TATA CAPITAL HOUSING FINANCE LIMITED

Annual Report 2019-20

Corporate Information

Board of Directors	Mr. Rajiv Sabharwal Mr. Mehernosh B. Kapadia Ms. Anuradha E. Thakur Mr. Ankur Verma Mr. Anil Kaul
Chief Financial Officer	-
Company Secretary	Mr. Jinesh Meghani
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	U67190MH2008PLC187552

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BOARD'S REPORT

To the Members,

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

1. BACKGROUND

Tata Capital Housing Finance Limited ("Company" or "TCHFL"), is a wholly-owned subsidiary of Tata Capital Limited ("TCL") and is registered as a Housing Finance Company with the National Housing Bank ("NHB") to carry on housing finance activities. TCHFL primarily offers Home Loans and Affordable Housing Loans. TCHFL also provides Loans Against Property and Loans to Developers for constructing Residential and Commercial premises.

2. INDUSTRY AND ECONOMIC SCENARIO

Housing Finance Companies ("HFCs"), along with banks and Non-Banking Financial Companies, have been the mainstay for the financial services ecosystem in India. They have served as an alternative channel of credit flow to both retail as well as commercial sectors in a bank-dominated financial system like India, bringing in efficiency and diversity into financial intermediation. HFCs play an important role in the Indian financial system by complementing and competing with banks, specializing in credit delivery to home buyers, provide an opportunity to those businesses which want to monetise their real estate assets and developers.

Over the past few years, HFCs have contributed significantly in expanding as well as deepening the formal financial services sector, providing credit to market segments where banks are unable to provide credit, given their own constraints. On the liabilities side, most HFCs rely on the markets and banks to raise capital with only a select few having access to public deposits, which makes HFCs particularly susceptible to market environment changes as well as risk perceptions. Therefore, while the sector witnessed robust growth till FY 2017-18, in the year thereafter, it has continued to face headwinds after the market sentiments turned negative post-Infrastructure Leasing & Financial Services crisis in September 2018, and subsequent rating downgrades and defaults by a few companies. These events in addition to the continuing slowdown witnessed in private expenditure and economy in general, affected both availability of capital and cost of funds, as well as limiting avenues to deploy capital.

In the current financial year, while liquidity and funding costs continued to remain a challenge for the sector, HFCs focused on retail segment fared better than their peers focused on enterprise segments in managing their liquidity position; they were able to raise funds from banks, foreign institutions and portfolio sell-downs while better rated HFCs were able to tap market funding as well. The larger, well managed HFCs, based on their promoter standing and operating practices, performed relatively better compared to the smaller and lower rated HFCs in terms of credit growth and portfolio quality. During the year, while credit flow to industry and services was subdued, growth in retail loans continued its momentum driven by the resilient private consumption. With multiple measures taken by the Government as well as the Regulator during the year to improve the liquidity situation as well as to drive the demand, there were early signs of the economy regaining momentum in the months of January and February 2020.

Globally, over the same period, there were some signs of manufacturing and global trade bottoming out led by still-resilient consumer spending and improved business spending. However, downside risks associated with geo-political tensions, social unrest, trade policy uncertainty and idiosyncratic stress in key developing markets continued to pose a risk to the global economic activity. Moreover, monetary policy easing continued during latter half of 2019 in several economies with central bank rate cuts along with various other measures. Some countries with fiscal space also rolled out multiple demand stimulus initiatives during the year to support their economies.

However, in the month of March 2020, the spread of the COVD-19 pandemic across the country and the globe, has changed the macro-economic as well as financial services sector outlook. The pandemic has sharply curtailed any hope for recovery of the economy in near term, including financial services and has in fact, exacerbated the situation where the sector was already facing demand slowdown, worsening asset quality issues and limited credit availability. This has affected new business in March 2020 which typically witnesses significant volumes and is expected to unfavourably impact vulnerable borrower segments such as self-employed as well as Micro, Small and Medium Enterprises or entities which have relatively moderate risk profiles and have limited funding avenues, more than the others and therefore, curtail their ability to generate cash flows and service their loans.

To arrest this situation, the Government and the Regulator have announced a number of measures to support these vulnerable segments as well as facilitate availability of funds at favourable rates for the financiers. With this much needed support, coupled with a relentless execution, it is possible that the economy may be able to maintain an overall positive growth rate with an earlier-than-expected recovery during the next financial year. Furthermore, managing asset quality may take higher precedence over loan growth and the sector may see some consolidation. The Company has a cautious outlook for the next year while keeping a close watch on the fiscal and monetary policy measures to support the economy, monsoons, commodity prices as well as protectionist tendencies of large global economies.

3. FINANCIAL RESULTS

(Rs. in crore)

Particulars	FY 2019-20	FY 2018-19
Gross Income (Including net gain on fair value changes)	**3,011**	**2,440**
Less:		
Finance Costs	2,021	1,775
Net loss on fair value changes	-	-
Impairment of investment in Associates	-	-
Impairment on Financial Instruments	425	202
Employee Benefits Expense	142	170
Depreciation, Amortisation and Impairment	15	6
Other expenses	153	160
Total expenses	**2,756**	**2,313**
Profit Before Tax	**255**	**127**
Less: Provision for Tax	102	77
Profit After Tax	**152**	**50**
Add: Share of net profit of associates using equity method	-	-
Less: Non-controlling interest	-	-
Profit attributable to owners of the Company	152	50
Other comprehensive income	(0.66)	(0.76)
Less: Tax on other comprehensive income	0.17	0.27
Other comprehensive income after tax	(0.49)	(0.49)
Less: Non-controlling interest	-	-
Other comprehensive income attributable to owners of the Company	(0.49)	(0.49)
Total comprehensive income attributable to owners of the Company	**152**	**50**
Amount brought forward from previous year	114	91
Ind AS 116 Transition Impact	(2)	-
Amount available for appropriation	264	141
Appropriations:		
Special Reserve Account	(47)	(27)
Interim Dividend on Equity Shares (Including Tax on Dividend)	(79)	-
Surplus carried to Balance Sheet	**138**	**114**

During FY 2019-20, the Company disbursed Mortgage Loans amounting to Rs. 7,493 crore (FY 2018-19: Rs. 11,101 crore), representing a decrease of 32%. This included Housing Loans of Rs. 2,513 crore in FY 2019-20 (FY 2018-19: Rs. 6,432 crore). The Company's loan portfolio stood at Rs. 27,435 crore as on March 31, 2020 (Rs. 26,888 crore as on March 31, 2019), representing an increase of 2%. The Cost to Income ratio decreased to 33.5% in FY 2019-20, as compared to 45.8% in FY 2018-19 and the Net Profit after Tax for the year increased by 202%, from Rs. 50 crore in FY 2018-19 to Rs. 152 crore in FY 2019-20, primarily on account of higher NIM. Gross NPA and Net NPA were 1.4% and

0.5%, respectively, as on March 31, 2020 (0.9% and 0.4%, respectively, as on March 31, 2019).

The Company's Gross Income increased to Rs. 3,011 crore in FY 2019-20 from Rs. 2,440 crore in FY 2018-19, representing an increase of 23%. Interest expenses increased by 14% to Rs. 2,021 crore in FY 2019-20 from Rs. 1,775 crore in FY 2018-19.

Net interest income of the Company increased by 56%, from Rs. 554 crore in FY 2018-19 to Rs. 867 crore in FY 2019-20. Net Interest Margin as a percentage of average assets, stood at 3.4% for FY 2019-20. For FY 2019-20, Total Income included Investment Income of Rs. 21 crore, Fee Income of Rs. 34 crore and Other Income of Rs. 30 crore.

Other expenses decreased by 4% from Rs. 160 crore in FY 2018-19 to Rs. 153 crore in FY 2019-20. Manpower expenses for FY 2019-20 were Rs. 142 crore as against Rs. 170 crore in FY 2018-19, decrease of 16%, Impairment provision on the asset book during the year ended March 31, 2020 was Rs. 425 crore. The provision for taxation during the year was Rs. 102 crore.

An amount of Rs. 47 crore is transferred to the Special Reserve Fund for FY 2019-20, pursuant to Section 29C of the National Housing Bank Act, 1987. An amount of Rs. 138 crore is proposed to be carried to the Balance Sheet after appropriations.

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 is 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 of moratorium for amounts falling due between March 1, 2020 and August 31, 2020 to its eligible borrowers. In line with RBI Guidelines announced 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 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 and investments and have considered internal and external information available, upto the date of approval of these financial statements of the Company i.e. June 25, 2020. In order to cover the impact of COVID-19 on the future expected credit losses, the Company has made a provision of Rs. 11,000 lakh, in addition to the RBI prescribed norms.

5. SHARE CAPITAL

The Issued, Subscribed and Paid-up Share Capital of the Company as on March 31, 2020 was Rs. 5,47,55,56,120 consisting of 54,75,55,612 Equity Shares of Rs. 10 each. The entire Equity Share Capital of the Company is held by TCL and its nominees.

During the year under review, the Company issued and allotted 2,07,18,232 Equity Shares of Rs. 10 each, at a premium of Rs. 62.40 per share, aggregating Rs. 150 crore to TCL, on a 'Rights basis' on March 12, 2020. Further, on March 13, 2020, 1,57,20,00,000 Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10 each held by TCL were converted into 21,71,27,080 Equity Shares of the Company of Rs. 10 each, at a fair value of Rs. 72.40 per Equity Share.

6. DIVIDEND

6.1. <u>Interim Dividend</u>

During FY 2019-20, the Board of Directors of the Company had, at its Meeting held on July 31, 2019, declared Interim Dividend, as under:

- At the rate of 9% p.a. i.e. Re. 0.90 per CCCPS on 41,60,00,000 CCCPS of the Company of Rs. 10 each, from April 1, 2019 to April 30, 2019, aggregating Rs. 3,06,88,525;
- At the rate of 8.5% p.a. i.e. Re. 0.85 per CCCPS on 85,60,00,000 CCCPS of the Company of Rs. 10 each, from April 1, 2019 to April 30, 2019, aggregating Rs. 5,96,39,344; and
- At the rate of 9% p.a. i.e. Re. 0.90 per CCCPS on 30,00,00,000 CCCPS of the Company of Rs. 10 each, on a *pro rata* basis, from the date of allotment to April 30, 2019, aggregating Rs. 7,37,705.

Further, the Board of Directors of the Company had, vide a Resolution passed by Circulation on March 23, 2020, declared an Interim Dividend of Rs. 1.20/- per share on 54,75,55,612 Equity Shares of Rs. 10 each, aggregating Rs. 65,70,66,734.

The dividend distribution tax on the above dividend payments was Rs. 15.45 crore (FY 2018-19: Rs. 15.12 crore).

6.2. **Final Dividend**

In order to conserve the resources of the Company and to build up Reserves, the Board does not recommend the payment of any Final Dividend on the Equity Shares for FY 2019-20.

7. FINANCE

During FY 2019-20, the Company met its funding requirements through a combination Long Term Debt (comprising Non-Convertible Debentures ("NCDs"), Subordinated Debt, Bank Loans) and of Short Term Debt (comprising Commercial Paper ("CP") and Bank Loans). During the year under review, the Company issued, on a private placement basis, Secured Redeemable NCDs aggregating to Rs. 2,261.04 crore. The aggregate debt outstanding as at March 31, 2020 was Rs. 25,528 crore (of which, Rs. 8,389 crore was payable within one year). The Debt Equity ratio of the Company as at March 31, 2020 was 9.68 times. The Company has been regular in repayment of its borrowings and payment of interest on borrowings.

During FY 2019-20, the Board of Directors approved the issue of Rated, Listed, Secured, Redeemable, NCDs of face value of Rs. 1,000 each and Unsecured, Subordinated Redeemable, NCDs eligible as Tier II Capital of face value Rs. 1,000 each, aggregating upto Rs. 5,000 crore through one or more tranches, to the public ("Public NCDs").

