. INTEREST INCOME

PARTICULARS		For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Assets measured at Amortised Cost			
(a)	Interest on loans and credit substitutes	53,524	38,343
(b)	Interest income on deposits with banks	62	8
(c)	Other interest income	21	19
On Financial Assets measured at fair value through OCI			
(a)	Interest on loans	5,735	3,675
TOTAL		**59,342**	**42,045**

22. FEES AND COMMISSION INCOME

PARTICULARS		For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Foreclosure charges	371	383
(b)	Advisory Fees	55	219
(c)	Others (valuation charges, PDD charges etc.)	679	549
TOTAL		**1,105**	**1,151**

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

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

PARTICULARS		For the year ended March 31, 2020	For the year ended March 31, 2019
(A)	Net Gain / (loss) on financial instruments at fair value through profit or loss		
(i)	On trading portfolio	-	-
	- Investments	-	-
	- Derivatives	-	-
	- Others	-	-
(ii)	On financial instruments designated at fair value through profit or loss	-	-
(B)	Others		
	- On equity securities	-	-
	- On other financial securities	1,126	78
	- On derivative contracts	-	-
(C)	Total Net gain/(loss) on fair value changes	**1,126**	78
(D)	Fair value changes :		
	-Realised	1,122	75
	-Unrealised	4	3
	Total Net gain/(loss) on fair value changes	**1,126**	78

24. OTHER INCOME

PARTICULARS		For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Interest on Income Tax refund	4	20
(b)	Guest house recovery	10	18
TOTAL		**14**	38

25. FINANCE COST

PARTICULARS		For the year ended March 31, 2020	For the year ended March 31, 2019
At amortised cost			
(a)	Interest on borrowings	20,400	14,228
(b)	Interest on debt securities	7,493	6,407
(c)	Interest on subordinated liabilities	1,490	-
(d)	Interest on external commercial borrowings (ECB)	1,965	-
(e)	Interest on right to use liabilities (refer note 37)	12	-
(f)	Discounting charges on Commercial paper	4,433	4,218
TOTAL		**35,793**	24,853

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

26. IMPAIRMENT ON FINANCIAL INSTRUMENTS

PARTICULARS	For the year ended March 31, 2020			For the Year Ended March 31, 2019		
	On Financial Assets measured at Amortised Cost	**On Financial Assets measured at fair value through OCI**	**Total**	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through OCI	Total
(a) Impairment loss allowance on loans (Stage I & II)	3,432	(15)	3,417	695	103	798
(b) Impairment loss allowance on loans (Stage III)	1,393	-	1,393	-	-	-
(c) Provision against trade receivables	4	-	4	-	-	-
Total	**4,829**	**- 15**	**4,814**	695	103	798

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)

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

27 EMPLOYEE BENEFIT EXPENSES

PARTICULARS		For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Salaries, wages and bonus	**1,936**	1,888
(b)	Contribution to provident and other funds	**85**	73
(c)	Staff welfare expenses	**24**	54
(d)	Expenses related to post-employment defined benefit plans	**30**	21
(e)	Share based payments to employees	**85**	26
TOTAL		**2,160**	2,062

The Supreme Court of India in its judgement in the case of THE REGIONAL PROVIDENT FUND COMMISSIONER (II) WEST BENGAL v/s VIVEKANANDA VIDYAMANDIR AND OTHERS on February 28, 2019 had clarified that any emolument paid universally, necessarily and ordinarily to all employees across the board was to be considered as basic wage and accordingly needs to be considered for calculation of Provident Fund contribution. The Company had made an estimate of the liability and had made a provision Rs 3.3 lakh as at March 31, 2019. The Company would record any further effect in its financial statements, in the period in which it receives additional clarity on the said subject.

28 OTHER OPERATING EXPENSES

PARTICULARS		For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Advertisements and publicity	**5**	4
(b)	Brand equity and business promotion	**165**	122
(c)	Audit fees	**12**	12
(d)	Corporate social responsibility expenses	**220**	150
(e)	Directors fees, allowances and expenses	**60**	45
(f)	Insurance charges	**29**	21
(g)	Information technology expenses	**410**	177
(h)	Legal and professional fees	**157**	120
(i)	Loan processing fees	**3**	2
(j)	Repairs and maintenance	**1**	1
(k)	Rent	**130**	187
(l)	Rates and taxes	**3**	1
(m)	Stamp charges	**34**	47
(n)	Service provider charges	**722**	737
(o)	Telephone, telex and leased line	**3**	4
(p)	Travelling and conveyance	**109**	127
(q)	Training and recruitment	**26**	18
(r)	Membership and subscription charges	**28**	19
(s)	Security trustee fees	**23**	19
(t)	Other expenses	**23**	26
TOTAL		**2,163**	1,839

28 OTHER OPERATING EXPENSES *(Continued)*

28.1 (a) Auditors' Remuneration (excluding taxes)

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit fees	9	9
Tax audit fees	1	1
Other Services (includes out of pocket expenses) *	2	2
TOTAL	**12**	12

* Other Services include fees for certifications

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

28.2 (b) Expenditure in Foreign Currency

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
Directors sitting fees	1	-
Professional fees	-	26
TOTAL	**1**	26

28.3 (c) Corporate social responsibility expenses

(i) Gross amount required to be spent by the company during the year was Rs.220 lakh (Previous year Rs.150 lakh)

(ii) Amount spent during the year on:

PARTICULARS	Paid	Yet to be paid	Yet to be paid
Construction/acquisition of any asset	-	-	-
On purposes other than above	220	-	-
TOTAL	**220**	**-**	-

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.9 lakh (as at March 31, 2019 Rs. 4 lakh).

- Letter of Comfort Rs. 1,935 lakh (as at March 31, 2019 Rs. 12,994 lakh)

- Undrawn Commitment given to the Borrower Rs. 114,460 lakh (as at March 31, 2019 Rs.67,367 lakh)
  Less than one year : Rs. 50 lakh (Previous year : Rs.5,654 lakh)
  More than one year : Rs. 114,410 lakh (Previous year : Rs.61,713 lakh)

Notes forming part of the financial statements (Continued)
as at March 31, 2020

(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 Cleantech Capital Limited
	Tata Securities Limited
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)
	Mr. Pradeep C. Bandivadekar (Non-Executive Director)
	Mr. Rajiv Sabharwal (Non-Executive Director)
	Mr. Manish Parikh (Company secretary) (w.e.f. June 01, 2019)
	Ms. Shivangi Rajpopat (Ceased to be Company secretary w.e.f. January 01, 2019)
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.
Investor exercising significant influence	International Financial Corporation

Notes forming part of the financial statements (Continued)
as at March 31, 2020

(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	2019-20	2018-19
I	**Transactions with Ultimate Holding Company :**			
1	Tata Sons Private Limited	a) Expenses :		
		- Brand equity contribution	165	122
		- Training Exp *	0	3
		b) Liability:		
		- Balance payable	165	122
II	**Transactions with Holding Company :**			
1	Tata Capital Limited	a) Expenses :		
		- Interest expenses on ICD	565	158
		- Management Fees	693	714
		- Rent	53	53
		- Reimbursement of expenses	4	4
		b) Income:		
		- Guest House Recovery*	0	0
		c) Unsecured ICD accepted / repaid during the year		
		- ICD accepted during the year	2,04,950	61,800
		- ICD repaid during the year	1,87,150	29,600
		d) Equity		
		- Issue of equity shares	-	8,050
		- Equity shares held (inclusive of security premium)	48,969	48,969
		e) Asset :		
		- Security Deposit	324	324
		f) Liability:		
		- Unsecured ICD outstanding payable	50,126	32,253
		- Balance payable	68	55
III	**Transactions with Subsidiaries of Holding Company :**			
1	Tata Capital Financial Services Limited	a) Expenses:		
		- Reimbursement of expenses	1	68
		- Rent	126	113
		b) Income:		
		- Guest House Recovery	10	17
		c) Other Transactions		
		- Paid during year towards purchase of loan portfolio	12,855	7,500
		d) Liability:		
		- Balance payable	19	16
2	Tata Capital Housing Finance Limited	a) Expenses :		
		- Reimbursement of expenses*	0	-
		b) Income:		
		- Guest House Recovery*	0	0
		c) Assets:		
		-Balance Receivable*	0	0

