

Walker Chandiok & Co LLP
Chartered Accountants

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M M Nissim & Co LLP
Chartered Accountants

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Worli, Mumbai, Maharashtra 400018

Independent Auditor's Review Report on Unaudited Quarterly and Year to Date Standalone Financial Results of Tata Capital Financial Services Limited Pursuant to Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Tata Capital Financial Services Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of Tata Capital Financial Services Limited ('the Company') for the quarter ended 31 December 2021 and the year to date results for the period 1 April 2021 to 31 December 2021, being submitted by the Company pursuant to the requirements of Regulation 52 of the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (the 'Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
2. The Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 52 of the Listing Regulations, including relevant circulars issued by the SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 52 of the Listing Regulations, including relevant circulars issued by the SEBI from time to time, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 5 to the accompanying Statement which describes the effects of COVID-19 pandemic on the Company's operations and financial performance, the extent of which is dependent on future developments which are considered highly uncertain, and its impact on the provision for expected credit loss recognized towards the loan assets outstanding as at 31 December 2021. Our conclusion is not modified in respect of this matter.

6. We draw attention to Note 14 to the accompanying Statement which describes that the figures for the corresponding quarter ended 31 December 2020 have been approved by the Company's Board of Directors, but have not been subjected to audit or review.
7. The review of Unaudited Standalone Condensed Financial Statement for the period ended 31 December 2020, unaudited standalone quarterly financial results for the quarter ended 30 September 2021 and audited standalone financial results for the year ended 31 March 2021, included in the Statement was carried out and reported by BSR & Co. LLP who have expressed unmodified conclusion vide their review report dated 04 February 2021, 21 October 2021 and an unmodified opinion vide their report dated 22 April 2021 respectively, whose report has been furnished to us and which has been relied upon by us for the purpose of our review of the Statement.

Our conclusion is not modified in respect of these matters.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

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Khushroo B. Panthaky
Partner
Membership No. 42423
UDIN: 22042423AAAAAM8883

Mumbai
24 January 2022

For **M M Nissim & Co LLP**
Chartered Accountants
Firm's Registration No: 107122W/W100672

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Sanjay Khemani
Partner
Membership No. 044577
UDIN: 22044577AAAAAD3646

Jaipur
24 January 2022

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31,2021

Sr. No.	Particulars	Quarter Ended			Nine months Ended		Year ended
		December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021	December 31, 2020	March 31, 2021
		Unaudited	Unaudited	Unaudited (Refer note 14)	Unaudited	Unaudited	Audited
1	Revenue from operations						
(i)	Interest income	1,43,800	1,39,775	1,29,896	4,14,856	3,96,482	5,25,499
(ii)	Dividend income	1	72	-	73	1	1
(iii)	Rental income	7,408	8,326	9,690	23,989	29,223	38,140
(iv)	Fees and commission income	3,478	3,657	2,842	9,875	6,149	9,407
(v)	Net gain on fair value changes	447	478	7,143	9,208	13,257	18,624
(vi)	Net gain on derecognition of investment measured at cost	-	-	145	-	534	534
	Total Revenue from operations	1,55,134	1,52,308	1,49,716	4,58,001	4,45,646	5,92,205
2	Other income	1,978	2,114	1,258	5,388	5,909	7,252
3	Total Income (1+2)	1,57,112	1,54,422	1,50,974	4,63,389	4,51,555	5,99,457
4	Expenses						
(i)	Finance costs	72,580	71,361	70,470	2,10,980	2,21,907	2,89,885
(ii)	Impairment of financial instruments	15,825	18,488	37,870	86,709	96,513	1,01,294
(iii)	Employee benefits expense	14,526	14,041	10,252	39,770	31,196	43,811
(iv)	Depreciation and amortisation and impairment	6,562	6,746	8,355	19,943	24,731	31,974
(v)	Other expenses	19,103	15,823	10,538	46,035	31,155	49,989
	Total expenses (4)	1,28,596	1,26,459	1,37,485	4,03,437	4,05,502	5,16,953
5	Profit before exceptional items and tax (3-4)	28,516	27,963	13,489	59,952	46,053	82,504
6	Exceptional Items	-	-	-	-	-	-
7	Profit before tax (5-6)	28,516	27,963	13,489	59,952	46,053	82,504
8	Tax expense						
(1)	Current tax	9,717	10,768	3,928	22,283	20,840	20,240
(2)	Deferred tax	(2,213)	(3,644)	(1,553)	(6,689)	(10,446)	(5,435)
	Total tax expense	7,504	7,124	2,375	15,594	10,394	14,805
9	Profit for the period/year (7-8)	21,012	20,839	11,114	44,358	35,659	67,699
10	Other Comprehensive Income						
	(i) Items that will be reclassified subsequently to statement of profit and loss						
(a)	Fair value gain/(loss) on financial assets carried at Fair Value Through Other Comprehensive Income (FVTOCI)	-	(221)	535	(238)	477	161
(b)	Income tax relating to fair value gain/(loss) on financial assets carried at FVTOCI	-	56	(135)	60	(120)	(41)
(c)	The effective portion of gain/(loss) on hedging instruments in a cash flow hedge	1,220	951	637	1,668	(3,615)	(2,047)
(d)	Income tax relating to the effective portion of gain/(loss) on hedging instruments in a cash flow hedge	(307)	(239)	(160)	(420)	910	515
	(ii) Items that will not be reclassified subsequently to statement of profit and loss						
(a)	Remeasurement of defined employee benefit plans	(126)	1	198	(444)	1,098	804
(b)	Income tax relating to the remeasurement of defined employee benefit plans	32	-	(49)	112	(276)	(202)
	Total Other Comprehensive Income	819	548	1,026	738	(1,526)	(810)
11	Total Comprehensive Income for the period/year (9+10)	21,831	21,387	12,140	45,096	34,133	66,889
12	Earnings per equity share :						
(1)	Basic (Rupees)	*1.29	*1.28	*0.68	*2.72	*2.19	4.15
(2)	Diluted (Rupees)	*1.29	*1.28	*0.68	*2.72	*2.19	4.15
13	Debt Equity Ratio (No. of Times)	6.48	6.35	6.06	6.48	6.06	5.86
14	Debt Service Coverage Ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
15	Interest service coverage ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
16	Outstanding redeemable preference shares (Nos. in Lakhs)	-	-	-	-	-	-
17	Outstanding redeemable preference shares (Values)	-	-	-	-	-	-
18	Debenture Redemption Reserve	30,000	30,000	30,000	30,000	30,000	30,000
19	Net Worth (refer note no 4)	6,98,100	6,78,420	6,34,557	6,98,100	6,34,557	6,58,322
20	Current ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
21	Long term debt to working capital	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
22	Current liability ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
23	Total debts to total assets (%)	82.53	82.56	82.08	82.53	82.08	81.29
24	Debtors turnover	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
25	Inventory turnover	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
26	Operating margin (%)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
27	Net profit margin (%)	13.54	13.68	7.42	9.69	8.00	11.43
28	Bad debts to account receivable ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
29	Gross Non Performing Assets (%)	2.48	2.55	3.28	2.48	3.28	2.97
30	Net Non Performing Assets (%)	0.69	0.68	0.94	0.69	0.94	0.89
31	Provision Coverage Ratio (%)	72.84	73.73	72.02	72.84	72.02	70.78
32	Asset Cover Ratio (No. of Times)	1.70	1.59	1.70	1.70	1.70	1.67