In accordance with the Shelf Prospectus and Tranche 1 Prospectus dated December 30, 2019, the Company issued Secured, Redeemable NCDs and Unsecured, Subordinated, Redeemable NCDs of the face value Rs. 1,000 each ("Tranche 1 Issue"), to the Public. The base issue size of Tranche 1 Issue was Rs. 500 crore, with an option to retain oversubscription upto Rs. 1,500 crore, aggregating upto Rs. 2,000 crore.

On January 14, 2020, the Company allotted 2,00,00,000 NCDs of face value of Rs. 1,000 each aggregating Rs. 2,000 crore, to the successful applicants of the Tranche 1 Issue, comprising 1,92,19,598 Secured NCDs of face value Rs. 1,000 each, aggregating Rs. 1,921.96 crore and 7,80,402 Unsecured NCDs of face value Rs. 1,000 each, aggregating Rs. 78.04 crore.

The Company received the trading and listing approval from BSE Limited and the National Stock Exchange of India Limited on January 15, 2020 and the trading of NCDs on the Stock Exchanges commenced from January 16, 2020.

8. CREDIT RATING

During the year under review, the rating agencies re-affirmed / issued ratings to the Company, as under:

RATING AGENCY	RATING	NATURE OF SECURITIES
CRISIL	CRISIL A1+ and ICRA A1+ Stable	Commercial Paper
CRISIL	CRISIL AAA/ Stable	Secured NCDs, Subordinated Debt and Bank facilities
CRISIL	CRISIL PP-MLD AAAr/Stable	Market Linked Debentures
ICRA	[ICRA] AAA/Stable	Subordinated Debt and Secured NCDs
INDIA RATINGS	IND AAA/Outlook Stable	Secured NCDs and Subordinated Debt

9. RISK MANAGEMENT

Risk Management is an integral part of the Company's business strategy. 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 Framework of the Company covers Credit Risk, Market Risk, Operational Risk, Fraud Risk and other risks. 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 of the Board is set up to assist the Board in its oversight of various risks, review of compliance with risk policies, monitoring of risk tolerance limits, review and analyse the risk exposures related to specific issues and provides oversight of risk across the organization.

The Credit Risk management structure includes separate credit policies which define customer assessment criteria, prudential limits and Delegation of Authority ("DoA") metrics, etc. and cover risk assessment for new product offerings. Concentration Risk is managed by analyzing counter-party, industry sector, geographical region, single borrower and borrower group. Structured Monitoring and Reporting framework is in place for account specific and portfolio reviews. Periodic scenario analysis is conducted and a Risk Mitigation Plan based on the analysis, has been 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 Asset Liability Committee 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 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 the "Framework for Improving Critical Infrastructure Cyber Security" published by the National Institute of Standards and Technology ("NIST") and complies with regulatory guidelines. Various measures are adopted to effectively protect against phishing, social media threats and rogue mobile systems.

10. 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 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.

11. 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 Organizations 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.

12. 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 Company has now initiated product migration from TCS Bancs to FinnOne and testing is underway for the same. This is in line with the Company's endeavour to rationalize the number of application systems in its portfolio and therefore bring in operation efficiencies.

The extensive use of data analytics and digitalization as differentiators is improving employee productivity and bringing operational efficiencies. The Company has gone live with assigning a 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 and computation of Expected Credit Loss for IndAS filing. The Company has obtained above industry average scores on a recently concluded third party data maturity assessment exercise that measured the usage of data to drive business decisions along with the data security measures in place.

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 Company will continue to enhance its Digital platform covering all aspects of Social, Mobility, Analytics and Cloud. The use of Robotic Process Automation, Artificial Intelligence ("AI") and Machine Learning has been a key focus area to drive business growth, automate processes, improve productivity and enhance customer experience. The IT Team had taken the ownership of driving the BCP strategy for the Company, as required by the NHB and has successfully completed the BCP annual drill along with providing support during the country-wide 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 'Information Technology Framework for HFCs – Guidelines' ("IT Guidelines") issued by NHB and the same has been validated by Deloitte Touche Tohmatsu India LLP.

13. DIGITAL PLATFORM

In line with Tata Capital's strategy to digitalize customer journeys and experiences, as well as re-imagine distributor journeys and Tata Capital's internal operations during FY 2019-20, Tata Capital continued its efforts to transform all aspects of the organization. A number of new digital offerings were launched for retail and commercial segments to enable sales, service and debt servicing. Digital platforms were also enhanced for distributors and partners. Further, all existing digital platforms and channels saw a growth in usage over the year.

All digital channels of Tata Capital, including the portal and mobile application for retail and commercial customers saw an increase in traffic. While the monthly traffic on Tata Capital's portal grew almost 6 times over the year, Tata Capital's retail mobile application has more than a million downloads. New and innovative ways to service the customer such as conversational bots were launched during the year and saw early adoption. Seamless loan purchase journeys were launched including low ticket Personal Loans and online instant top-up loans for mortgage customers, all of which enables paperless loan disbursement within minutes. Tata Capital's mobile based distributor journeys were also made more comprehensive through multiple third party API integrations which enables faster credit and operations. Tata Capital also successfully implemented Robotic Process Automation in key operations processes which enhanced accuracy and productivity.

Data Science continues to play the most important role at Tata Capital. Across the lending process starting from on-boarding scorecards, pre-approved offers, propensity modelling, enhancement of underwriting decisions and improving debt service management efficiencies, Data Science binds the business together.

Going forward, Tata Capital will continue to focus on digitizing and simplifying the complete customer lifecycle to best cater to the growing needs of the evolving customers.

14. HUMAN RESOURCES

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. There were 1,052 permanent employees on the rolls of Company as on March 31, 2020.

Tata Capital's mission on creating a high performance culture has been further strengthened through areas like building a capability model (identification of critical competencies), nurturing talent through interventions such as coaching, competency based training programs and cross functional projects. Organization design was aligned to meet the business imperatives, thus making it a go to market approach with focus on high Net Interest Margin products, digital tools focusing on cost optimization and leveraging the human capital with respect to the people structures respectively. Structures were reviewed to make it more market responsive along with locations and branches calibrated to ensure better reach and business presence. Productivity thresholds were driven through structured Balanced Score Card matrix at an individual employee level for Sales, Credit, Collections and Operations. These tools have helped to drive transparency and meritocracy.

In order to accelerate performance, recognize core values and promote a learning culture, the Company launched the comprehensive 'Recognition & Reward' framework for its employees. Communication platforms like 'V Engage' were introduced to facilitate leadership interactions and skip levels till the last mile. These platforms facilitated strategic decision making in processes and policies at an entity level.

Learning & Development ("L&D") initiatives are focused on enhancing the functional and behavioural competencies of its employees through L&D interventions such as Executive Development Programs, e-learning and various classroom based training programs. A 'Functional and Behavioural Capability Building' framework was conceptualized with the objective of enhancing productivity and being future ready. A 'Career Progression' opportunity was provided to the 'Feet on Street' through the 'CRE to J' transition programme. The 'Management Development Program', in collaboration with premier management institutes was launched for high potential / talent pool employees focusing on next level readiness.

Tata Capital is committed to maintain the highest standards of health, safety and security for its employees and business associates and to operate in a healthy and safe environment.

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, Mr. Jamsetji N. Tata over a century ago. The Group companies have a sense of responsibility towards making use of their existing resources and knowledge to not only make profits, but also solve social and environmental issues.

The Company too follows the Group's belief that our society can truly progress if every individual is included and empowered in the story of development. To guide us in this journey, the Company has a well-defined CSR policy which outlines the thrust areas of development viz. Education and Skill Development, Health, Climate Action and Entrepreneurship, as adopted by the CSR Committee and the Board of Directors of the Company and which is available on the Company's website, https://www.tatacapital.com/content/dam/tata-capital/tchfl/CSR%20Policy-TCHFL.pdf. As per the provisions of Section 135 of the Companies Act, 2013 ("Act"), the Company has constituted a CSR Committee.

For FY 2019-20, the CSR budget of the Company was Rs. 620.56 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, as recommended by the CSR Committee of the Board and approved by 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 Program based on the framework defined by the 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.

During FY 2019-20, the CSR Policy of the Company 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.

16. COMPLIANCE

The Company is registered with NHB as a Non–Deposit accepting Housing Finance Company. The Company has complied with and continues to comply with all applicable provisions of the Act, the National Housing Bank Act, 1987, NHB Directions, 2010 and other applicable rules/regulations/guidelines, issued and amended from time to time.

The Capital Adequacy Ratio ("CAR") of the Company was 18.21% as on March 31, 2020 against the CAR of 13.00%, prescribed by NHB.

During FY 2019-20, Mr. S. Balakrishna Kamath ceased to be the Compliance Officer of the Company and Mr. Ashish Monani, the Deputy Chief Financial Officer, was appointed as the Compliance Officer of the Company with effect from February 4, 2020.

Based on the amendment in the Finance Act, 2019 and the subsequent notification by RBI in August 2019, HFCs will henceforth be treated as one of the categories of Non-Banking Financial Companies ("NBFCs") for regulatory purposes. The NHB will continue to carry out supervision of HFCs.

17. DEPOSITS

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

18. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The provisions of Section 186 of the Act pertaining to granting of loans to any persons or bodies corporate, giving of guarantees or providing security in connection with loans to any other bodies corporate or persons are not applicable to the Company since the Company is an HFC.

19. DIRECTORS

Based on the recommendation of the Nomination and Remuneration Committee ("NRC") of the Company and the results of the performance evaluation, the Board of Directors of the Company at its meeting held on January 28, 2020, approved the re-appointment of Ms. Anuradha E. Thakur (DIN: 06702919), as an Independent Director of the Company for a second term, with effect from February 16, 2020, upto the end of day of December 30, 2022 i.e. upto her attaining the age of 75 years, in terms of the Governance Guidelines on Board Effectiveness adopted by the Company. The said re-appointment of Ms. Thakur was approved by the Members at the Extraordinary General Meeting of the Company held on January 28, 2020.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Ankur Verma (DIN: 07972892), Non-Executive Director, is liable to retire by rotation at the ensuing AGM and is eligible for re-appointment. The Members of the Company may refer to the accompanying Notice of the AGM for the brief Resume of Mr. Verma.

Pursuant to the 'Fit and Proper' Policy adopted by the Company under the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the Company has received the 'Fit and Proper' declaration from Mr. Verma for his re-appointment as a Director of the Company, which has been taken on record by the NRC.

The Company has received declarations from the Independent Directors viz. Mr. Mehernosh B. Kapadia (DIN: 00046612) and Ms. Anuradha E. Thakur (DIN: 06702919) 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, Manesar ("IICA"). 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 would be undertaken by the Independent Directors of the Company within the stipulated time period.

20. 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 the Securities and Exchange Board of India ("SEBI"), had encouraged companies which were not covered under Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") to follow the criteria mentioned in the Guidance Note. The Board of the Company followed the said criteria recommended under the Guidance Note for evaluating the performance of the Board as a whole, Committees of the Board, Individual Directors and the 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 and 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 Non-Independent Directors and the Board as a whole, the performance of the Chairman of the Company and the assessment of the quality, quantity and timeliness of flow of information between the Company, the Management and the Board was taken into consideration by the Board in carrying out the performance evaluation.

21. 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 new Directors are familiarised 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, KMP and all other employees is aligned to the philosophy on the commitment of fostering a culture of leadership with trust.