Notes forming part of the financial statements (Continued)
as at March 31, 2020

(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	2019-20	2018-19
IV	**Transactions with Associate of Holding Company :**			
1	Tata Autocomp Systems Limited	a) Income :		
		-Advisory Fees	-	7
		- Reimbursement of expenses*	-	0
V	**Plans**			
1	Tata Capital Limited Superannuation Scheme	a) Contribution to Superannuation	14	13
2	Tata Capital Limited Gratuity Scheme	a) Contribution to Gratuity fund	37	-
VI	**Transactions with KMP :**			
1	Key Management Personnel (KMP)	a) Remuneration to KMP		
		- Short Term Employee Benefits	296	237
		- Post Employment Benefits	28	25
		- Share based payments (No. of Shares)		
		a) Options granted till date **	7,33,000	3,83,000
		b) Options exercised till date	23,000	23,000
		- Director Sitting Fees & Commission paid	50	34
VII	**Transactions with Subsidiaries & Associates of Ultimate Holding Company :**			
1	Conneqt Business Solutions Limited	a) Expenses :		
		- Service provider charges	12	15
2	Tata AIG General Insurance Company Limited	a) Expenses :		
		- Insurance expenses*	2	0
		b) Asset:		
		-Balance receivable*	0	-
3	Tata AIA Life Insurance Company Limited	a) Expenses :		
		- Insurance expenses	8	2
		b) Asset:		
		-Balance receivable	1	3
4	Tata Consultancy Services Limited	a) Expenses :		
		- IT outsourcing expenses	376	240
		b) Liability:		
		- Balance payable	275	128

Notes forming part of the financial statements (Continued)
as at March 31, 2020

(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	2019-20	2018-19
5	The Indian Hotels Co. Ltd	a) Expenses :		
		- Hotel expenses	1	-
6	Titan Company Ltd.	a) Expenses :		
		- Staff welfare expenses *	0	2
7	Piem Hotels Ltd.	a) Expenses :		
		- Hotel expenses	12	-
8	Tata Consulting Engineers Ltd.	a) Income :		
		- Financial Advisory	5	-
		- Reimb of Travelling Exp *	0	-
		b) Asset:		
		-Balance receivable	6	-
VIII	**Transactions with Investor exercising significant influence :**			
1	International Finance Corporation	a) Expenses		
		- Mandate Fees	7	-
		c) Equity		
		- Issue of equity shares	-	1,950
		- 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 on an arm's length and in the ordinary course of business.

b) ** ESOP has been granted by Tata Capital Limited

c) # all the loans / borrowings balance above are unsecured

d) 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, as separate actuarial valuation / premium paid are not available.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

31 Earnings per Share (EPS):

Particulars		2019-20	2018-19
Profit after tax attributable to Equity shareholders	(Rs. in lakh)	12,257	10,218
Weighted average number of Equity shares used in computing Basic EPS & Diluted EPS	Nos	38,80,15,639	36,04,41,623
Face value of equity shares	Rupees	10	10
Basic earnings per share	Rupees	3.16	2.83
Diluted earnings per share	Rupees	3.16	2.83

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

Particulars	2019-20	2018-19
Opening Balance	2,156	1,461
Additions (net) during the year	3,432	695
Utilised during the year	-	-
Closing Balance	**5,588**	**2,156**

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

Particulars	2019-20	2018-19
Opening Balance	95	43
Additions (net) during the year	17	52
Utilised during the year	-	-
Closing Balance	**112**	**95**

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

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

34 Share based payment *(Continued)*

B. Summary of share based payments

March 31, 2020

Particulars	**ESOP 2013**	**ESOP 2017**	**ESOP 2018**	**ESOP 2019**	**Total**
Outstanding balance at the beginning of the 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.	

March 31, 2019

Particulars	**ESOP 2013**	**ESOP 2017**	**ESOP 2018**	**ESOP 2019**	**Total**
Outstanding balance at the beginning of the year	**12,083**	**2,55,000**	**-**	**-**	2,67,083
Options granted	-	-	4,75,000	-	4,75,000
Options forfeited	5,000	30,000	-	-	35,000
Options exercised	2,500	1,25,000	-	-	1,27,500
Options expired	-	-	-	-	-
Options lapsed	-	-	-	-	-
Options outstanding at the end of the year	**4,583**	**1,00,000**	**4,75,000**	**-**	**5,79,583**
Options exercisable at the end of the year	4,583	1,00,000	-	-	1,04,583
For share options exercised:					
Weighted average exercise price at date of exercise					33.24
Money realized by exercise of options					42,37,500
For share options outstanding					
Range of exercise prices	25.00	33.40	50.60	-	
Average remaining contractual life of options	0.33	0.00	6.51	-	5.34
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, 2020

(Rs. in lakh)

34 Share based payment *(Continued)*

C. Valuation of stock options

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

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

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 Parikh was appointed as KMP w.e.f. June 01, 2019.**

Name of Scheme	Mr. Manish Chourasia		Mr. Behzad Bhesania		Ms. Shivangi Rajpopat*	
	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	-	-	-	-	-	-
Total	**3,60,000**	**-**	**23,000**	**23,000**	**-**	**-**

*** Ms. Shivangi Rajpopat ceased to be a KMP w.e.f. January 31, 2019.**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

35 Employee benefit expenses

The Company is required to present disclosures as required by Para 43 and Para 9.5.4 of 'GN on Division II - Ind AS Schedule III' and Para 138 - 147, of Ind AS 19 'Employee benefits' and Para 125 and 129 of 'Presentation of Financial Statements', which require at least the following disclosures, along with additional information as stated below:

A. Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to provident fund administered by the Regional Provident Fund Commissioner. The Company is generally liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employee Provident Fund Scheme, 1952 is recognized as an expense in the year in which it is determined. The Company has recognised ₹ 71 Lakhs (Year ended 31 March 2019 ₹ 60 Lakhs) for Provident Fund contributions and ₹ 14 Lakhs (Year ended 31 March 2019 ₹ 13 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

B. Defined benefit plan

The Company 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 IT Rules. The asset allocation of the Trust is set by Trustees from time to time, taking into account the membership profile, the liquidity requirements of the plan and risk appetite of the plan sponsor as per the investment norms. 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.

Movement in net defined benefit (asset) liability

a) Reconciliation of balances of Defined Benefit Obligations.

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Defined Obligations at the beginning of the year	188.35	-	115.14	
Current service cost	30.14	-	22.73	-
Interest cost	12.81	-	8.61	-
Amalgamations / Acquisitions	4.17	-	17.44	-
a. Due to change in financial assumptions	16.34	-	27.35	-
b. Due to change in experience adjustments	13.91	-	7.93	-
c. Due to experience adjustments	-	-	(4.19)	-
Benefits paid directly by the Company	(20.95)	-	(6.65)	-
Defined Obligations at the end of the year	**244.78**	**-**	**188.35**	**-**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

35 Employee benefit expenses

b) Reconciliation of balances of Fair Value of Plan Assets

	Year ended March 31, 2020		Year ended March 31, 2019	
Particulars	**Total Funded**	**Total Unfunded**	**Total Funded**	**Total Unfunded**
As on 31 March 2019				
Fair Value at the beginning of the year	**161.55**	-	130.83	-
Expected return on plan assets	2.11	-	3.20	-
Employer contributions	36.99	-	-	-
Amalgamations / Acquisitions	4.17	-	17.44	-
Interest Income on Plan Assets	12.96	-	10.07	-
Fair Value of Plan Assets at the end of the year	**217.78**	**-**	**161.55**	**-**

c) Funded status

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
As on 31 March 2019	**Total Funded**	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Deficit of plan assets over obligations				
Surplus of plan assets over obligations	**(27.00)**	-	**(26.81)**	-
Unrecognised asset due to asset ceiling				
Total	**(27.00)**	**-**	**(26.81)**	**-**

d) Categories of plan assets

	Year ended March 31, 2020		Year ended March 31, 2019	
Particulars	**Total Funded**	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Corporate bonds	46.74	-	69.56	-
Equity shares	12.54	-	16.90	-
Government securities	50.22	-	73.62	-
Insurer managed funds	108.06	-	-	-
Cash	0.22	-	1.47	-
Total	**217.78**	**-**	**161.55**	**-**

e) Amount recognised in Balance sheet

	Year ended March 31, 2020		Year ended March 31, 2019	
	Total Funded	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Present value of the defined benefit obligation	244.78	-	188.35	-
Fair value of plan assets	217.78	-	161.55	-
Net asset / (liability) recognised in the Balance Sheet	**(27.00)**	**-**	**(26.81)**	**-**

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

f) Amount recognised in Statement of Profit and Loss

	Year ended March 31, 2020		Year ended March 31, 2019	
	Total Funded	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Current Service Cost	30.14	-	22.73	-
Interest Cost (net)	(0.16)	-	(1.46)	-
Others (please specify)	-	-	-	-
Expenses for the year	**29.98**	**-**	**21.26**	**-**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

35 Employee benefit expenses

g) Amount recognised in OCI

	Year ended March 31, 2020		Year ended March 31, 2019	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
a. Due to change in financial assumptions	16.34	-	27.35	-
b. Due to change in experience adjustments	13.91	-	7.93	-
c. Due to experience adjustments	-	-	(4.19)	-
d. (Return) on plan assets (excl. interest income)	(2.11)	-	(3.20)	-
e. Change in Asset Ceiling	-	-	-	-
Total remeasurements in OCI	**28.14**	**-**	**27.88**	**-**
Total defined benefit cost recognized in P&L and OCI	**58.12**	**-**	**49.14**	**-**