(* Not annualised)

**SAROSH
KERSI AMARIA**

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- The above results have been reviewed by the Audit Committee and have been approved and taken on record by the Board of Directors at their respective meetings held on January 24, 2022. The financial results for the quarter and nine months ended December 31, 2021 have been subjected to a limited review by the joint statutory auditors (Walker Chandio & Co LLP, Chartered Accountants and M M Nissim & Co LLP, Chartered Accountants) of the Company. The report thereon is unmodified. The financial results for the nine months ended December 31, 2020, quarter ended September 30, 2021 and for the year ended March 31, 2021 were reviewed / audited by B S R & Co. LLP, Chartered Accountants.
- These financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 - Interim Financial Reporting as prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards), Rules 2015, amended from time to time, and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, ("Listing Regulations") as amended.
- The Company is regulated by the Reserve Bank of India ("RBI"). The RBI periodically issues/amends directions, regulations and/or guidelines (collectively "Regulatory Framework") covering various aspects of the operation of the Company, including those relating to accounting for certain types of transactions. The Regulatory Framework contains specific instructions that need to be followed by the Company in preparing its financial statements. The financial results for the current and previous periods may need to undergo changes in measurement and / or presentation upon receipt of clarifications on the Regulatory Framework or changes thereto.
- Networth has been calculated as per Section 2(57) of Companies Act 2013 and includes equity share capital plus other equity less deferred revenue expenditure.
- The impact of COVID-19 on the Company's performance will depend on ongoing as well as future developments, which are highly uncertain, including any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

The Company has assessed the potential impact of COVID-19 on the carrying value of its assets based on relevant internal and external factors / information available, upto the date of approval of these financial results. In order to cover the impact of COVID-19 on the future expected credit losses, the Company carries a management and macro economic variable outlay of Rs. 6,600 lakh as on December 31, 2021 (For the year ended March 31, 2021 Rs 10,600 lakh). The Company will continue to closely monitor the material changes in the macro-economic factors impacting the operations of the Company.