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

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

- Remuneration in the form of Sitting Fees and Commission to be paid to Independent Directors and Non-Independent Non-Executive Directors, in accordance with the provisions of the Act and as recommended by the NRC;
- Remuneration to Managing Director / Executive Directors / KMP and all other employees is reasonable and sufficient to attract, retain and motivate them to run the Company successfully and retain talented and qualified individuals suitable for their roles, in accordance with the defined terms of remuneration mix or composition; and
- No remuneration would be payable to Directors for services rendered in any other capacity unless the services are of a professional nature and the NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession and approval of the Central Government has been received, if required, for paying the same.

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

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 Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, issued by NHB. 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.

22. KEY MANAGERIAL PERSONNEL

During FY 2019-20, Mr. S. Balakrishna Kamath resigned as the Chief Financial Officer of the Company, with effect from the end of day on February 29, 2020 and consequently ceased to be the KMP of the Company.

Accordingly as on the date of this Report, Mr. Anil Kaul, Managing Director and Mr. Jinesh Meghani, Company Secretary, are the KMP of the Company.

23. 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.

24. 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 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 maximizing value for all its stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a leading Housing Finance 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 Non-Executive Directors, Guidelines on Corporate Governance, an Occupational Health and Safety Management 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 TCHFL, for subscribing to the TATA BEBP Scheme. The Company abides by the TCOC and the norms for using the Tata Brand identity.

a. Board of Directors

The Board of Directors, along with 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 five Directors viz. Mr. Rajiv Sabharwal (Chairman), Mr. Mehernosh B. Kapadia, Ms. Anuradha E. Thakur, Mr. Ankur Verma and Mr. Anil Kaul. Mr. Kapadia and Ms. Thakur are the Independent Directors ("IDs") of the Company, while Mr. Sabharwal and Mr. Verma are the Non-Executive Directors of the Company. Mr. Kaul is the Managing Director of the Company.

During FY 2019-20, thirteen Meetings of the Board of Directors were held on the following dates: April 26, 2019, June 17, 2019, July 31, 2019, September 27, 2019, October 22, 2019, October 30, 2019, November 4, 2019, December 2, 2019, December 17, 2019, December 30, 2019, January 3, 2020, January 28, 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. Rajiv Sabharwal	00057333	Non-Executive Director	13	13	Yes
Mr. Mehernosh B. Kapadia	00046612	Independent Director	13	13	Yes
Ms. Anuradha E. Thakur	06702919	Independent Director	13	11	Yes
Mr. Ankur Verma	07972892	Non-Executive Director	13	11	No
Mr. Anil Kaul	00644761	Managing Director	13	13	Yes

b. Remuneration to the Directors

The Company paid Sitting fees to the Non-Executive Directors ("NEDs") and IDs for attending Meetings of the Board and the Committees of the Board and will pay Commission for FY 2019-20, within the maximum prescribed limits to the Independent Directors who were Directors of the Company during FY 2019-20, as recommended by the NRC and approved by the Board at their Meetings held on June 24, 2020 and June 25, 2020, respectively. The details of the same are, as under:

(Amount in Rs.)

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. Mehernosh B. Kapadia	14,40,000	13,50,000
Ms. Anuradha E. Thakur	12,00,000	13,50,000
Mr. Ankur Verma	5,00,000	-

Based on the recommendation of the Members of the NRC, the Board at its Meeting held on June 25, 2020, approved a Commission of Rs. 68,00,001 for FY 2019-20, to Mr. Kaul. Further, during FY 2019-20, a one-time payment of Rs. 2,35,00,000 was made to Mr. Kaul. With this, the total remuneration of Mr. Kaul for FY 2019-20, was Rs. 6.80 crore.

None of the NEDs and the IDs had any pecuniary relationships or transactions with the Company during the year under review.

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 Nomination and Remuneration Committee, the Stakeholders Relationship Committee, the Risk Management Committee, the Asset Liability Committee, the Corporate Social Responsibility Committee, the Working Committee, the Information Technology Strategy Committee and the Lending Committee. The Company Secretary is the Secretary of all the aforementioned Committees. The Board of

Directors and the Committees also take decisions by Resolutions passed through circulation, which are noted by the Board / respective Committees of the Board, at their next meetings. The Minutes of meetings of all Committees of the Board are circulated to the Board of Directors for noting.

i. Audit Committee

Composition, Meetings and Attendance

During FY 2019-20, six Meetings of the Audit Committee were held on the following dates: April 26, 2019, July 31, 2019, October 30, 2019, November 18, 2019, January 28, 2020 and February 25, 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**
Mr. Mehernosh B. Kapadia, Chairman	Independent Director	6	6
Ms. Anuradha E. Thakur	Independent Director	6	5
Mr. Ankur Verma	Non – Executive Director	6	4

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

Terms of reference

The Board has adopted an Audit Committee Charter which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act and Guidelines issued by NHB. The Charter is reviewed from time to time and is available on the Company's website, 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 risk management systems;
- To act as a link between the Statutory Auditors, Internal Auditors and the Board of Directors;
- To review financial, accounting and risk management policies;
- To monitor compliance with the TCOC;
- 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 contained in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or other 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 / the Audit Committee of the Holding Company / Audit Committee of the Company / 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 the year.

Besides the Members of the Committee, meetings of the Audit Committee are attended by the Chairman of the Board, the Managing Director, the Chief Financial Officer, the Deputy Chief Financial Officer, the Compliance Officer, the Statutory Auditors, the Head - Internal Audit and the Company Secretary. The Internal Audit function is headed by the Head – Internal Audit of the Company, who reports to the Chairman 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. Mehernosh B. Kapadia, Chairman	Independent Director
Ms. Anuradha E. Thakur	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director

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, key managerial personnel 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. Stakeholders Relationship Committee ("SRC")

The SRC was constituted with effect from January 10, 2020, by way of a resolution passed at the meeting of the Board of Directors held on December 30, 2019.

Composition

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

Name of the Member(s)	Category
Mr. Rajiv Sabharwal, Chairman	Non-Executive Director
Mr. Mehernosh B. Kapadia	Independent Director
Mr. Anil Kaul	Managing Director

Terms of reference

The responsibilities of the SRC, *inter alia*, is to consider and resolve the grievances / complaints of security holders of the Company.

iv. Risk Management Committee ("RMC")

Composition

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

Name of the Member(s)	Category
Mr. Mehernosh B. Kapadia, Chairman	Independent Director
Ms. Anuradha E. Thakur	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Ankur Verma	Non-Executive Director
Mr. Anil Kaul	Managing Director

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, monitor breaches / trigger trips of risk tolerance limits and direct action;
- To review and analyse risk exposure related to specific issues and provide 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;
- To approve the enterprise wide risk management framework;
- To carry out Technology Risk Management as per the guidance under the 'Information Technology Framework for HFCs – Guidelines' for Housing Finance Companies and Vulnerability and Risk assessments.

Pursuant to Policy Circular No. NHB/ND/DRS/Policy Circular No. 95/2018-19 dated May 29, 2019 issued by the NHB, HFCs with an asset size of more than Rs. 5,000 crore were required to appoint a Chief Risk Officer ("CRO"). Accordingly, the Company had appointed Mr. Rahul Jain as the CRO of the Company with effect from September 1, 2019.

v. Asset Liability Committee ("ALCO")

Composition

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

Name of the Member(s)	Category
Mr. Mehernosh B. Kapadia, Chairman	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Ankur Verma	Non-Executive Director
Mr. Anil Kaul	Managing Director

Terms of reference

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

- To comply with NHB 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.

vi. **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
Ms. Anuradha E. Thakur, Chairperson	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Ankur Verma	Non-Executive Director
Mr. Anil Kaul	Managing Director

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.

vii. **Working Committee**

Composition

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

Name of the Member(s)	Category
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Mehernosh B. Kapadia	Independent Director
Mr. Anil Kaul	Managing Director

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, non-convertible debentures to public and raising of funds through external commercial borrowings.

viii. **Information Technology ("IT") Strategy Committee**

Composition

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

Name of the Member(s)	Category
Mr. Mehernosh B. Kapadia, Chairman	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Anil Kaul	Managing Director
Mr. Pramod Nair	Business Chief Information Officer

Terms of reference

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

- 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 NHB IT Guidelines 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.

ix. Lending Committee

Composition

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

Name of the Member(s)	Category
Mr. Rajiv Sabharwal, Chairman	Non-Executive Director
Mr. Mehernosh B. Kapadia	Independent Director
Ms. Anuradha E. Thakur	Independent Director
Mr. Ankur Verma[1]	Non-Executive Director
Mr. Anil Kaul	Managing Director

Notes:
1. *Mr. Ankur Verma was appointed as a Member of the Committee, with effect from November 18, 2019.*

Terms of reference

The responsibilities of the Lending Committee, *inter alia*, include approving financing proposals related to Developer Funding above Rs. 60 crore and approving financing proposals related to Home Loans and Home Equity above Rs. 15 crore.

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: tchflncdcompliance@tatacapital.com.

f. General Information for Members and Debenture holders

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

The Company does not have any unclaimed Non-Convertible Debentures nor any unpaid interest/redemption proceeds due thereon.

The Company is registered with the Registrar of Companies, Maharashtra, Mumbai. The Corporate Identity Number ("CIN") allotted to the Company by the Ministry of Corporate Affairs ("MCA") is U67190MH2008PLC187552. The NCDs issued by the Company to the public are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") and the NCDs issued on a private placement basis are listed on the Wholesale Debt Market segment of the NSE.

Details of Debenture Trustees and the Registrar and Transfer Agents for the Debentures and the Equity Shares issued by the Company are, given below:

Debenture Trustees
Vistra ITCL India Limited The IL&FS Financial Centre, Plot C - 22, G Block, 7th Floor, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 Website: www.vistraitcl.com, Tel: +91 22 2659 3535, Fax: +91 22 2653 3297 e-mail: itclcomplianceofficer@vistra.com
IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001 Website: www.idbitrustee.com, Tel: +91 22 4080 7000, Fax: +91 22 6631 1776 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, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400011 Website: www.tsrdarashaw.com, Tel: +91 22 66568484, Fax: +91 22 66568494 E-mail: nnair@tsrdarashaw.com
Equity Shares and Non – Convertible Debentures issued to the Public
KFin Technologies Private Limited (formerly known Karvy Fintech Private Limited) Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032 Website: www.kfintech.com, Tel: +91 40 67161500, Fax: +91 40 23420814 e-mail: hanumantha.patri@kfintech.com and murali.m@kfintech.com

Pursuant to the provisions of Section 124 of the Act, the unclaimed interest on matured debentures as well as the unclaimed principal amount of the matured debentures would 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.

25. 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, Whistle Blower Policy, TCOC and the ABAC Policy documents are available on the company's website, www.tatacapital.com.

26. 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 requirements, 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, there was one complaint received under the provisions of the POSH Act. This was resolved through mutual discussion. The concerned employee has subsequently resigned and is separated from the Company.

27. STATUTORY AUDITORS

At the Ninth 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 Ninth AGM till the conclusion of the Fourteenth AGM of the Company to be held in the year 2022.

28. 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 Housing Finance Companies (NHB) Directions, 2010. 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.

29. 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 25, 2020, on the Financial Statements of the Company for FY 2019-20.

30. 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 25, 2020, on the secretarial and other related records of the Company, for FY 2019-20.

31. 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 25, 2020, being the date of this Report.

32. 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 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, in the prescribed Form No. AOC-2, is annexed as Annexure 'D'. Further, details of Related Party Transactions, as required to be disclosed by Indian Accounting Standard – 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 the year, 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.

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

A. Conservation of energy:

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 utilizing alternate sources of energy:

Tata Capital has installed a solar panel at its Thane office 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 LED bulbs that consume less electricity as compared to the conventional incandescent or CFL bulbs.

iii. Capital investment on energy conservation equipments:

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:

Foreign Exchange earned in terms of actual inflows during the year under review was Nil and the Foreign Exchange Outgo during the year under review in terms of actual outflows was Rs. 7.89 crore.