Total defined benefit cost as per financial statements

h) Expected cash flows for the following year

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Expected total benefit payments	362.15	302.51
Year 1	27.76	14.36
Year 2	20.49	17.65
Year 3	23.61	21.40
Year 4	27.37	24.20
Year 5	31.50	27.47
Next 5 years	231.41	197.43

i) Major Actuarial Assumptions

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Discount Rate (%)	6.30%	7.20%
Salary Escalation/ Inflation (%)	Non CRE: 8.25%, CRE & J Grade:6%	Non CRE: 8.25%, CRE & J Grade:6%
Expected Return on Plan assets (%)	7.20%	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	28	14

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, 2020

(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, 2020		March 31, 2019	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(18.0)	20.6	(13.8)	15.7
Future salary growth (1% movement)	20.1	(17.9)	15.4	(13.8)
Others (Withdrawal rate 5% movement)	(19.1)	28.8	(11.4)	15.8

j) Provision for leave encashment

	March 31, 2020		March 31, 2019	
	Non current	Current	Non current	Current
Liability for compensated absences	66.60	12.91	49.89	14.07

Experience adjustments	**Defined benefit obligation**	**Plan assets**	**Surplus/ (deficit)**	**Experience adjustments on plan liabilities**	**Experience adjustments on plan assets**
Funded					
2019-20	244.78	217.78	-27.00	-13.91	2.11
2018-19	188.35	161.55	-26.81	-7.93	3.20
Unfunded					
2019-20	-	-	-	-	-
2018-19	-	-	-	-	-

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 2019-20 is Nil (Previous year 2018-19 in Nil) and the provision as at March 31, 2020 is Rs. 3 lakh (Previous year March 31, 2019 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.

37. Impact of transition to Ind AS 116:

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.

At transition, for leases classified as operating leases under Ind AS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rates at the date of initial application. Right-of-use assets is measured at their carrying amount as if Ind AS 116 had been applied since the commencement date, discounted using the lessee's borrowing rate at the initiation of lease.

The Company used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17.

(1) Excluded initial direct costs from measuring the right-of-use asset at the date of initial application

(2) Used hindsight when determining the lease term if the contract contains option to extend or terminate the lease.

Impacts on transition

On transition to Ind AS 116, the Company recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

Amount in lakh	**As on April 1, 2019**
Right-of-use assets presented in property, plant and equipment	151
Lease liability	166
Retained earnings	15

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

(I) Right-of-use assets

Right-of-use assets relate to building that are presented separately within property and equipment (see note 10)

Particulars	**Amount**
Balance at 1 April, 2019	-
Addition during year	221
Less: Depreciation charge for the year	62
Balance at 31 March, 2020	159

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

Particulars	**Amount**
Less than one month	-
Between one and three months	12
Between three months and one year	42
Between one and five years	89
Total undiscounted lease liabilities	143

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

Particulars	**Amount**
Interest on lease liabilities	12
Depreciation of ROU lease asset	62

(IV) Amounts recognised In statement of cash flows

Particulars	**Amount**
Total cash outflow for leases	(48)

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

Prepaid rent component as at April 01, 2019, arising on fair valuation of Security Deposits given for the abovementioned residential properties as per Ind AS 109, amounting to Rs 70 lakh has been reclassed to Right-of-use asset. This amount shall be depreciated over the remaining period of lease.

(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, 2020

(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, 2020

(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(i) to the financial statements.

Financial assets and liabilities

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

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortised cost	Total Carrying Value
Financial Assets:				
Cash and cash equivalents	-	-	89,455	89,455
Derivative financial instruments	-	2,166	-	2,166
Trade receivables	-	-	12	12
Loans including Credit substitute	-	63,462	4,62,105	5,25,567
Investments in Mutual Fund	77	-	-	77
Other financial assets	-	-	281	281
Total	77	65,628	5,51,853	6,17,558
Financial Liabilities:				
Trade and other payables	-	-	61	61
Debt Securities	-	-	1,35,616	1,35,616
Borrowings (Other than debt securities)	-	-	3,43,399	3,43,399
Subordinated liabilities	-	-	35,273	35,273
Other financial liabilities	-	-	7,329	7,329
Total	-	-	5,21,678	5,21,678

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

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortised cost	Total Carrying Value
Financial Assets:				
Cash and cash equivalents	-	-	31,792	31,792
Other balances with banks	-	-	-	-
Trade receivables	-	-	34	34
Loans including Credit substitute	-	60,930	4,24,858	4,85,788
Investments in Mutual Fund	60	-	-	60
Other financial assets	-	-	292	292
Total	60	60,930	4,56,976	5,17,966
Financial Liabilities:				
Trade and other payables	-	-	2	2
Debt Securities	-	-	1,27,415	1,27,415
Borrowings (Other than debt securities)	-	-	3,00,731	3,00,731
Other financial liabilities	-	-	4,240	4,240
Total	-	-	4,32,388	4,32,388

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(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, 2020 and March 31, 2019 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, 2020	Level 1	Level 2	Level 3	Total
Financial Assets:				
Mutual fund units	-	77	-	77
Loans	-	-	63,462	63,462
Derivative Financial Assets	-	2,166	-	2,166
Total	-	2,243	63,462	65,705

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial Assets:				
Mutual fund units	-	60	-	60
Loans	-	-	60,930	60,930
Total	-	60	60,930	60,990

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(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, 2020		As at March 31, 2019	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial Assets at amortised cost:				
Loans	4,62,105	4,65,478	4,24,858	4,23,931
Total	**4,62,105**	**4,65,478**	**4,24,858**	**4,23,931**
Financial Liabilities at amortised cost:				
Borrowings (includes debt securities and subordinated liabilities)	5,14,288	5,14,049	4,28,146	4,27,370
Total	**5,14,288**	**5,14,049**	**4,28,146**	**4,27,370**

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		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at March 31, 2020	As at March 31, 2019				
Loans - FVTOCI	63,462	60,930	Level 3	Discounted contractual cash flows.	Discounting rate of 10.91% (previous year : 10.09%) and future cash flows.	Higher the discounting rate lower the fair value of loans
Financial instruments at FVTPL & FVTOCI	**65,705**	**60,990**				

NA: Not applicable

There were no transfers between Level 1 and Level 2 and Level 3 of the fair value hierarchy in the year.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(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, 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**

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, 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)**

iii

(Rs. in lakh)	Fair Value through Other Comprehensive Income - Loans
As at April 1, 2018	33,121
Total gains or (losses):	
in profit or loss	-
in OCI	(190)
Purchases/transfer*	45,848
Settlements	(17,849)
Transfers into Level 3	-
Transfers out of Level 3	-
As at March 31, 2019	**60,930**

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

38 Fair values of financial instruments *(Continued)*

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, 2019**	**Fair Value through Other Comprehensive Income - Loans**
Total gains or (losses):	
recognised in profit or loss:	-
(A) Net Gain / (loss) on financial instruments at fair value through profit or loss	
Fair value changes :	
-Realised	
-Unrealised	
Total gains or (losses):	
recognised in FVTOCI:	190
Total Net gain/(loss) on fair value changes	190
Dividend Income	
Interest Income	
Total	**190**

(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(ix).

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

39. Financial risk review *(Continued)*

A. Credit risk

Loans by Division

i.) Credit quality analysis *(Continued)*

Loan exposure by Financing division

(Rs. in lakh)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
LOANS by Division		
(i) Term Loans	5,28,679	4,74,906
(ii) Credit Substitutes	7,516	16,074
(iii) Bills Purchased and Bills discounted	-	-
Total - Gross	**5,36,195**	**4,90,980**
Less : Impairment loss allowance	6,981	2,156
Total- Net Loans	**5,29,214**	**4,88,824**

Note : Gross Carrying amount does not include Loan commitments Rs. 146,525 lakh (As on March 31, 2019: Rs. 120,851 lakh)

The exposure at default (EAD) considered for loan commitments after applying credit conversion factor (CCF) as per RBI norms.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

39. Financial risk review *(Continued)*

2) 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 35 A (iii).

a)

Outstanding Gross Loans	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Grade 1	2,15,404	-	-	2,15,404	2,03,095	-	-	2,03,095
Grade 2	2,94,743	7,071	-	3,01,814	2,87,273	-	-	2,87,273
Grade 3	-	12,947	-	12,947	-	612	-	612
Grade 4	-	-	6,030	6,030	-	-	-	
Total	5,10,147	20,018	6,030	5,36,195	4,90,368	612	-	4,90,980