- In accordance with Ind AS 108 on Segment Reporting, the Company has identified three business segments i.e. Financing Activity, Investment Activity and Others.
- The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced a scheme for COVID-19 Relief for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether moratorium as per RBI regulatory package was availed or not. The Company had implemented the Scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme, amounting to Rs. 2,379 lakhs. The Company has filed its revised supplementary claim for Rs. 2,272 lakhs for the ex-gratia with State Bank of India on November 09, 2021, as per the Scheme. Subsequently, the Company has received Rs. 2,272 lakhs in the month of December 2021.
- Disclosure pursuant to Reserve Bank of India notification RBI/2021-22/31 dated May 05, 2021 pertaining to Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses.

Description	Individual Borrowers		Small businesses
	Personal Loans	Business Loans	
(A) Number of requests received for invoking resolution process under Part A	13,236	1,869	774
(B) Number of accounts where resolution plan has been implemented under this window*	11,785	1,721	673
(C) Exposure to accounts mentioned at (B) before implementation of the plan	94,809	26,819	21,172
(D) Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E) Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(F) Increase in provisions on account of the implementation of the resolution plan	10,803	2,729	2,256

*Out of the above, 448 borrower accounts with exposure amounting to Rs. 3,804 lakh has slipped into NPA as on December 31, 2021.

There were 848 borrower accounts having an aggregate exposure of Rs. 7,002 lakh, where resolution plans had been implemented under RBI's Resolution Framework 1.0 dated August 6, 2020 and now modified under RBI's Resolution Framework 2.0 dated May 5, 2021.

- Details of loans transferred / acquired during the quarter ended December 31, 2021 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:
 - The Company has not transferred any non-performing assets (NPAs).
 - The Company has not transferred any Special Mention Account (SMA) and loan not in default.
 - The Company has not acquired any loans not in default through assignment.
 - The Company has not acquired any stressed loan.
- On November 12, 2021, Reserve Bank of India issued circular requiring changes to and clarifying certain aspects of Income Recognition and Asset Classification Norms. The Management has taken necessary steps to comply with norms/changes as and when they became applicable.
- The Board of Directors vide a resolution passed by circulation on September 17, 2021 have declared and approved an interim equity dividend of Rs. 0.25 per equity share and the dividend has been paid to the shareholders in the same period.
- During the quarter ended September 30, 2021, the Company had transferred Rs. 2,370 lakh to Special Reserve as prescribed by Section 45-IC of the Reserve Bank of India Act, 1934.
- The Indian Parliament has published the Code on Social Security, 2020 which may impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 and has invited suggestions from stakeholders which are under consideration. The Company will determine the impact once the subject rules are finally notified and will give appropriate impact in its financial results in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
- The figures for the quarter ended 31 December 2020 are the balancing figures between reviewed figures in respect of the nine months period ended 31 December 2020 and the audited figures for the half year ended 30 September 2020. This has been reviewed by the Audit Committee and have been approved and taken on record by the Board of Directors at their respective meetings held on January 24, 2022.
- Information as required pursuant to Regulation 52(4) of Listing Regulations :

Formulae for Computation of Ratios are as follows:

 - Debt equity ratio = (Debt Securities + Borrowings (other than debt securities) + Subordinated Debts - Unamortised Issue Expenses) / (Equity Share Capital + Other Equity - Deferred Revenue Expenditure)
 - Total debts to total assets (%) = (Debt Securities + Borrowings (other than Debt Securities) + Subordinated Debts) / Total Assets
 - Net profit margin (%) = Profit after Tax / Revenue from Operations
 - Gross Non Performing Assets (%) = Gross Stage III Loans / Gross Loans
 - Net Non Performing Assets (%) = (Gross Stage III Loans - Impairment loss allowance for Stage III) / (Gross Loans - Impairment loss allowance for Stage III)
 - Provision Coverage Ratio (%) = Impairment loss allowance for Stage III / Gross Stage III Loans

Place: Mumbai
Date: January 24, 2022

For Tata Capital Financial Services Limited

SAROSH KERSI
AMARIA

Sarosh Amaria
Managing Director
DIN No. : 08733676

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Annexure 1
Additional Information

a) The funds raised through the issue of Non-Convertible Debt Securities, after meeting the expenditures of and related to the issue, have been used for our various activities, including lending and investments, to repay the existing loans, business operations including capital expenditure and working capital requirements. Also as per investment policy of the company, approved by the Board of Directors of the Company, the Company has invested funds in interest bearing liquid instruments pending utilisation of the proceeds for the purpose described in debenture trustee deeds.

b) Privately Placed Non-Convertible Debentures are secured by pari passu charge on specified class of assets i.e. receivables and book debts arising out of Secured/Unsecured loans, investments in nature of credit substitutes, lease and hire purchase receivables, Trade advances & bill discounting facility extended to borrower and sundry debtors and other current assets of the Company.

c) Public issue of Non-Convertible Debentures are secured by way of first ranking pari passu charge over Company's specific immovable property and any of the identified receivables, both present and future, trade advances, and other current assets and other long term and current investments.

d) There was no deviation in the use of the proceeds of the issue of Non Convertible Debt Securities.

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