34. 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 'E'.

The details required under Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2020, are provided in a separate Annexure forming part of this Report. In terms of the first proviso to Section 136 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, at the Registered Office of the Company and the soft copy of the same would be provided by an e-mail. None of the employees listed in the said Annexure is related to any Director of the Company.

35. EXTRACT OF THE 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 'F' and is also available on the Company's website, www.tatacapital.com.

36. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

37. ACKNOWLEDGEMENTS

The Directors would like to place on record their gratitude for the valuable guidance and support received from NHB, SEBI, the Registrar of Companies and other government and regulatory agencies and to convey their appreciation to TCL, the holding company, the members, debenture holders, 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

Rajiv Sabharwal
Chairman
DIN: 00057333

Mumbai
June 25, 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 education, skill development, Climate Action, Health, Entrepreneurship, disaster relief and Tata group initiatives.

   For details of the CSR Policy, along with projects and programs, kindly refer to 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"). The composition of the Committee as at March 31, 2020 was, as under:

   - Ms. Anuradha E. Thakur, Independent Director (Chairperson)
   - Mr. Rajiv Sabharwal
   - Mr. Ankur Verma
   - Mr. Anil Kaul

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

(in Rs.)

Financial Year	Net Profit
FY 2016-17	3,39,72,49,788
FY 2017-18	4,11,53,68,804
FY 2018-19	1,79,56,13,849
Average Net Profit	**3,10,27,44,147**

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 Rs. 6,20,54,883

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

   a. Total amount to be spent: Rs. 6,20,54,883
   b. Amount unspent, if any: Nil

c. Manner in which the amount was spent during FY 2019-20 is detailed in the table below:

All Amounts are in INR

Sr. No.	CSR Projects or Activity Identified	Sector in which the project is covered	Projects or Programs 1) Local area or other, 2) Specify the State and District where the projects or programs were undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or Programs sub heads:		Cumulative expenditure up to the reporting period	Amount Spent	
					Direct Expenditure on projects or programs	Overheads		Direct	Implementing Agency
1	Primary education and nutrition support	Promoting Education (ii)	Local area: Mumbai and Maharashtra	33,00,000	29,70,000	3,30,000	33,00,000	-	Mumbai Mobile Creches
				15,00,000	11,82,000	3,18,000	15,00,000	-	Tara Mobile Creches
				50,00,000	50,00,000	-	50,00,000	-	Samskrita Bharati Trust (Dakshina Tamilnadu)
2	Cancer Treatment and residential support for cancer patients Other health care support for patients and visually-impaired individuals	Promoting healthcare (i)	Other: PAN India	25,00,000	25,00,000	-	25,00,000	-	Tata Medical Centre Trust
				5,00,000	5,00,000	-	5,00,000	-	Courage India Cancer Foundation
				30,00,000	30,00,000	-	30,00,000	-	St. Jude India Childcare Centres
				18,00,000	18,00,000	-	18,00,000	-	Cancer Patients Aids Association
				20,00,000	20,00,000	-	20,00,000	-	Bhajandas Bajaj Foundation
				15,00,000	15,00,000	-	15,00,000	-	Sri Chaitanya Seva Bhaktivedanta
3	Arogyatara (eradicating blindness)	Promoting healthcare (i)	Maharashtra	39,35,000	34,23.450	5,11,550	39,35,000	-	Aditya Jyot Foundation
4	Promoting healthcare	Promoting healthcare (i)	Pan India	10,00,000	10,00,000	-	10,00,000	-	Savli Trust
5	Aspire to Enterprise	Livelihood enhancement projects (ii)	Nashik, Maharashtra	19,99,730	19,99,730	-	19,99,730	-	Udyogwardhini Shikshan Sanstha
6	JalAadhar - Integrated Watershed Development Program	Ensuring environmental sustainability (iv)	Koregaon, Satara, Maharashtra	90,02,150	82,95,150	7,07,000	90,02,150	-	BAIF Institute for Sustainable Livelihoods and Development (BISLD)
			Maveshi, Ahmednagar, Maharashtra	24,70,010	22,47,710	2,22,300	24,70,010		Rotary Club of Poona Charity Trust and WOTR
			Edaiyur, Tamil Nadu	52,71,000	46,92,086	5,78,914	52,71,000	-	National Agro Foundation (NAF)
			Vandavasi and Madurandagm, Tamil Nadu	92,78,110	81,79,467	10,98,643	92,78,110	-	National Agro Foundation (NAF)
7	The Green Switch – micro-irrigation project	Ensuring environmental sustainability (iv)	Local area: Wada, Palghar, Maharashtra	80,00,000	76,45,000	3,55,000	80,00,000	-	Gram Oorja Solutions Private Limited and Keshav Srushti
Total				**6,20,56,000**	**5,79,34,593**	**41,21,407**	**6,20,56,000**		

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, the prescribed amount has been spent.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company:

We hereby confirm that the implementation and monitoring of the CSR Policy, has been in compliance with the CSR objectives and CSR Policy adopted by the Company.

Anuradha E. Thakur Chairperson, CSR Committee (Independent Director)	**Rajiv Sabharwal** Member, CSR Committee (Non-Executive Director)
Ankur Verma Member, CSR Committee (Non-Executive Director)	**Anil Kaul** Member, CSR Committee (Managing Director)

Annexure B

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 CAPITAL HOUSING FINANCE LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Tata Capital Housing Finance 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, to the extent the information 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 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 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') as amended from time to time:

  (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 applicable specifically to the Company namely:

- The National Housing Bank Act, 1987, the Housing Finance Companies (NHB) Directions, 2010 and all the Rules, Regulations, Circulars and Guidelines prescribed by the National Housing Bank for Housing Finance Companies.
- Credit Information Companies (Regulation) Act, 2005 and Rules.
- The Prevention of Money-Laundering Act, 2002 and The Prevention of Money Laundering (Maintenance of Records, etc.) Rules, 2005.
- The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
- SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations of the Reserve Bank of India.

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

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

(ii) The Listing Agreement entered by the Company with National Stock Exchange of India Limited with respect to Non-Convertible Debentures issued by the Company 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.

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

A. During the year, the Company had issued and redeemed the following Non-Convertible Debentures, on a private placement basis:

    a. Issued 22,450 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs. 2,245.00 crore.
    b. Redeemed 19,334 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs. 1,933.40 crore.
    c. Issued 1,604 Secured, Redeemable, Principal Protected - Market Linked Non-Convertible Debentures for an aggregate amount of Rs. 16.04 crore.

B. During the year, the Company had issued the following Non-Convertible Debentures to the Public:

    a. 1,92,19,598 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs. 1,921.96 crore.
    b. 7,80,402 Unsecured, Redeemable, Non-Convertible Debentures qualifying as Subordinated Debt (Tier II capital) for an aggregate amount of Rs. 78.04 crore.

C. The Company had issued and allotted 2, 07, 18,232 Equity Shares of Rs. 10/- each at a premium of Rs. 62.40 per share, aggregating Rs. 1, 49,99,99,997, on a rights basis.

D. The Company had issued and allotted 30,00,00,000 Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10 each, aggregating Rs. 300 crore, on a rights basis.

E. The Company had issued 21,71,27,080 Equity Shares, as a result of voluntary conversion of 1,57,20,00,000 CCCPS of Rs. 10 each held by Tata Capital Limited, the holding company, into Equity Shares of the Company.

For **Parikh & Associates**
Company Secretaries

Sd/-

Signature
Jigyasa Ved
Partner
FCS No: 6488 CP No: 6018
Udin: F006488B000381687

Place: Mumbai
Date: 25.06.2020

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

‘Annexure I’

To,
The Members
TATA CAPITAL HOUSING FINANCE 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

Sd/-

Signature
Jigyasa Ved
Partner
FCS No: 6488 CP No: 6018
Udin: F006488B000381687

Place: Mumbai
Date: 25.06.2020

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 in 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 arms 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 (Rs. in lakh)	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
1	Tata Capital Limited ("TCL")	Holding Company	a. Issue of Compulsorily Convertible Cumulative Preference Shares ("CCCPS")	30,000	9 years	Compulsorily Convertible into Equity Shares at the end of 9 years from the date of allotment or voluntary conversion at the option of the CCCPS holder. Rate of Dividend being 9% p.a. on a cumulative basis.	-
			b. Issue of Equity Shares	15,000	Not Applicable	Equity Shares of Rs. 10 at a premium of Rs. 62.40.	-
			c. Inter Corporate Deposits ("ICDs") accepted during the year	4,84,084	Tenor upto 1 year	Cost of Funds at market borrowing rate.	-
			d. ICDs repaid during the year	5,04,202	Tenor upto 1 year	Cost of Funds at market borrowing rate.	-
			e. Dividend on Equity paid during the year	6,571	Not Applicable	Interim Dividend paid for FY 2019-20.	-
			f. Conversion of CCCPS to Equity Shares	1,57,200	Not Applicable	Voluntary Conversion of CCCPS into Equity Shares at a Fair Market Value of Rs. 72.40 per Equity Share, as per the Independent Valuation Report and in accordance with the terms of issuance.	

Note:
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

Mumbai
June 25, 2020

Rajiv Sabharwal
Chairman

Annexure E

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

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

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2019-20 is, as under:

Name of Director(s)	Ratio to Median
Mr. Mehernosh B. Kapadia	4.21:1
Ms. Anuradha E. Thakur	3.85:1
Mr. Ankur Verma	0.75:1
Mr. Anil Kaul	102.72:1

Mr. Rajiv Sabharwal, Chairman and Non-Executive Director, is the Managing Director & CEO of Tata Capital Limited ("TCL"), the holding company, with effect from April 1, 2018, therefore his remuneration is borne by TCL and he did not draw any remuneration from the Company. In view of the same, the ratio of his remuneration to the median remuneration of employees, has not been computed.

2. **The percentage increase 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 the remuneration of Directors in FY 2019-20 is, as under:

Name of Director(s)	% Increase in Remuneration
Mr. Mehernosh B. Kapadia	-7.00%
Ms. Anuradha E. Thakur	-3.41%
Mr. Ankur Verma[1]	8.70%
Mr. Anil Kaul[2]	Not applicable

Notes:

1. *Mr. Ankur Verma was appointed as a Non-Executive Director of the Company, with effect from April 12, 2018.*
2. *Mr. Anil Kaul was appointed as the Managing Director and Key Managerial Personnel of the Company, with effect from July 18, 2018. Hence, the percentage change in remuneration paid during FY 2018-19 is not comparable to the remuneration paid during FY 2019-20.*

Mr. Rajiv Sabharwal, Chairman and Non-Executive Director, is the Managing Director & CEO of TCL, the holding company, with effect from April 1, 2018, therefore his remuneration is borne by TCL and he did not draw any remuneration from the Company. In view of the same, the percentage increase/decrease in his remuneration, has not been computed.

The percentage increase/decrease in the remuneration of the Chief Financial Officer and Company Secretary for the FY 2019-20 is, as under:

- Mr. Mr. S. Balakrishna Kamath, resigned as the Chief Financial Officer of the Company, with effect from the end of day on February 29, 2020. In view of the same, the percentage increase in his remuneration, has not been computed.

- Mr. Jinesh Meghani, Company Secretary, was appointed as the Company Secretary of the Company, with effect from June 1, 2018. Hence, the percentage change in remuneration paid during FY 2018-19 is not comparable to the remuneration paid during FY 2019-20.

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 10.95% 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 1,052.

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 already made in the salaries of employees other than that of the managerial personnel in FY 2019-20 is 8.54% and the percentage increase in the overall managerial remuneration is 35.37%. There are no exceptional circumstances for increase in the Managerial Remuneration.