Note : Gross Carrying amount does not include Loan commitments Rs. 146,525 lakh (As on March 31, 2019: Rs. 120,851 lakh)

b)

Impairment allowance on Loans	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Grade 1	814	-	-	814	925	-	-	925
Grade 2	2,647	560	-	3,207	1,200	-	-	1,200
Grade 3	-	1,567	-	1,567	-	31	-	31
Grade 4	-	-	1,393	1,393	-	-	-	-
Total	3,461	2,127	1,393	6,981	2,125	31	-	2,156

Note : Include impairment allowance on Loan commitments Rs. 124 lakh (As on March 31, 2019: Rs. 281 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, 2020

(Rs. in lakh)

39. Financial risk review *(Continued)*

3) 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, 2020**				**As at March 31, 2019**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Days past due								
Zero overdue	5,10,147	4,506	-	5,14,653	4,89,536	612	-	4,90,148
1-29 days	-	-	-	-	832	-	-	832
30-59 days	-	7,070	-	7,070	-	-	-	-
60-89 days	-	8,442	-	8,442	-	-	-	-
90 or more days	-	-	6,030	6,030	-	-	-	-
Total	5,10,147	20,018	6,030	5,36,195	4,90,368	612	-	4,90,980

Note : Gross Carrying amount does not include Loan commitments Rs. 146,525 lakh (As on March 31, 2019: Rs. 120,851 lakh)

b)

Impairment allowance on Loans	**As at March 31, 2020**				**As at March 31, 2019**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Days past due								
Zero overdue	3,461	326	-	3,787	2,121	31	-	2,152
1-29 days	-	-	-	-	4	-	-	4
30-59 days	-	560	-	560	-	-	-	-
60-89 days	-	1,241	-	1,241	-	-	-	-
90 or more days	-	-	1,393	1,393	-	-	-	-
Total	3,461	2,127	1,393	6,981	2,125	31	-	2,156

Note : Include impairment allowance on Loan commitments Rs. 124 lakh (As on March 31, 2019: Rs. 281 lakh)

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

39. Financial risk review *(Continued)*

A. Credit risk

Loans by Division

i) Credit quality analysis *(Continued)*

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
			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	4506	7.23%	326	4,180
			30-59	7070	7.92%	560	6,510
			60-89	8442	14.70%	1241	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**

As at March 31, 2019		**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	4,89,536	0.43%	2,121	4,87,415
			1-29	832	0.48%	4	828
			Total	4,90,368	0.43%	2,125	4,88,243
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	612	5.07%	31	581
			30-59	0	0.00%	0	0
			60-89	0	0.00%	0	0
			Total	612	5.07%	31	581
	Financial assets for which credit risk has increased significantly and credit-impaired	Loans, Credit Substitutes	90 days and above	0	0.00%	0	0
			Total	**4,90,980**	**0.44%**	**2,156**	**4,88,824**

Note 1 Gross Carrying amount does not include Loan commitments Rs. 146,525 lakh (As on March 31, 2019: Rs. 120,851 lakh)

Note 2 Include impairment allowance on Loan commitments Rs. 124 lakh (As on March 31, 2019: Rs. 281 lakh)

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(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, 2020	As at March 31, 2019
LOANS		
- Amortised Cost	4,72,733	4,30,050
- At Fair Value through Other Comprehensive Income	63,462	60,930
Total - Gross Loans	**5,36,195**	**4,90,980**
Less: Un-Amortized Processing Fees	3,647	3,036
Total - Carrying Value of Loans	**5,32,548**	**4,87,944**
Less : Impairment Allowance	6,981	2,156
Total - Net Loans	**5,25,567**	**4,85,788**

5 Trade Receivables

PARTICULARS	As at March 31, 2020			As at March 31, 2019		
Category of Trade receivables	**Gross**	**Impairment allowance**	**Net**	**Gross**	**Impairment allowance**	**Net**
Stage 1: Considered good	12	-	12	34	-	34
Stage 2: Significant increase in credit risk	4	-	4	-	-	-
Stage 3: Credit impaired	-	-	-	-	-	-
Net Carrying value of trade receivables	**16**	**-**	**16**	**34**	**-**	**34**

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(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, 2020			As at March 31, 2019		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Foreign Exchange Forward contracts	7,721	221	-	-	-	-
Cross currency interest rate swap	29,897	1,944	-	-	-	-
Total	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:

Particulars	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 (ix)
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(ix) 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. 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.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(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 negative impact will mainly depend on the future developments in containment of COVID-19 and responses of businesses, which is highly uncertain. 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 on account of deterioration in their credit profile, delay in completion of under construction project on account of lockdown leading to shortage of labourers & 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, various scenarios were built on the basis of likely duration of the COVI19 impact. 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, overall impact assessment was carried out. Accordingly, an additional credit provision of Rs. 2,500 lakh (includes stage 1 and stage 2 provisioning of Rs. 1,920 lakh and Rs. 580 lakh respectively) was made to capture any potential downward movement in credit profile of the Company on account of COVID19.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(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, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	4,90,368	612	-	4,90,980	3,08,118	780	-	3,08,898
New assets originated or purchased	1,79,009	-	-	1,79,009	2,92,583	-	-	2,92,583
Assets derecognised or repaid (excluding write offs)	(1,33,649)	(145)	-	(1,33,794)	(1,10,369)	(132)	-	-1,10,501
Transfers to Stage 1	-	-	-	-	36	(36)	-	-
Transfers to Stage 2	(19,551)	19,551	-	-	-	-	-	-
Transfers to Stage 3	(6,030)	-	6,030	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**5,10,147**	**20,018**	**6,030.00**	**5,36,195**	**4,90,368**	**612**	**-**	**4,90,980**

b)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	2,125	31	-	2,156	1,420	41	-	1,461
New assets originated or purchased	6,064	-	-	6,064	1,227	-	-	1,227
Assets derecognised or repaid (excluding write offs)	(1,224)	(15)	-	(1,239)	(522)	(10)	-	(532)
Transfers to Stage 1	-	-	-	-	0	(0)	-	-
Transfers to Stage 2	(2,111)	2,111	-	-	-	-	-	-
Transfers to Stage 3	(1,393)	-	1,393	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
ECL allowance - closing balance	**3,461**	**2,127**	**1,393**	**6,981**	**2,125**	**31**	**-**	**2,156**

Note : Include impairment allowance on Loan commitments Rs. 124 lakh (As on March 31, 2019: Rs. 281 lakh)
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

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(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, 2020**				**As at March 31, 2019**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Term Loans	5,02,631	20,018	6,030	5,28,679	4,74,294	612	-	4,74,906
Credit Substitutes	7,516	-	-	7,516	16,074	-	-	16,074
Bills Purchased and Bills discounted	-	-	-	-	-	-	-	-
Total	5,10,147	20,018	6,030	5,36,195	4,90,368	612	-	4,90,980

Note : Gross Carrying amount does not include Loan commitments Rs. 146,525 lakh (As on March 31, 2019: Rs. 120,851 lakh)

b)

Impairment allowance on Loans	**As at March 31, 2020**				**As at March 31, 2019**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Term Loans	3,431	2,127	1,393	6,951	2,055	31	-	2,086
Credit Substitutes	30	-	-	30	70	-	-	70
Bills Purchased and Bills discounted	-	-	-	-		-	-	-
Total	3,461	2,127	1,393	6,981	2,125	31	-	2,156

Note : Include impairment allowance on Loan commitments Rs. 124 lakh (As on March 31, 2019: Rs. 281 lakh)

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(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, 2020	Note	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	12	61	61	-	-	61	-	-	61	-
Debt securities issued	13	1,35,616	1,35,616	20,000	9,500	37,041	49,184	19,891	66,541	69,075
Borrowings	14	3,43,399	3,43,399	25,375	60,808	92,854	1,42,220	22,142	1,79,037	1,64,362
Subordinated liabilities	15	35,273	35,273	-	-	-	-	35,273	-	35,273
Other financial liabilities	16	7,329	7,329	-	-	7,329	-	-	7,329	-
Total		**5,21,678**	**5,21,678**	**45,375**	**70,308**	**1,37,285**	**1,91,404**	**77,306**	**2,52,968**	**2,68,710**
Market Borrowings		2,57,932	2,57,932	20,000	12,100	89,501	59,024	77,306	1,21,601	1,36,330
Bank borrowings		2,56,357	2,56,357	25,375	58,208	40,393	1,32,380	-	1,23,977	1,32,380
Total Borrowings		**5,14,288**	**5,14,288**	**45,375**	**70,308**	**1,29,895**	**1,91,404**	**77,306**	**2,45,578**	**2,68,710**
Financial asset by type										
Non-derivative assets										
Cash and cash equivalents	3	89,455	89,455	89,455	-	-	-	-	89,455	-
Bank balances		-	-	-	-	-	-	-	-	-
Receivables	5	12	12	-	-	12	-	-	12	-
Loans	6	5,25,567	5,25,567	15,521	5,150	19,980	1,48,169	3,36,747	40,651	4,84,916
Investments	7	77	77	-	-	-	77	-	-	77
Other Financial Assets	8	281	281	-	-	-	281	-	-	281
Derivative assets		2,166	2,166	-	-	221	1,945	-	221	1,945
Total		**6,17,558**	**6,17,558**	**1,04,976**	**5,150**	**20,213**	**1,50,472**	**3,36,747**	**1,30,339**	**4,87,219**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(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, 2019	**Note**	**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	12	2	2	-	2	-	-	-	2	-
Debt securities issued	13	1,27,415	1,27,415	14,968	27,086	22,083	62,500	778	64,137	63,278
Borrowings	14	3,00,731	3,00,731	83,827	62,358	53,025	76,697	24,824	1,99,210	1,01,521
Subordinated liabilities	15	-	-	-	-	-	-	-	-	-
Other financial liabilities	16	4,240	4,240	4,240	-	-	-	-	4,240	-
Total		**4,32,388**	**4,32,388**	**1,03,035**	**89,446**	**75,108**	**1,39,197**	**25,602**	**2,67,589**	**1,64,799**
Market Borrowings		2,31,212	2,31,212	37,469	59,586	36,483	72,072	25,602	1,33,538	97,674
Bank borrowings		1,96,934	1,96,934	61,326	29,858	38,625	67,125	-	1,29,809	67,125
Total Borrowings		**4,28,146**	**4,28,146**	**98,795**	**89,444**	**75,108**	**1,39,197**	**25,602**	**2,63,347**	**1,64,799**
Financial asset by type										
Non-derivative assets										
Cash and cash equivalents	3	31,792	31,792	31,792	-	-	-	-	31,792	-
Bank balances		-	-	-	-	-	-	-	-	-
Receivables	5	34	34		34				34	-
Loans	6	4,85,788	4,85,788	9,466	24,626	1,26,152	1,34,109	1,91,435	1,60,244	3,25,544
Investments	7	60	60					60	-	60
Other Financial Assets	8	292	292	3	6	-	283	-	9	283
Total		**5,17,966**	**5,17,966**	**41,261**	**24,666**	**1,26,152**	**1,34,392**	**1,91,495**	**1,92,079**	**3,25,887**

(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.

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, 2020 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, 2020			As at March 31, 2019		
ASSETS	**Pledged**	**Not Pledged**	**Total**	**Pledged**	**Not Pledged**	**Total**
Financial assets						
Cash and cash equivalents	-	89,455	89,455	-	31,792	31,792
Bank Balance other than (a) above	-	-	-	-	-	-
Derivatives financial instruments	-	2,166	2,166	-	-	-
Trade Receivables	-	12	12	-	34	34
Loans	5,25,567	-	5,25,567	4,85,788	-	4,85,788
Investments	-	77	77	-	60	60
Other financial assets	-	281	281	-	292	292
Non-financial Assets						
Current tax asset	-	1,775	1,775	-	547	547
Deferred tax Assets (Net)	-	2,218	2,218	-	1,527	1,527
Investment property	224	-	224	235	-	235
Property, Plant and Equipment	-	238	238	-	23	23
Other Intangible assets	-	-	-	-	-	-
Other non-financial assets	-	59	59	-	112	112
Asset held for sale	-	-	-	-	-	-
Total Assets	**5,25,791**	**96,281**	**6,22,072**	**4,86,023**	**34,387**	**5,20,410**

Notes forming part of the financial statements (Continued)

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, 2020 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, 2020

(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, 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)

As at March 31, 2019

(Rs. in lakh)

Rate sensitive	**Less than 1 Year**	**@ 100bps change increase**	**@ 100bps change decrease**
Loans given	4,92,358	2,462	(2,462)
Borrowings	3,35,844	1,679	(1,679)
Net Gap (Asset - liability)	1,56,514	783	(783)

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, 2020**	**As at March 31, 2019**
Variable rate borrowings	54%	53%
Fixed rate borrowings	46%	47%
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, 2020, since Company has entered into derivative contract to fully hedge the risk

Notes forming part of the financial statements (Continued)

Notes forming part of the financial statements (Continued)

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.

Tata Cleantech Capital Limited

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(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, 2019	Cash Flows (net)	Exchange Difference	Others	March 31, 2020
Debt Securities	1,27,415	9,246	-	(1,045)	1,35,616
Borrowings (Other than debt securities)	3,00,731	40,499	2,349	(180)	3,43,399
Subordinated liabilities	-	35,282	-	(9)	35,273
Total	**4,28,146**	**85,027**	**2,349**	**(1,234)**	**5,14,288**

Other column includes the effect of amortisation of borrowing cost, amortisation of premium/discount on CPs/NCDs (including subordinated debts).

particulars	April 1, 2018	Cash Flows (net)	Exchange Difference	Others	March 31, 2019
Debt Securities	1,18,264	8,855	-	296	1,27,415
Borrowings (Other than debt securities)	1,18,745	1,81,986	-	-	3,00,731
Subordinated liabilities	-	-	-	-	-
Total	**2,37,009**	**1,90,841**	**-**	**296**	**4,28,146**

Other column includes the effect of 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, 2020

(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, 2020**	**As at March 31, 2019**
Tier 1 capital		
Ordinary share capital	38,802	38,802
Securities premium reserve	22,029	22,029
Retained earnings	23,195	14,905
special reserve u/s 45 IC	7,730	5,279
special reserve u/s 36 (1) (viii)	6,610	5,105
general reserve	22	15
Other reserves	(69)	(44)
Less		
-Deferred Revenue Expenditure	(558)	(269)
-Prepaid Expenses	(40)	(95)
-Deferred Tax Asset	(2,218)	(1,527)
Tier I Capital	**95,503**	**84,200**
Subordinate Debt	35,000	-
Impairment loss allowance - stage I	3,461	2,156
Perpetual debt	-	-
Tier II Capital	**38,461**	**2,156**
Tier I + Tier II Capital	**1,33,964**	**86,356**

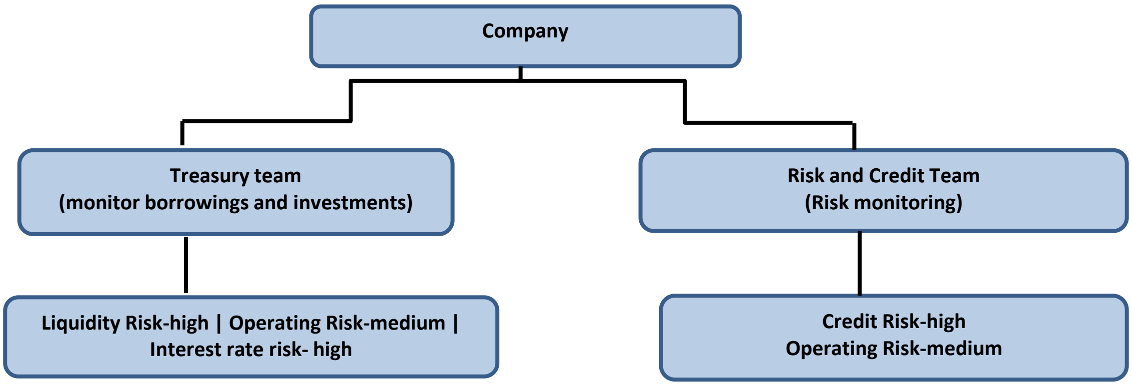
(Rs. in lakh)

40. Financial risk management

Introduction and overview;

Financial instruments of the Company has to credit risk, liquidity risk, market risks and operational risk.

A The following chart provides a link between the Company's business units and the principal risks that they are exposed to:



B Company's Risk Management framework for measuring and managing risk:

1 Risk management framework:

The Company's Board of Directors 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.

i. Finance and Asset Liability Supervisory Committee (ALCO): Review of the Asset and Liability position, liquidity risk and market risk of the Company.

ii. Risk Management Committee: Review of the credit risk, operational risk and fraud risk management of the Company. Operational risk management committee(ORMC) reviews operational risk as per the Operational risk management framework. Fraud risk management committee (FRMC) reviews matters of frauds committed by employee, customer and vendors.

iii. Credit Committee(CC): Review of the credit proposal of the Company and oversight of credit risk. A separate Managing Credit Committee(MCC) reports to the Credit Committee, is responsible for managing the credit risk of the Company.

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 the market conditions and the activities of the Company. The Company, 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 Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Sources of risk which the Company is exposed to and how the same is managed is illustrated in the table below:

Risk	Exposure arising from	Measurement	Management
Credit risk	Financial asset measured at amortised cost.	Review of ageing analysis and credit rating of the customer. Annual review of the Customer account as per the Credit monitoring policy of the Company.	Granularity of portfolio and customer segment.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed bank lines and borrowing facilities
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis for rate sensitive assets and liabilities	Managing the borrowing mix between market and bank borrowing.