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 F

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: U67190MH2008PLC187552

ii)Registration Date (Date of Incorporation): October 15, 2008

iii) Name of the Company: Tata Capital Housing Finance 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 – 400013, Maharashtra, India.

Contact details:

Direct Number: 022 6606 9000
E-mail id: jinesh.meghani@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 as its Debentures are listed on the National Stock Exchange of India Limited and BSE Limited.

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

Equity Shares and Non – Convertible Debentures issued to the Public	Non – Convertible Debentures issued on a Private Placement basis
KFin Technologies Private Limited Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032 Tel: +91 040 67161500 Fax: +91 040 23420814 www.kfintech.com e-mail: hanumantha.patri@kfintech.com	TSR Darashaw Consultants Private Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400011 Tel: 022 66568484 Fax: 022 66568494 Contact: Ms. Nandini Nair e-mail: nnair@tsrdarashaw.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	Home Loan	64920	58
2	Home Equity	64920	24
3	Builder Loan	64920	18

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 – 400013, Maharashtra, India.	U65990MH1991PLC060670	Holding Company	100%	Section 2(46)

IV. A. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity Capital)

(i) Category-wise Share Holding:

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.	-	30,97,10,300	30,97,10,300	100	54,75,55,612	-	54,75,55,612	100	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**-**	**30,97,10,300**	**30,97,10,300**	**100**	**54,75,55,612**	-	**54,75,55,612**	**100**	**0.00**
(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)		**30,97,10,300**	**30,97,10,300**	**100**	**54,75,55,612**	-	**54,75,55,612**	**100**	**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 (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. **Non-Institutions**									
a) Bodies Corp. i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**30,97,10,300**	**30,97,10,300**	**100**	**54,75,55,612**	-	**54,75,55,612**	**100**	**0.00**

Note:

During FY 2019-20, 1,57,20,00,000 Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10 each were converted to 21,71,27,080 Equity Shares of Rs. 10 each of the Company, as a result of Voluntary Conversion of CCCPS.

(ii) Shareholding of Promoters (Equity Share Capital):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during 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	
1.	Tata Capital Limited	30,97,10,300	100	-	54,75,55,612	100	-	0.00
Total		**30,97,10,300**	**100**	**-**	**54,75,55,612**	**100**	**-**	**0.00**

Note:

During FY 2019-20, 1,57,20,00,000 CCCPS of Rs. 10 each were converted to 21,71,27,080 Equity Shares of Rs. 10 each of the Company, as a result of Voluntary Conversion of CCCPS.

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

Sr. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	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	30,97,10,300	100	April 1, 2019	-	-	30,97,10,300	100
				March 12, 2020	Increase by 2,07,18,232	Allotment on a Rights basis	33,04,28,532	100
				March 13, 2020	Increase by 21,71,27,080	Voluntary conversion of CCCPS into Equity Shares of the Company	54,75,55,612	100

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

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
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 (or on the date of separation, if separated during the year)	-	-	-	-

The entire Equity Share Capital of the Company is held by the Promoters of the Company.

(v) Shareholding (Equity Share Capital) 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	% of total shares of the company	No. of shares	% of total shares of the company
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	-	-	-	-

The Directors and Key Managerial Personnel do not hold any Equity Shares of the Company.

B. SHARE HOLDING PATTERN (Preference Share Capital Breakup as percentage of Total Preference Capital)

(i) Category-wise Share Holding:

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.	-	1,27,20,00,000	1,27,20,00,000	100	-	-	-	-	100
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**-**	**1,27,20,00,000**	**1,27,20,00,000**	**100**	**-**	**-**	-	-	**100**
(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)		**1,27,20,00,000**	**1,27,20,00,000**	**100**	-	-	-	-	**100**

B. **Public Shareholding**									
3. **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 (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
4. **Non-Institutions**									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian									
ii) Overseas									
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**1,27,20,00,000**	**1,27,20,00,000**	**100**	**-**	**-**	**-**	**-**	**100**

<u>Note:</u>

During FY 2019-20, the Company had issued 30,00,00,000 CCCPS and 1,57,20,00,000 CCCPS were converted to 21,71,27,080 Equity Shares of the Company, as a result of Voluntary Conversion of CCCPS. Currently, there are no outstanding CCCPS.

(ii) Shareholding (Preference Share Capital) of Promoters:

Sr. No.	Shareholder's Name	Type of Shares	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during 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	
1	Tata Capital Limited	Compulsorily Convertible Cumulative Preference Shares	1,27,20,00,000	100	-	-	-	-	100
Total			**1,27,20,00,000**	**100**	-	-	-	-	100

Note:

During FY 2019-20, the Company had issued 30,00,00,000 CCCPS and 1,57,20,00,000 CCCPS were converted to 21,71,27,080 Equity Shares of the Company, as a result of Voluntary Conversion of CCCPS. Currently, there are no outstanding CCCPS.

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

Sr. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	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	1,27,20,00,000	100	April 1, 2019	-	-	1,27,20,00,000	100
				April 30, 2019	30,00,00,000 (Increase)	Allotment on a Rights basis	1,57,20,00,000	100
				March 13, 2020	(1,57,20,00,000) (Decrease)	Voluntary conversion of CCCPS in to Equity	Nil	Nil

Notes:

1. *During FY 2019-20, the Company had issued 30,00,00,000 CCCPS and 1,57,20,00,000 CCCPS were converted to 21,71,27,080 Equity Shares of the Company, as a result of Voluntary Conversion of CCCPS. Currently, there are no outstanding CCCPS.*
2. *All the allotments were made to Tata Capital Limited, the holding company on a 'Rights basis'.*

(iv) Shareholding Pattern (Preference Share Capital) of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): For each of the Top 10 Shareholders

Sr. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
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 (or on the date of separation, if separated during the year)	-	-	-	-

The entire Preference Share Capital of the Company was held by the Promoters of the Company.

(v) Shareholding (Preference Share Capital) 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	% of total shares of the company	No. of shares	% of total shares of the company
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	-	-	-	-

The Directors and Key Managerial Personnel do not hold any Preference Shares of the Company.

V. INDEBTEDNESS

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

(Rs. In lakh)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	20,14,058.57	5,45,303.68	–	25,59,362.25
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	16,832.48	3,381.15	–	20,213.63
Total (i+ii+iii)	**20,30,891.05**	**5,48,684.83**	**–**	**25,79,575.88**
Change in Indebtedness during the financial year				
• Addition	16,23,625.95	15,85,847.36	–	32,09,473.30
• Reduction	(13,47,617.73)	(17,66,372.00)	–	(31,13,989.73)
Net Change	**2,76,008.21**	**(1,80, 524.64)**	**–**	**95,483.57**
Indebtedness at the end of the financial year				
i) Principal Amount	21,91,409.23	3,64,779.04	–	25,56,188.27
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	22,867.41	3,452.63	–	26,320.04
Total (i+ii+iii)	**22,14,276.64**	**3,68,231.67**	**–**	**25,82,508.31**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lakh)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Anil Kaul	
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	 556.05 0.40 -	 556.05 0.40 -
2.	Stock Option	96.40	96.40
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify…	-	-
5.	Others (Retirals and other Benefits)	27.45	27.45
	Total (A)	**680.30**	**680.30**
	Ceiling as per the Act		2,541.65

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:

(Rs. in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	Mr. Mehernosh B. Kapadia	Ms. Anuradha E Thakur	
	• Fee for attending board / committee meetings	14.40	12.00	26.40
	• Commission	13.50	13.50	27.00
	• Others, please specify	-	-	-
	Total (1)	**27.90**	**25.50**	**53.40**
2	Other Non-Executive Directors	Mr. Ankur Verma		
	• Fee for attending board / committee meetings	5.00		5.00
	• Commission	-		-
	• Others, please specify	-		-

	Total (2)	**5.00**		**5.00**
	Total (B)=(1+2)			**58.40**
	Total Managerial Remuneration			**738.70**
	Overall Ceiling as per the Act			5,591.63

Notes:

1. *The Remuneration details as mentioned above include sitting fees paid in FY 2019-20 and Commission for FY 2019-20 to be paid in FY 2020-21 .*

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD:

(Rs. in lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Person			
		CEO	**CFO: Mr. S Balakrishna Kamath[1]**	**Company Secretary: Mr. Jinesh Meghani**	**Total**
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	51.66	35.51	87.17
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	7.21	-	7.21
	(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 (Retirals and other Benefits)	-	6.20	2.38	8.58
	Total	**-**	**65.07**	**37.89**	**102.96**

Notes:

1. Mr. S. Balakrishna Kamath resigned as the Chief Financial Officer of the Company, with effect from the close of business hours on February 29, 2020 and as the Compliance Officer of the Company, with effect from the close of business hours on February 3, 2020. The remuneration for Mr. Kamath excludes payments made towards Leave encashments and Gratuity on resignation.
2. The Remuneration details above includes Performance Pay of FY 2019-20 to be paid in FY 2020-21.

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	-	-	-	-	-

For and on behalf of the Board of Directors

Mumbai
June 25, 2020

Rajiv Sabharwal
Chairman

Annexure G

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry structure and developments

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

2. Opportunities and Threats

The Housing Finance sector in India is large with significant growth potential and has consistently created value for its shareholders. The Housing Finance sector has a double digit credit market share and has consistently gained market share from banks over the last 10 years. The growth in the sector appears sustainable as India has low mortgage penetration. Further, many structural factors are supportive of growth in Housing Finance Companies namely favourable demographics, increasing urbanization, Government of India's focus on "Housing for All by 2020", infrastructure status accorded to Affordable Housing and a favorable regulatory environment. The Real Estate (Regulation and Development) Act, 2016, would help in protecting the interest of the consumer and promoting the growth of the real estate sector in an environment of trust, confidence, credible transactions and efficient time bound execution of projects. In order for the sector to sustain its advantages, companies in the sector need to grow in a prudent manner while focusing on financial innovation, analytics, digital and adequate risk management systems and procedures.

Mortgage penetration in India, despite a rising trend, is still quite low not only relative to advanced economies but even relative to its peers like Malaysia, Korea, Thailand and China. Mortgage to Gross Domestic Product ratio in India is currently at 10%. This implies a huge growth opportunity for the sector, as also for the Company. The Government is focusing on policies and fiscal incentives to promote its mission of 'Housing for all by 2022', to address the demand and supply-side constraints that had affected the sector's growth in the past. The scheme for Middle Income Group ("MIG") segment is extended till March 2021.

A balance in the mix of the portfolio and leveraging the cross-sell potential will enable the Company to emerge as a preferred partner for the housing finance needs of the customer. We believe our digital assets across the social media, mobile and the web provide reach, operating efficiency and improved customer experience will be an opportunity for us to capitalize on in the coming years.

As is well known that asset quality deterioration may not only wipe out the profits of the Company but may eat into its Net Worth, the Company, therefore, needs to ensure that it maintains minimal delinquency levels through adequate levels of provisioning and well developed capabilities for debt management. It will be critical to retain talent at the right cost for effectively building a high performance organization with an engaged and young workforce. Adequate funding, at the right cost and tenure will be a key differentiator.

Newer regulatory updates pose a constant challenge for smooth operations of the Company. The Company needs to be equipped to quickly adapt to the constant changes in regulations and in the competitive landscape.

Adequate funding, at the right cost and tenure will be critical to achieve business growth.

Newer regulatory updates pose a constant challenge for smooth operations of the Company. The Company needs to be equipped to quickly adapt to the constant changes in regulations and in the competitive landscape. With new housing finance companies, small banks, and fintech companies entering the market place, the Company needs to maintain its competitive edge through constant adaptation and by creating strategies to protect its niche areas.

3. Segment–wise or product-wise performance of the Company

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

4. Outlook

COVID-19 resulted in a nationwide lockdown from the last week of March 2020. There is a great deal of uncertainty of its impact on economy, financial markets, livelihoods and its resultant impact on the Company. There would be challenges as customers may defer their decision making process for home purchases till they are able to achieve stability in their income levels/resumption in business activities. The resumption of the construction activities and getting migrant workers to resume work will also be important for the construction finance business.

As a strategy, the Company will aim to maintain a balanced mortgage Loan book between home loan and non-home loan segments with a clear focus on high profitable products and Affordable Housing programs. The Company will keep focus on maintaining the quality of the portfolio and recovery efforts.

5. Risks and Concerns

Please refer to Para 9 of the Board's Report.

6. Internal control systems and their adequacy

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

7. Discussion on financial performance with respect to operational performance

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

8. Material developments in Human Resources / Industrial Relations front, including number of people employed

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

Audited 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

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Independent Auditors' Report

To the Members of
Tata Capital Housing Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tata Capital Housing Finance 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 41 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 41 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

Independent Auditors’ Report *(Continued)*

Tata Capital Housing Finance Limited

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:

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances to customers **Charge: INR 42,487 lakhs for year ended 31 March 2020** **Provision: INR 57,968 lakhs at 31 March 2020** *Refer to the accounting policies in “Note 2(xi) (a) to the Financial Statements: Impairment”, “Note 2(v) to the Financial Statements: Significant Accounting Policies - Use of estimates and judgments”, “Note 7 to the Financial Statements: Loans, ”Note 41 to the Financial Statements: Deferment and COVID 19”, “Note 39 to the Financial Statements: Financial Risk Management*	
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.	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 key controls operating over the information technology in relation to loan management systems, including system access and system change management, program development and computer operations with the help of our IT specialists in respect of the changes made to give effect to moratorium benefits policy approved by the Board • Testing of review controls over measurement of impairment allowances and disclosures in financial statements.

Key Audit Matters *(Continued)*

Description of Key Audit Matter:

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances to customers ***(Continued)***	
Charge: INR 42,487 lakhs for year ended 31 March 2020 ***(Continued)***	
Provision: INR 57,968 lakhs at 31 March 2020 ***(Continued)***	
Impact of Covid-19 On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (Covid-19) outbreak to be a pandemic. 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 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
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.

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.

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- 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".

Independent Auditors' Report *(Continued)*

Tata Capital Housing Finance Limited

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

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

i. The Company 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: 20111855AAAAEK6661

Mumbai
25 June 2020

Tata Capital Housing Finance 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 Companies Act 2013 (the 'Act'). Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us 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.

Tata Capital Housing Finance Limited

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 way of further public offer of debt instruments and term loans taken by the Company have been generally applied for the purpose for which they were raised, except pending utilization of funds which were temporarily deployed in liquid assets. The Company has not raised any money by way of initial public offer or further public offer during the year.

(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.

(xvi) The Company, being a HFC is registered with National Housing Bank and thus is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sagar Lakhani
Partner
Membership No. 111855
UDIN: 20111855AAAAEK6661

Mumbai
25 June 2020

Tata Capital Housing Finance 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 Capital Housing Finance 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.

Tata Capital Housing Finance Limited

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: 20111855AAAAEK6661

Mumbai
25 June 2020

Tata Capital Housing Finance 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	**1,67,561**	13,276
(b) Bank balances other than (a) above	4	**30**	51,708
t (c) Derivative financial instruments	6	**4,419**	347
(d) Receivables			
(i) Trade receivables	5	**366**	462
(ii) Other receivables		**-**	-
(e) Loans	7	**26,84,996**	26,08,400
(f) Investments	8	**452**	369
(g) Other financial assets	9	**443**	482
Total Financial assets		**28,58,267**	**26,75,044**
(2) Non-Financial assets			
(a) Current tax assets (Net)	10.1	**688**	312
(b) Deferred tax assets (Net)	10	**13,127**	12,001
(c) Investment Property	11	**378**	397
(d) Property, plant and equipment	11	**5,373**	1,827
(e) Capital work-in-progress		**24**	66
(f) Intangible assets under development		**-**	9
(g) Goodwill		**-**	-
(h) Other intangible assets	11	**603**	714
(i) Other non-financial assets	12	**905**	982
Total Non-Financial assets		**21,098**	**16,308**
Total Assets		**28,79,365**	**26,91,352**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial instruments	6	**2,447**	372
(b) Payables			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	13.1	**25**	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13	**8,485**	6,617
(c) Debt Securities	14	**9,05,263**	6,52,493
(d) Borrowings (Other than debt securities)	15	**15,77,545**	18,43,122
(e) Deposits		**-**	-
(f) Subordinated liabilities	16	**70,030**	62,283
(g) Other financial liabilities	17	**33,119**	23,844
Total Financial liabilities		**25,96,914**	**25,88,731**
(2) Non-Financial liabilities			
(a) Current tax liabilities (Net)	10.3	**2,928**	2,900
(b) Provisions	18	**527**	401
(c) Other non-financial liabilities	19	**1,818**	1,426
Total Non-Financial liabilities		**5,273**	**4,727**
(3) Equity			
(a) Equity share capital	20	**54,756**	30,971
(b) Other equity	21	**2,22,422**	66,923
Total equity		**2,77,178**	**97,894**
Total Liabilities and Equity		**28,79,365**	**26,91,352**
Significant accounting policies	2		
See accompanying notes forming part of the financial statements	1-43		

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 Capital Housing Finance Limited

Sagar Lakhani
Partner
Membership No: 111855

Rajiv Sabharwal
Chairman
(DIN No. : 00057333)

Mehernosh B. Kapadia
Director
(DIN No. : 00046612)

Anuradha E. Thakur
Director
(DIN No. : 06702919)

Ankur Verma
Director
(DIN No. : 07972892)

Anil Kaul
Managing Director
(DIN No. : 00644761)

Mumbai
25 June 2020

Jinesh Meghani
Company Secretary

Tata Capital Housing Finance 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	*22*	**2,92,631**	2,33,013
(ii)	Dividend Income		**-**	-
(iii)	Rental Income		**-**	-
(iv)	Fees and commission Income	*23*	**3,349**	3,281
(v)	Net gain on fair value changes	*24*	**2,097**	2,467
(vi)	Net gain on derecognition of investment		**-**	-
(vii)	Sale of services		**-**	-
II	**Other income**	*25*	**3,003**	5,240
III	**Total Income (I+II)**		**3,01,080**	**2,44,001**
IV	**Expenses**			
(i)	Finance costs	*26*	**2,02,127**	1,77,451
(ii)	Fees and commission expense		**-**	-
(iii)	Net loss on fair value changes		**-**	-
(iv)	Impairment of investment		**-**	-
(v)	Impairment on financial instruments	*28*	**42,487**	20,210
(vi)	Employee benefits expense	*27*	**14,168**	16,967
(vii)	Depreciation, amortisation expense and impairment	*11*	**1,503**	590
(viii)	Other expenses	*29*	**15,342**	16,046
	Total expenses (IV)		**2,75,627**	**2,31,264**
V	**Profit/(loss) before exceptional items and tax (III-IV)**		**25,453**	**12,737**
VI	**Exceptional Items**		**-**	-
VII	**Profit/(loss) before tax (V-VI)**		**25,453**	**12,737**
VIII	Tax expense			
	(1) Current tax	*10.1*	**11,315**	8,797
	(2) Deferred tax	*10.1*	**(1,096)**	(1,109)
	Net tax expense		**10,219**	**7,688**
IX	**Profit from continuing operations (VII-VIII)**		**15,234**	**5,049**
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)**		**15,234**	**5,049**
XIV	**Other Comprehensive Income**			
	(i) Items that will be reclassified subsequently to statement of profit or loss			
	(a) The effective portion of gains and loss on hedging instruments in a cash flow hedge		**128**	**-**
	(b) Income tax relating to effective portion of gain and loss on hedging instrument in a cash flow hedge		**(32)**	**-**
	(ii) Items that will not be reclassified subsequently to statement of profit or loss			
	(a) Remeasurement of defined employee benefit plans		**(194)**	(76)
	(b) Income tax relating to items that will not be reclassified to profit or loss		**49**	27
	Total Other Comprehensive Income		**(49)**	**(49)**
XV	**Total Comprehensive Income for the year (XIII+XIV) (Comprising Profit and Other Comprehensive Income for the year)**		**15,185**	**5,000**
XVI	**Earnings per equity share (for continuing operation):**			
	(1) Basic (Rs.)		**3.11**	**2.58**
	(2) Diluted (Rs.)		**3.11**	**2.58**
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.)		**3.11**	**2.58**
	(2) Diluted (Rs.)		**3.11**	**2.58**
	Significant accounting policies	*2*		
	See accompanying notes forming part of the financial statements	*1-43*		

In terms of our report of even date

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Managing Director
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Mumbai
25 June 2020

Jinesh Meghani
Company Secretary

Tata Capital Housing Finance 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 at April 1, 2018	20	**25,333**
Changes in equity share capital during the year		5,638
Balance at March 31, 2019	20	**30,971**
Changes in equity share capital during the year		**23,785**
Balance at March 31, 2020	20	**54,756**

B. Other equity (Refer Note 21 below)

(Rs. in lakh)

Particulars	Equity component of compound financial instruments	Reserves and surplus						Items of other comprehensive income		Total "Other equity"
		Securities premium	Special reserve account	Retained earnings	Debt instruments through Other Comprehensive Income	Share options outstanding account	General reserve	Cost of hedge reserve	Remeasurement of defined benefit liability /asset	
Balance at April 1, 2018	**-**	**2,267**	**15,019**	**9,105**	**-**	**201**	**79**	**-**	**33**	**26,704**
Profit for the year	-	-	-	5,049	-	-	-	-	-	**5,049**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	(49)	**(49)**
Total	**-**	**-**	**-**	**5,049**	**-**	**-**	**-**	**-**	**(49)**	**5,000**
Addition to ESOP Reserve	-	-	-	-		57	-	-	-	**57**
Transfer to General Reserve	-	-	-	-	-	(79)	79	-	-	**-**
Transfer to Special Reserve Account	-	-	2,792	(2,792)	-	-	-	-	-	**-**
Addition to Securities Premium Account		35,162	-	-	-	-	-	-	-	**35,162**
Balance at March 31, 2019	**-**	**37,429**	**17,811**	**11,362**	**-**	**179**	**158**	**-**	**(16)**	**66,923**
Ind AS 116 transition impact		-	-	(183)		-	-	-	-	**(183)**
Profit for the year	-	-	-	15,234	-	-	-	-	-	**15,234**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	96	(145)	**(49)**
Total	**-**	**-**	**-**	**15,051**	**-**	**-**	**-**	**96**	**(145)**	**15,002**
Interim Dividend on equity shares (including tax on dividend)	-	-	-	(7,921)	-	-	-		-	**(7,921)**
Share issue expenses written-off	-	(172)	-	-	-	-	-		-	**(172)**
Addition to ESOP Reserve	-	-	-	-		175	-	-	-	**175**
Transfer to General Reserve	-	-	-	-		(123)	123	-	-	**-**
Transfer to Special Reserve Account	-	-	4,728	(4,728)	-	-	-	-	-	**-**
Addition to Securities Premium Account	-	1,48,415	-	-	-	-	-	-	-	**1,48,415**
Balance at March 31, 2020	**-**	**1,85,672**	**22,539**	**13,763**	**-**	**179**	**158**	**96**	**(161)**	**2,22,422**

Significant accounting policies (Refer Note 2)
See accompanying notes forming part of the financial statements (Refer Note 1-43)

In terms of our report of even date

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(DIN No. : 00644761)