The Company's Credit risk and market risk management for lending business is carried out by the Credit and Risk management team and the liquidity and market risk management for the sources of funds is carried out by a treasury department as per the policies approved by the board of directors. Treasury identifies, evaluates and mitigates financial risks in close co-operation with the Company's operating units. ALCO provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, use of derivative financial instruments and investment of excess liquidity.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

40. Financial risk management

C The Risk management approach of the Company for handling the various type of risks are as follows:

1 Credit risk;

i. means the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to us. In its lending operations, the Company is principally exposed to credit risk.

ii. Management of Credit risk:

The credit risk is governed by the credit policy approved by the Credit Committee. The credit policy outlines the type of products that can be offered, customer categories, the targeted customer profile, credit approval process and limits and credit monitoring.

The Company measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The Company has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Credit monitoring team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities and monitors deferral of the security perfection. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk.

The Company has additionally taken the following measures for risk management;

a single party and group borrower limit.

b establishment of a separate credit monitoring team to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required.

For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure - e.g. individual obligor default risk, customer type industry risk, market risk, geography risk and sector risk.

iii. Governance framework of the Company:

The role of the Managing Credit Committee encompasses the following activities:

a formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, setting and adherence to internal and regulatory threshold limits and compliance with regulatory and statutory requirements;

b establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit credit officers. Credit Committee (CC) approves loan proposal above threshold limit as per the credit policy. Review and assessment of credit risk is done by the Credit Team. Risk team lays down policies for risk management;

c Renewal and review of the facility is subject to the same review process;

d Limiting concentration of exposure to counterparty, geography and industry for loans and advances;

e Developing and maintaining the Company's risk grading to categorise exposures according to the degree of risk of default. The current risk grading framework of the company is based on the internal rating reflecting varying degrees of risk of default and mapped to the external CRISIL ratings.

The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by Risk Management Committee;

The below table illustrates the varying degrees of risk of default associated within the respective risk grades for CSFD:

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

f Developing and maintaining the Company's processes for measuring ECL for the Company for managing the following requirements:

initial approval, regular validation and back-testing of the models used;

incorporation of forward-looking information;

Reviewing compliance of business units with agreed exposure limits to products, state and sector;

Regular reports on the credit quality of product portfolio are provided to Credit Committee, which may require appropriate corrective action to be taken;

These include reports containing inputs, estimates and techniques of ECL allowances; and

Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

Assess criteria of staging of the assets under qualitative parameters.

Each business unit is required to implement Company's credit policies and procedures, with credit approval authorities delegated from the Credit Committee. Each business unit has a Chief Credit Risk Officer who reports on all credit-related matters to Credit Committee and Chief Risk officer. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to approval of Credit Committee. Regular audits of business units and credit processes are undertaken by Internal Audit.

(Rs. in lakh)

40. Financial risk management

iv. Credit Risk assessment methodology:

a Credit management for Corporate Portfolio:

The Company has an established credit analysis procedure leading to appropriate identification of credit risk. Appropriate appraisals have been established for various types of project finance loans. The methodology involves critical assessment of quantitative and qualitative parameters subject to review and approval of Credit Committee.

The Company carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. Entire portfolio of loans are secured by a lien over underlying project of the borrower.

Evaluation of Borrower risk is based on the following assessment:

the risks and prospects associated with the industry in which the borrower is operating (industry risk);

the financial position of the borrower by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk). Project cash flows during the tenure of the loan and tail period are also considered;

the borrower's relative market position and operating efficiency (business risk);

the quality of borrower and its group management by analysing their track record, payment record and financial conservatism (management risk); and

the risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project. (project risk).

v. Risk management and portfolio review:

The Company ensure effective monitoring of credit facilities through a risk-based asset review framework. The credit monitoring team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities. The credit monitoring team/operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation and creation of security for loans given. The Managing Credit Committee (MCC), apart from approving proposals, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the MCC is submitted to the Credit Committee for its information.

vi. Steps taken by Management to counter impact of COVID 19 on Credit Risk Management:

The Company is taking following additional measures to ensure the ongoing effectiveness of risk management, maintaining a strong, diversified and resilient portfolio and ensuring that areas of growth are well controlled and sustainable:

a Strong monitoring of both operational and under construction projects to identify any risk issues at the very early stage, so that appropriate action can be taken in a timely manner.

b Selection of new project for funding is being done after assessing the impact of COVID19 on the borrower and project.

c Assessment of power demand for offtakers under the current scenario.

d Regular assessment of the credit profile of offtakers and their payment track record to various developers. Gradual reduction in portfolio with relatively weaker offtakers.

e Stringent monitoring of cash flows of the operational project and controlling the release of cash after assessing the availability of liquidity of the borrowing company.

f Strengthening of credit terms for newer transactions.

g Opportunistic Acquisition of good transactions from secondary markets.

h Long term Credit lines from Foreign and Indian Institutions.

i Digitization of key processes enabling better and real time portfolio monitoring.

2 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 parameters to ensure the solvency while optimising the return on risk.

The market risk in respect of changes in value in financial assets arising from changes in market credit spreads applied to loans are monitored by the market risk officer.

ALCO sets up limits for each type of risk in aggregate 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:

i. 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 earnings at risk from an earning perspective. The Company monitors the change in economic value of equity arising out of 100 bps change in the interest rate. Further, an interest rate sensitivity gap report is prepared by 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 difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. 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.

The impact of 100 bps change in interest rate on Net interest Income up to 1 year time frame.
The impact of 200 bps movement in interest rate on economic value of equity.

ii. Currency Risk

The foreign currency loan in form of external commercial borrowing (ECB) raised by the Company are fully hedged towards the risk of fluctuation in:

floating interest rate and

foreign currency exchange rate and its impact on the repayment of the interest and principal.

The Company has to manage various risks associated with the external commercial borrowings. These risks include Foreign exchange risk and interest rate risk.

The hedging policy as approved by the Asset liability Committee (ALCO) prescribes the hedging of the entire risk associated with change in the interest rates and fluctuation of foreign exchange rates. The Company manages its interest rate and currency risk in accordance with the guidelines prescribed therein. As a part of Asset Liability Management, the Company has entered into cross currency interest rate swaps wherein it has converted its fixed rate rupee liabilities into floating rate linked to various benchmarks. The currency risk on the borrowings is managed through forward exchange contract.

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

Risk management for External commercial borrowings:

Liquidity risk and Interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of maturity profiles. The currency risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, option contracts and dollar denominated assets. Counter party risk is reviewed periodically in terms of exposure to various counter parties.

There is no change in the contractual terms of the hedged item and hedging instrument pursuant to the COVID-19 outbreak.

3 Liquidity risk;

i. A risk that the Company will encounter difficulty in meeting its day to day financial obligations.

Management of liquidity risk is done as follows;

a ALCO sets the strategy for managing liquidity risk commensurate with the business objectives;

b ALCO has delegated the responsibility of managing overall liquidity risk and interest rate risk management to Treasury.

c 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.

d 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.

ii. The key elements of the Company's liquidity risk management strategy are as follows:

a 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.

b 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.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

40. Financial risk management

c The Company carries out stress testing of cash flows on periodic basis and shares the results with ALCO to gauge the adequacy of liquidity.

iii. A long-drawn nation-wide lockdown necessitated by the outbreak of COVID-19 pandemic, has impacted treasury operations and increased liquidity risk across the economy.

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 as on March 31, 2020 and up to the date of the adoption of the financial statements:

a It has honoured all its debt obligations on time.

b The Company assessed its structural liquidity for the period ended March 31, 2020 after taking in to account the moratorium extended to its borrower under the RBI relief packages. Based on this assessment no negative impact on liquidity has been observed - and the cash flow mismatches have remained within the stipulated regulatory limits. The Company is tracking collections closely and calibrating disbursals to match with collections.

c The Company enhanced liquidity on hand by drawing upon bank lines and has accessed fresh funding lines from banks during Q1 FY20-21.

d The Company also accessed money markets and raised medium to long term funding from the capital markets and financial institutions under the various schemes promulgated by the RBI.

Owing to the above measures, the Company has not seen a rise in its liquidity risk.

4 Operational Risk;

The risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, systems, and from external factors other than credit, compliance, reputation, market and liquidity risks.

The Company has a Board approved Operational Risk Management (ORM) framework. Ongoing monitoring of key risk indicators ("KRI") is done and corrective actions are implemented on KRI exceptions. ORMC meets periodically to review the operational risk profile of the organisation.