Mumbai
25 June 2020

Jinesh Meghani
Company Secretary

Tata Capital Housing Finance 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 FROM OPERATING ACTIVITIES		
Profit before tax	**25,453**	12,737
Adjustments for :		
Depreciation and amortisation	**737**	590
Net loss on derecognition of property, plant and equipment	**95**	2
Interest expenses	**1,82,198**	1,52,242
Discounting charges on commercial paper	**19,688**	24,624
Discounting charges on debentures	**241**	585
Interest income	**(2,92,631)**	(2,33,013)
Net gain on fair value changes	**(2,097)**	(2,467)
Remeasurement of defined employee benefit plans through OCI	**(194)**	(76)
Share based payments- Equity-settled	**175**	58
Unrealised exchange loss / (gain)	**-**	375
Provision for leave encashment	**40**	117
Impairment loss allowance on loans (Stage I & II)	**15,993**	1,245
Impairment loss allowance on loans (Stage III)	**26,493**	18,919
Provision against trade receivables	**1**	46
	(23,808)	**(24,016)**
Adjustments for :		
(Increase) / Decrease in trade receivables	**95**	(66)
(Increase) in Loans	**(1,09,681)**	(6,17,848)
(Increase) / Decrease in - Other financial asset	**34**	(165)
(Increase) in - Other non-financial assets	**(58)**	(44)
Increase in Trade payables	**1,893**	1,704
Increase / (Decrease) in Other financial liabilities	**349**	(458)
Increase / (Decrease) in Provisions	**86**	(27)
Increase / (Decrease) in Other non-financial liabilities	**292**	(5)
Cash used in operations before adjustments for interest received and interest paid	**(1,30,799)**	**(6,40,925)**
Interest paid	**(1,92,073)**	(1,69,858)
Interest received	**2,83,307**	2,25,162
Cash used in operations	**(39,564)**	**(5,85,621)**
Taxes paid (net off refunds)	**(11,614)**	(8,715)
Net Cash Used In Operating Activities (A)	**(51,178)**	**(5,94,336)**
2 CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment (including capital advances)	**(752)**	(838)
Proceeds from sale of property, plant & equipment	**142**	10
Purchase of mutual fund units	**(86,49,159)**	(87,89,366)
Proceeds from redemption of mutual fund units	**86,51,148**	87,91,770
Proceeds from / (Purchase of) Fixed deposits with banks having maturity exceeding 3 month	**51,614**	(51,615)
Net Cash Used In Investing Activities (B)	**52,993**	**(50,039)**

3 CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of Compulsory Convertible Cumulative Preference Share Capital	**30,000**	55,500
Proceeds from issue of Equity Share Capital	**15,000**	-
Payment of ancillary borrowing cost	**(2,779)**	(1,585)
Interim dividend paid on Equity and Preference Shares (including dividend distribution tax)	**(9,019)**	(8,865)
Proceeds from Borrowings (Other than debt securities)	**17,92,085**	21,55,322
Proceeds from Debt Securities	**13,79,259**	12,83,548
Proceeds from Subordinated Liabilities	**7,804**	-
Repayment of Borrowings (Other than debt securities)	**(19,34,302)**	(14,67,479)
Repayment of Debt Securities	**(11,24,661)**	(13,63,242)
Repayment of Subordinated Liabilities	**-**	(2,500)
Repayment of Lease Liabilities	**(918)**	-
Net Cash Generated From Financing Activities (C)	**1,52,470**	**6,50,699**
Net Increase In Cash And Cash Equivalents (A+B+C)	**1,54,285**	**6,324**
Cash And Cash Equivalents As At The Beginning Of The Year	**13,276**	**6,952**
Cash And Cash Equivalents As At The End Of The Year	**1,67,561**	**13,276**
Reconciliation of cash and cash equivalents as above with cash and bank balances		
Cash and Cash equivalents at the end of the year as per above	**1,67,561**	13,276
Add: Fixed deposits with original maturity over 3 months	**30**	51,708
Cash And Cash Equivalents And Other Bank Balances As At The End Of The Year (Refer note no 3 & 4)	**1,67,591**	**64,984**

Significant accounting policies (Refer Note 2)
See accompanying notes forming part of the financial statements (Refer Note 1-43)

In terms of our report of even date

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Managing Director
(DIN No. : 00644761)

Mumbai
25 June 2020

Jinesh Meghani
Company Secretary

1. CORPORATE INFORMATION

Tata Capital Housing Finance Limited (the "Company") is a wholly owned subsidiary of Tata Capital Limited and a Systemically Important Non-Deposit Accepting Housing Finance Company ("HFC"), holding a Certificate of Registration from the National Housing Bank ("NHB") dated April 2, 2009. 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 National Housing Bank as applicable to an HFCs and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by NHB 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 25, 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.

iv. 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 36A and 36B

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

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

Assumptions and estimation of uncertainties:

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

- Note xi impairment test of non-financial assets: key assumption underlying recoverable amounts.
- Note vii - 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 xii - 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 xx – 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 36C – determination of the fair value of financial instruments with significant unobservable inputs.
- Note 37A(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.

vi. 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.

vii. 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.

viii. 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.

ix. 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.

x. Borrowing 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.

xi. 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 37 A (iii).

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.

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 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 37 A (iii)).

Impairment of Trade 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.

Compound instruments

The Company has issued financial instruments with equity conversion rights and call options. When establishing the accounting treatment for these non-derivative instruments, the Company first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities or equity instruments in accordance with Ind AS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. The value of any derivative features (such as a call options) embedded in the compound financial instrument, other than the equity component (such as an equity conversion option), is included in the liability component. Once the Company has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be separately accounted for. Subsequently the liability is measured as per requirement of IND AS 109.
A Cumulative Compulsorily Convertible Preference Shares (CCCPS), with an option to holder to convert the instrument in to variable number of equity shares of the entity upon redemption is classified as a financial liability and dividend including dividend distribution tax is accrued on such instruments and recorded as finance cost. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain/loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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

xii. 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) Other Intangible assets

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

d) Intangible assets under development

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

e) Depreciation and Amortisation

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

Depreciation on tangible property, plant and equipment 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.

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

Estimated useful life considered by the Company are:

Asset	Estimated Useful Life
Leasehold Improvements	As per lease period
Furniture and Fixtures	10 years
Computer Equipment	4 years
Office Equipment	5 years
Vehicles	4 years
Software Licenses	1 to 10 years
Buildings	25 years
Plant & Machinery	10 years

f) 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.

g) 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.

h) De-recognition of property, plant and equipment and intangible asset

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. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss.

xiii. Non-Current Assets held for sale:

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.
The Company has a policy to make impairment provision at one third of the value of the Asset for each year upon completion of three years up to the end of five years based on the past observed pattern of recoveries. Losses on initial classification as Held for sale and subsequent gains & losses on remeasurement are recognised in Statement of Profit and loss. Once classified as Held for sale, the assets are no longer amortised or depreciated.

xiv. Employee Benefits

Defined Contribution benefits include provident fund and superannuation fund.

Defined Employee 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. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Company. 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's Provident Scheme, 1952 is recognised as an expense in the year in which it is determined

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.

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xv. 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.

xvi. Operating Segments

The Company is engaged in the business of providing loans for purchase, construction, repairs and renovation etc., of houses/ flats to individuals and corporate bodies and has it's operations within India. The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors.

xvii. 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

xviii. 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.

xix. 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.

xx. 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

xxi. 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) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.
c) other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.
d) commitments under Loan agreement to disburse Loans

xxii. 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.

xxiii. 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.

xxiv. 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 standalone 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 standalone statement of financial position.

Applicable to financial year ended March 31, 2021 company's standalone 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	-	4
(b) Cheques on Hand	49	251
(c) Balances with banks		
- in current accounts	1,67,512	13,021
Total	**1,67,561**	**13,276**

3.1 Of the above, the balances that meet the definition of Cash and Cash Equivalents as per Ind AS 7 Cash Flow Statements is Rs. 1,67,561 lakh (as at March 31, 2019, Rs. 13,276 lakh)

3.2 As at March 31, 2020, the Company had undrawn committed borrowing facilities of Rs. 3,810 Lakh (March 31, 2019 : Rs. 1,080 Lakh).

4. OTHER BALANCES WITH BANKS

PARTICULARS	As at March 31, 2020	As at March 31, 2019
a) Balances with banks		
- In deposit accounts (Refer note below)	30	51,708
Total	**30**	**51,708**

4.1 Balance with banks in deposit accounts comprises deposits that have an original maturity exceeding 3 months at balance sheet date.

5. TRADE RECEIVABLES

PARTICULARS	As at March 31, 2020	As at March 31, 2019
(i) Receivables considered good - Secured	-	-
(ii) Receivables considered good - Unsecured	366	462
(iii) Receivables which have significant increase in Credit Risk	-	-
(iv) Receivables - credit impaired	1	46
	367	508
Less: Allowance for impairment loss	1	46
Total	**366**	**462**

5.1 Trade receivables include amounts due from the related parties Rs. 13 lakh (as at March 31, 2019 Rs. 9 lakh).

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

6. Derivative financial instruments (Refer Note 39 below)

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	81	60,494	4,419	-
Interest rate swap	75	56,058	-	2,447
Total	**156**	**1,16,552**	**4,419**	**2,447**

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	-	-	-	-
Total	**-**	**-**	**-**	**-**

6.1 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
INR USD - Forward exchange contracts	60,494	4,419	-	77	4,419

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
INR USD - Forward exchange contracts	-	-	-	-	-

6. 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	Cash flow hedge reserve as at	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
FCY Term Loans	(4,443)	(23)	-	-

As at March 31, 2019

PARTICULARS	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cash flow hedge reserve as at	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
FCY Term Loans	-	-	-	-

6.2 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	(23)	-	-	-

6.3 Movements in the Cash flow 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	-	-
Effective portion of changes in fair value Interest rate risk	(2,447)	-
Effective portion of changes in fair value Cap	-	-
Effective portion of changes in fair value foreign currency risk	4,419	-
Foreign currency translation differences	(4,068)	-
Amortisation of forward premium	2,224	-
Tax on movements on reserves during the period	(32)	-
Closing Balance	**96**	**-**

6.4 All hedges are 100% effective i.e. there is no ineffectiveness.

6.5 Average fixed interest rate:
- Interest rate swap: 3.47%

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

7. LOANS

PARTICULARS	As at March 31, 2020	As at March 31, 2019
At amortised cost		
(I) Term loans		
- Housing Loans	**19,99,233**	20,47,095
- Non Housing Loans	**7,46,401**	5,98,857
- Retained portion of assigned loans	**2,372**	3,345
(II) Others		
- Loan to TCL Employee Welfare Trust	**57**	57
Gross Loans	**27,48,063**	**26,49,354**
Less: Impairment loss allowance		
- Stage I & II	**34,650**	18,657
- Stage III	**23,318**	13,871
Loans net of impairment loss allowance	**26,90,095**	**26,16,826**
- Unamortised loan sourcing costs	**6,793**	6,123
- Income received in advance	**(11,892)**	(14,549)
Total - I	**26,84,996**	**26,08,400**
(II)		
- Secured by tangible assets	**27,39,950**	**26,45,756**
- Secured by intangible assets	**-**	-
- Covered by bank / government guarantees	**-**	-
- Unsecured	**8,113**	3,598
Gross Loans	**27,48,063**	**26,49,354**
Less: Impairment loss allowance		
- Stage I & II	**34,650**	18,657
- Stage III	**23,318**	13,871
Loans net of impairment loss allowance	**26,90,095**	**26,16,826**
- Unamortised loan sourcing costs	**6,793**	6,123
- Income received in advance	**(11,892)**	(14,549)
Total - II	**26,84,996**	**26,08,400**
(III)		
Loans in India		
- Public sector	**-**	-
- Others	**27,48,063**	26,49,354
Gross Loans	**27,48,063**	**26,49,354**
Less: Impairment loss allowance		
- Stage I & II	**34,650**	18,657
- Stage III	**23,318**	13,871
Loans net of impairment loss allowance	**26,90,095**	**26,16,826**
- Unamortised loan sourcing costs	**6,793**	6,123
- Income received in advance	**(11,892)**	(14,549)
Total - III	**26,84,996**	**26,08,400**
(IV)		
- Secured	**26,39,162**	25,63,570
- Unsecured	**8,004**	3,542
- Significant increase in credit risk (SICR)	**63,185**	58,336
- Credit impaired	**37,712**	23,906
Gross Loans	**27,48,063**	**26,49,354**
Less: Impairment loss allowance		
- Stage I & II	**34,650**	18,657
- Stage III	**23,318**	13,871
Loans net of impairment loss allowance	**26,90,095**	**26,16,826**
- Unamortised loan sourcing costs	**6,793**	6,123
- Income received in advance	**(11,892)**	(14,549)
Total - IV	**26,84,996**	**26,08,400**