Risks associated with frauds are mitigated through a Fraud Risk Management (FRM) framework. FRMC reviews matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

The parent of the Company has adopted "Framework for Improving Critical Infrastructure Cyber Security" published by the National Institute of Standards & Technology (NIST) and comply with regulatory guidelines. Various measures are adopted to effectively protect against phishing, social media threats and rogue mobile.

Measures taken to address Operational Risk on account of COVID 19:

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. Pursuant to guidelines issued by Central Government and State Governments from time to time, the Company has started the offices and branches across the country with minimum staff strength and the rest of the employees are operating under work from home policy.

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 cyber-attacks. 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.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(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, 2020			As at March 31, 2019		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial assets						
Derivative assets	221	1,945	2,166	-	-	-
Cash and cash equivalents	89,455	-	89,455	31,792	-	31,792
Trade Receivables	12	-	12	34	-	34
Loans	40,651	4,84,916	5,25,567	1,60,244	3,25,544	4,85,788
Investments	-	77	77	-	60	60
Other financial assets	-	281	281	9	283	292
Non-financial Assets						
Current tax asset	-	1,775	1,775	-	547	547
Deferred tax Assets (Net)	-	2,218	2,218	-	1,527	1,527
Investment property	-	224	224	-	235	235
Property, Plant and Equipment	-	238	238	-	23	23
Other non-financial assets	40	19	59	38	74	112
Total Assets	**1,30,379**	**4,91,693**	**6,22,072**	**1,92,117**	**3,28,293**	**5,20,410**

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(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, 2020			As at March 31, 2019		
LIABILITIES	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial Liabilities						
Trade Payables	61	-	61	2	-	2
Debt Securities	66,541	69,075	1,35,616	64,137	63,278	1,27,415
Borrowings (Other than debt securities)	1,79,037	1,64,362	3,43,399	1,99,210	1,01,521	3,00,731
Subordinated liabilities	-	35,273	35,273	-	-	-
Other financial liabilities(to be specified)	7,329	-	7,329	4,240	-	4,240
Non-Financial Liabilities						
Provisions	82	30	112	66	29	95
Other non financial liabilities	1,527	-	1,527	1,369	-	1,369
Total liabilities	2,54,577	2,68,740	5,23,317	2,69,024	1,64,828	4,33,852
Net	(1,24,198)	2,22,953	98,755	(76,907)	1,63,465	86,558

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

42. Revenue from contracts with customers

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

	PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
i	**Type of service**		
	- Fee and commission income	1,105	1,151
	- Other income	10	18
	Total	**1,115**	**1,169**
ii.	**Primary geographical market:**		
	- Outside India	-	-
	- India	1,115	1,169
	Total revenue from contracts with customer	**1,115**	**1,169**
iii.	**Timing of revenue recognition**		
	- at a point in time upon rendering services	1,115	1,169
	- over period of time upon rendering services	-	-
	Total	**1,115**	**1,169**
iv.	**Trade receivables towards contracts with customers**		
	- Opening Balance	34	23
	- Closing Balance	12	34
v.	**Impairment on trade receivables towards contracts with customers**	-	-

As on March 2020/2019, 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, 2020

(Rs. in lakh)

43 Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities (Based on RBI Guidelines)

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	-	-
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	14,583	60,041	-	6,603	-	-
Over 6 months to 1 year	25,810	29,460	-	13,377	-	-
Over 1 year to 3 years	97,505	32,604	29,897	72,139	77	-
Over 3 years to 5 years	4,978	26,420	-	76,030	-	-
Over 5 years	-	77,306	-	3,36,747	-	-
Total	**2,26,459**	**2,57,932**	**29,897**	**5,25,567**	**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.

For the year 2018-19

	Liabilities			Assets		
Particulars	**Borrowings from Banks**	**Market Borrowings**	**Foreign Currency Borrowings**	**Advances**	**Investments**	**Foreign Currency Assets**
1 day to 30/31 days (One month)	61,326	37,469	-	9,466	-	-
Over One month to 2 months	14,400	2,500	-	10,167	-	-
Over 2 months upto 3 months	15,458	57,086	-	14,459	-	-
Over 3 months to 6 months	10,958	12,772	-	36,100	-	-
Over 6 months to 1 year	27,667	23,711	-	90,052	-	-
Over 1 year to 3 years	55,459	49,420	-	62,098	60	-
Over 3 years to 5 years	11,666	22,652	-	72,011	-	-
Over 5 years	-	25,602	-	1,91,435	-	-
Total	**1,96,934**	**2,31,212**	**-**	**4,85,788**	**60**	**-**

Note : During the Financial Year 2018-19, the company has experienced significant prepayments hence ALM statement of March 2019 has been prepared assuming the prepayment of Rs.123,000 lakhs which is ~25% of the book size of Rs.490,980 lakhs as on the ALM date. Major portion of assumed prepayments have been considered in next one year.

44 Capital to Risk Asset Ratio (CRAR)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
CRAR (%)	22.37%	16.09%
CRAR - Tier I Capital (%)	15.95%	15.69%
CRAR - Tier II Capital (%)	6.42%	0.40%
Amount of Subordinated Debt raised as Tier II Capital	35,000	Nil
Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(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, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
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	1,16,766	82,379	-	-
- Unsecured	37,176	-	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	2,23,096	1,66,114	-	-
d) Inter-corporate loans and borrowing	52,888	39,694	-	-
e) Commercial Paper	23,541	48,865	-	-
f) Other loans	-	-	-	-
- Working Capital Demand Loan	67,973	76,900	-	-
- Overdraft	3	18,433	-	-

Assets side:

Particulars	Amount Outstanding	
	2019-20	2018-19
2) Break up of loans and advances including bills receivables		
(other than those included in (3) below)		
- Secured	5,36,195	4,90,980
- 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, 2020

(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**	
	2019-20	**2018-19**
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	-	-
- Others	-	-
b) **Unquoted:**	-	-
- Shares: Equity	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	77	60
- Government Securities	-	-
- Others	-	-

5) Borrower group-wise classification of assets financed as in (2) and (3) above

(Rs. in lakh)

Particulars	**Secured**		**Unsecured**		**Total**	
	2019-20	**2018-19**	**2019-20**	**2018-19**	**2019-20**	**2018-19**
a) Related parties						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	-	-	-	-	-	-
(iii) Other related parties	-	-	-	-	-	-
b) Other than related parties	5,36,195	4,90,980	-	-	5,36,195	4,90,980
TOTAL	**5,36,195**	**4,90,980**	**-**	**-**	**5,36,195**	**4,90,980**

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2020

(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)**	
	2019-20	**2018-19**	**2019-20**	**2018-19**
a) Related parties				
i) Subsidiaries	-	-	-	-
ii) Companies in the same group	-	-	-	-
iii) Other related Parties	-	-	-	-
b) Other than related parties	77	60	77	60
TOTAL	**77**	**60**	**77**	**60**

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	**2019-20**	**2018-19**
a) Gross Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	6,030	-
b) Net Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	4,637	-
c) Assets acquired in satisfaction of debt	-	-

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(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%	4,49,500	86%

* Principal amount outstanding as on March 31, 2020

Working↓

Sr. No	Number of Significant Counterparties	Amount	% of total liabilities
1	TATA CAPITAL LIMITED	50,000	9.55%
2	BANK OF INDIA	50,000	9.55%
3	SBI LIQUID FUND	40,000	7.64%
4	HDFC BANK	38,208	7.30%
5	NABARD LOAN	34,443	6.58%
6	ALLAHABAD BANK	31,500	6.02%
7	STATE BANK OF INDIA	23,500	4.49%
8	DEUTSCHE BANK	20,000	3.82%
9	BANK OF BARODA	20,000	3.82%
10	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE LOW DURATION FUND	20,000	3.82%
11	NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V. (FMO)	18,000	3.44%
12	BANK OF AMERICA (HK)	17,283	3.30%
13	SUMITOMO MITSUI BANKING CORPORATION	13,500	2.58%
14	CTBC BANK	10,439	1.99%
15	FEDERAL BANK	10,000	1.91%
16	THE PROVIDENT FUND TRUST FOR THE EMPLOYEES OF INDIAN OIL CORPORATION LTD (MD)	10,000	1.91%
17	CORPORATION BANK	10,000	1.91%
18	ICICI BANK	10,000	1.91%
19	THE LARSEN AND TOUBRO OFFICERS AND SUPERVISORY STAFF	7,870	1.50%
20	UNITED INDIA INSURANCE COMPANY LIMITED	7,500	1.43%
21	SOUTH INDIAN BANK	7,302	1.40%

(ii) Top 20 Large Deposits

Sr. No	Counterparty	Amount	% of total deposits
	Nil		

(iii) Top 10 Borrowing

Sr. No	Name of Counterparty	Amount	% of total borrowings
1	10	3,27,700	64%

* Principal amount outstanding as on March 31, 2020

Sr. No.	Name of Counterparty	Amount	% of total borrowings
1	TATA CAPITAL LIMITED	50,000	10%
2	BANK OF INDIA	50,000	10%
3	SBI LIQUID FUND	40,000	8%
4	HDFC BANK	38,208	7%
5	GCF (NABARD LOAN)	34,443	7%
6	ALLAHABAD BANK	31,500	6%
7	STATE BANK OF INDIA	23,500	5%
8	DEUTSCHE BANK	20,000	4%
9	BANK OF BARODA	20,000	4%
10	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE LOW DURATION FUND	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	2,26,510	44%
2	Non-Convertible Debentures	1,47,184	29%
3	Commercial Paper	23,700	5%
4	Inter-Corporate Deposits	52,600	10%
5	Loan from Financial Institution	34,443	7%
6	External Commercial Borrowings	27,721	5%
	Total	**5,12,158**	**100%**

(v) Stock Ratios

Particulars	%
(a) Commercial papers as a % of total public funds	5%
(a) Commercial papers as a % of total liabilities	5%
(a) Commercial papers as a % of total assets	4%
(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	45%
(c)Other Short-term liabilities as a % of total Liabilities	44%
(c)Other Short-term liabilities as a % of total Assets	37%

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(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	5,10,147	3,337	5,06,810	2,041	1,296
	Stage II	20,018	2,127	17,891	80	2,047
Subtotal for Standard	Stage I & II	5,30,165	5,464	5,24,701	2,121	3,343
Non-Performing Assets (NPA)						
Substandard	Stage III	6,030	1,393	4,637	603	790
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	1,393	4,637	603	790
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	1,46,525	124	1,46,401	-	124
	Stage II	-	-	-	-	-
	Stage III	-	-	-	-	-
Subtotal		1,46,525	124	1,46,401	-	124
Total	Stage I	6,56,672	3,461	6,53,211	2,041	1,420
	Stage II	20,018	2,127	17,891	80	2,047
	Stage III	6,030	1,393	4,637	603	790
	Total	**6,82,720**	**6,981**	**6,75,739**	**2,724**	**4,257**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(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, 2020 and March 31, 2019 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, 2020		For the Year ended March 31, 2019	
		USD (Mio)	Rs. In lakh	USD (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	10	7,721	-	-
Cross currency swap contract i.e. Notional principal of Swap Agreements (Foreign Currency borrowings*Closing exchange rate)	Buy	40	29,897	-	-
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 of the foreign exchange forward contract	Buy	NA	221	NA	-
The fair value gain of the Cross currency swap contract	Buy	NA	1,944	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	
	2019-20	2018-19	2019-20	2018-19
(i) Derivatives (Notional Principal Amount)	37,618	-	-	-
(ii) Marked to Market Positions [1]				
(a) Assets (+)	2,166	-	-	-
(b) Liability (-)	-	-	-	-
(iii) Credit Exposure [2]	-	-	-	-
(iv) Unhedged Exposures	-	-	-	-

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(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 31, 2020 | CARE : January 27, 2020 | ICRA : September 27, 2019
(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*
(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, 2020 is as follows:**

a) Undrawn Commitment given to the Borrower

As on March 31, 2020 Rs. 114,460 lakh (Previous year : Rs.67,367 lakh)

Less than one year : Rs. 50 lakh (Previous year : Rs.5,654 lakh)

More than one year : Rs. 114,410 lakh (Previous year : Rs.61,713 lakh)

b) Letter of Comfort Rs. 1,935 lakh (as at March 31, 2019 Rs. 12,994 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	2019-20	2018-19
Provisions for depreciation on investment	-	-
Provision towards NPA	1,393	-
Provision towards restructured standard assets	-	-
Provision made towards Income tax	4,309	3,519
Other provision and contingencies (with details)	-	-
Provision for standard assets (Stage I & II)	3,417	798
Provision against other doubtful advances	4	-
Provision for Employee Benefits	17	52
Total	**9,140**	**4,369**

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, 2020

(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	**2019-20**	**2018-19**
Total advances to twenty largest borrowers	2,26,658	2,06,075
Percentage of advances to twenty largest borrowers to total advances of the NBFC	43.4%	42.7%

Includes Loans, Advances & Credit Substitutes

Exposure *

(Rs. In lakh)

Particulars	**2019-20**	**2018-19**
Total advances to twenty largest borrowers	2,41,300	2,29,100
Percentage of exposures to twenty largest borrowers to total exposure of the NBFC	37.9%	41.6%

* Includes Loans, Advances, Credit Substitutes and Investment in Mutual Funds (including loan sanctioned but partly disbursed)

(vii) **Concentration of NPAs**

(Rs. In lakh)

Particulars	**2019-20**	**2018-19**
Total Exposure to top four NPA accounts	6,030	-

(viii) **Sector-wise NPAs**

(Rs. In lakh)

Sector	Percentage of NPAs to Total Advances in that sector	
	2019-20	**2018-19**
Infrastructure - Power	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, 2020, 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, 2019 : Rs.10 lakh) and impact of Ind AS 116 "Leases" amounting to Rs,. 11 lakh (year ended March 31, 2019 : Nil)

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

(xxi) (a) Non Performing Assets purchased during the year - Nil (Previous Year : Nil).
(b) Details of Non Performing Assets sold during the year - Nil (Previous Year : Nil).

(xxii) NPA Movement during the year

(Rs. In lakh)

	Particulars	2019-20	2018-19
(i)	**Net NPAs to Net Advances (%)**	0.87%	0%
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening Balance	-	-
	(b) Additions during the year	6,345	-
	(c) Reductions during the year	(315)	-
	(d) Closing balance	6,030	-
(iii)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
	(a) Opening Balance	-	-
	(b) Additions during the year	1,466	-
	(c) Write-off / write-back of excess provisions	(73)	-
	(d) Closing balance	1,393	-
(iv)	**Movement of Net NPAs**		
	(a) Opening Balance	-	-
	(b) Additions during the year	4,879	-
	(c) Reductions during the year	(242)	-
	(d) Closing balance	4,637	-

(xxiii) Investments

		Particulars	2019-20	2018-19
1	**Value of Investments**			
	(i)	**Gross Value of Investments**		
		a) In India	77	60
		b) Outside India	-	-
	(ii)	**Provision for Depreciation**		
		a) In India	-	-
		b) Outside India	-	-
	(iii)	**Net value of investments**		
		a) In India	77	60
		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.

(xxiv) Previous period's / year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current period's /year's classification/ disclosure.

49 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.

50 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 DPD of the customer and general 5% provisioning for accounts wherein asset classification benefit is taken as on March 31, 2020.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, the Company is granting 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 shall remain standstill during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of staging).

At March 31, 2020, the aggregate outstanding of the borrowers is Rs. 8,442 lakh, to whom moratorium has been extended and were overdue but standard (DPD 1-89 days) as at February 29, 2020. Of these, borrowers with aggregated outstanding of Rs. Nil lakh (including accrued interest of Rs. Nil lakh) were extended asset classification benefit (accounts not classified as Stage 3) at March 31, 2020. At March 31, 2020, the Company has loan loss allowances of Rs. Nil lakh against these loan accounts (allowances made during Q4-2020 amounted to Rs. Nil lakh pursuant to compliance with the RBI circular on moratorium mandating a minimum of 5.4% provision as on March 31, 2020).

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

51 The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Ordinance dated September 20, 2019 inserted a new section 115BAA in the Income Tax Act, 1961, which provides an option to the Company for paying income tax at reduced rates as per the provisions / conditions defined in the said section. The Company has a one-time option to opt for a reduced maximum marginal tax rate (MMR) of 25.17% (Base tax - 22%, Surcharge - 10% and Health & education cess - 4%) instead of 29.12% (Base tax - 25%, Surcharge - 12% and Health & education cess - 4%) in the current financial year or in the future financial years. As on March 31, 2020, the Company has elected to exercise the option of lower MMR, accordingly there is net savings of Rs. 435 lakh in the statement of profit and loss for the year ended March 31, 2020 comprising of gain arising due to reduction in income tax rate of Rs 608 lakh offset by an incremental charge of Rs. 173 lakh on account of re-measurement of opening deferred tax asset (DTA).

52 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

Sagar Lakhani
Partner
Membership No: 111855

Rajiv Sabharwal
(Director)
DIN: 00057333

Padmini Khare Kaicker
(Director)
DIN: 00296388

Varsha Purandare
(Director)
DIN: 05288076

Pradeep C. Bandivadekar
(Director)
DIN: 00059330

Ajay Mathur
(Director)
DIN: 07490468

Mumbai
20 June 2020

Manish Chourasia
(Managing Director)
DIN: 03547985

Behzad Bhesania
(Chief Financial Officer)

Manish Parikh
(Company Secretary)