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

8. INVESTMENTS

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Investments carried at fair value through profit or loss		
Mutual funds (unquoted) (in lieu of leave encashment)	**452**	369
Total	**452**	**369**

8.1 Investments

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Value of Investments		
(i) Gross value of Investments	452	369
(a) In India	452	369
(b) Outside India	-	-
(ii) Provisions for Depreciation	-	-
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments	452	369
(a) In India	452	369
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / Written-bank of excess provisions during the year	-	-
(iv) Closing balance	-	-

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

9. OTHER FINANCIAL ASSETS

PARTICULARS	As at March 31, 2020	As at March 31, 2019
(a) Security deposits	**385**	338
(b) Advances to employees	**58**	144
Total	**443**	**482**

Tata Capital Housing Finance Limited

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

10. DEFERRED TAX ASSET

The major components of deferred tax assets and liabilities as at March 31, 2020 are as follows:

Particulars	Opening Balance	Recognised / reversed through profit and loss	Change in Tax Rate	Recognised / reversed through OCI	Recognised directly in equity	Closing Balance
Deferred Tax Assets :-						
(a) Impairment loss allowance - stage III	4,383	2,107	(1,226)	-	-	5,264
(b) Impairment loss allowance - stage I & II	6,521	4,025	(1,824)	-	-	8,722
(c) Employee benefits	131	10	(37)	-	-	104
(d) Deferred income	5,327	(926)	(1,490)	-	-	2,911
(e) Other deferred tax assets	25	-	(7)	-	-	18
(f) Depreciation on property, plant & equipment	51	(6)	(14)	-	-	31
(g) Right to use asset	-	38	-	-	62	100
Deferred Tax Liabilities :-						
(a) Deduction u/s 36(1)(viii)	(4,426)	(786)	1,238	-	-	(3,974)
(b) Fair value measurement of investments	(10)	(6)	-	-	-	(16)
(c) Fair value of cost flow hedge	-	-	-	(32)	-	(32)
Net deferred tax asset	**12,001**	**4,456**	**(3,360)**	**(32)**	**62**	**13,127**

The major components of deferred tax assets and liabilities as at March 31, 2019 are as follows:

Particulars	Opening Balance	Recognised / reversed through profit and loss	Change in Tax Rate	Recognised / reversed through OCI	Recognised directly in equity	Closing Balance
Deferred Tax Assets :-						
(a) Impairment loss allowance - stage III	5,007	(673)	49	-	-	4,383
(b) Impairment loss allowance - stage I & II	6,027	435	59	-	-	6,521
(c) Employee benefits	89	41	1	-	-	131
(d) Deferred income	3,684	1,607	36	-	-	5,327
(e) Other deferred tax assets	23	2	0	-	-	25
(f) Depreciation on property, plant & equipment	61	(11)	1	-	-	51
Deferred Tax Liabilities :-						
(a) Deduction u/s 36(1)(viii)	(3,992)	(396)	(39)	-	-	(4,426)
(b) Fair value measurement of investments	(8)	(2)	(0)	-	-	(10)
Net deferred tax asset	**10,891**	**1,004**	**106**	**-**	**-**	**12,001**

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

10.1 INCOME TAXES

A. The income tax expense consist of the following:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax:		
Current tax expense for the year	**11,644**	8,797
Current tax expense / (benefit) pertaining to prior years	**(329)**	-
	11,315	**8,797**
Deferred tax benefit		
Origination and reversal of temporary differences	**(4,456)**	(1,003)
Change in tax rates	**3,360**	(106)
	(1,096)	**(1,109)**
Total income tax expense recognised in the period	**10,219**	**7,688**

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before income taxes	**25,453**	12,737
Indian statutory income tax rate	**25.17%**	34.94%
Expected income tax expense	**6,406**	**4,451**
Tax effect of the adjustments :		
Non deductible expenses	**447**	3,348
Tax on income at different rates	**6**	(5)
Effect of change in tax rate	**3,360**	(106)
Others (net)	**-**	-
Total income tax expense	**10,219**	**7,688**

C. Amounts recognised in OCI

(Rs. in lakh)

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Before tax	**Tax (expense) benefit**	**Net of tax**	**Before tax**	**Tax (expense) benefit**	**Net of tax**
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability (asset)	**(194)**	**49**	**(145)**	(76)	27	(49)
Items that will be reclassified to profit or loss						
The effective portion of gains and loss on hedging instruments in a cash flow hedge	**128**	**(32)**	**96**	-	-	-
Total	**(66)**	**17**	**(49)**	**(76)**	**27**	**(49)**

D. 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 34.94% (Base tax - 30%, 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 charge of Rs. 715 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 2,645 lakh offset by a charge of Rs. 3,360 lakh on account of re-measurement of opening deferred tax asset (DTA).

E. The Company pays dividend distribution tax (DDT) on the dividends declared, as required by section 115-O of the Income Tax Act, 1961. The Company has paid DDT of Rs. 1,545 lakh during FY 2019-20. (FY 2018-19 Rs. 1,556 lakh)

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

10.2 CURRENT TAX ASSETS (NET)

PARTICULARS	As at March 31. 2020	As at March 31. 2019
Advance tax (net of provision for Income tax Rs 44,054 lakhs (March 19 Rs 39,280 lakhs)	688	312
Total	**688**	**312**

10.3 CURRENT TAX LIABILITIES (NET)

PARTICULARS	As at March 31. 2020	As at March 31. 2019
Provision for tax (net of advance tax Rs 12,335 lakhs (March 19 Rs 5,871 lakhs)	2,928	2,900
Total	**2,928**	**2,900**

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

11. PROPERTY, PLANT, EQUIPMENT AND INVESTMENT PROPERTY

(Rs. in lakh)

Particulars	Gross Block					Accumulated depreciation and amortisation				Net Carrying Value
	Opening balance as at April 1, 2019	Additions/ Adjustments	Deletions	Written off during the year	Closing balance as at March 31, 2020	Opening balance as at April 1, 2019	Depreciation/ Amortisation for the year	Deletions/ Adjustments	Closing balance as at March 31, 2020	As at March 31, 2020
Buildings	248	-	-	-	248	22	11	-	33	215
	(248)	-	-	-	*(248)*	*(11)*	*(11)*	-	*(22)*	*(226)*
Leasehold Improvements	661	293	*117*	-	837	213	125	*61*	277	560
	(493)	*(176)*	*(8)*	-	*(661)*	*(102)*	*(119)*	*(8)*	*(213)*	*(448)*
Furniture & Fixtures	254	91	43	-	302	95	61	21	135	167
	(174)	*(82)*	*(2)*	-	*(254)*	*(44)*	*(53)*	*(2)*	*(95)*	*(159)*
Computer Equipment	960	268	45	-	1,183	377	284	42	619	564
	(578)	*(382)*	-	-	*(960)*	*(141)*	*(236)*	-	*(377)*	*(583)*
Office Equipment	297	75	38	-	334	150	68	20	198	136
	(224)	*(74)*	*(1)*	-	*(297)*	*(71)*	*(80)*	*(1)*	*(150)*	*(147)*
Plant & Machinery	176	83	29	-	230	35	24	6	53	177
	(123)	*(54)*	*(1)*	-	*(176)*	*(15)*	*(20)*	-	*(35)*	*(141)*
Vehicles	156	24	33	-	147	33	34	13	54	93
	(41)	*(135)*	*(20)*	-	*(156)*	*(16)*	*(28)*	*(11)*	*(33)*	*(123)*
Right of use asset	-	4,227	-	-	4,227	-	766	-	766	3,461
	-	-	-	-	-	-	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT - TOTAL	**2,752**	**5,061**	**305**	**-**	**7,508**	**925**	**1,373**	**163**	**2,135**	**5,373**
	(1,881)	*(903)*	*(32)*	-	*(2,752)*	*(400)*	*(547)*	*(22)*	*(925)*	*(1,827)*
Software	739	-	-	-	739	25	111	-	136	603
	-	*(739)*	-	-	*(739)*	-	*(25)*	-	*(25)*	*(714)*
INTANGIBLE ASSETS - TOTAL	**739**	**-**	**-**	**-**	**739**	**25**	**111**	**-**	**136**	**603**
	-	*(739)*	-	-	*(739)*	-	*(25)*	-	*(25)*	*(714)*
Total	**3,491**	**5,061**	**305**	**-**	**8,247**	**950**	**1,484**	**163**	**2,271**	**5,976**
	(1,881)	*(1,642)*	*(32)*	-	*(3,491)*	*(400)*	*(572)*	*(22)*	*(950)*	*(2,541)*
Investment Property #	432	-	-	-	432	35	19	-	54	378
	(432)	-	-	-	*(432)*	*(16)*	*(19)*	-	*(35)*	*(397)*

Note : Figures in bracket relate to March 31, 2019.

Fair value of investment property as on March 31, 2020 Rs. 732 lakh (March 31, 2019 Rs. 694 lakh). The fair value of the investment properties has been determined by an external independent property valuer, having appropriate professional qualification and experience in the location and category of property being valued.

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

12. OTHER NON-FINANCIAL ASSETS (UNSECURED - CONSIDERED GOOD)

PARTICULARS	As at March 31. 2020	As at March 31. 2019
(a) Capital advances	**16**	34
(b) Prepaid Expenses	**366**	429
(c) Gratuity Asset (Net)	**-**	81
(d) Balances with government authorities	**294**	310
(e) Other advances	**229**	128
Total	**905**	**982**

Notes forming part of the Financial Statements (Continued)

as at March 31, 2020

(Rs. in lakh)

13. TRADE PAYABLES

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Others		
(i) Accrued expenses	**8,297**	5,862
(ii) Payable to Related Parties	**70**	128
(iii) Payable to Dealers/Vendors	**79**	496
(iv) Others	**64**	131
Total	**8,510**	**6,617**

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 :

13.1 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;	**25**	-
(b) The amount of interest paid by the buyer under 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 accounting year; and	**-**	-
(e) The amount of further 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 a deductible;	**-**	-
Total	**25**	**-**

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

14. DEBT SECURITIES

PARTICULARS	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Secured - In India		
Privately Placed Non-Convertible Debentures (Refer note 14.1(a) and 14.2 below)	**4,16,169**	3,93,162
Privately Placed Non-Convertible Debentures - Zero Coupon Bond [Net of unamortised discount of Nil (as at March 31, 2019 : Rs. 241 lakh)] (Refer note 14.1 and 14.3 below)	**19,000**	8,759
Public issue of Non-Convertible Debentures (Refer note 14.1(b) and 14.4 below)	**1,90,553**	-
Unsecured - In India		
Commercial paper (Refer note 14.5 below)	**2,79,541**	2,50,572
[Net of unamortised discount of Rs. 7,895 lakh (as at March 31, 2019 : Rs. 6,884 lakh)]		
Total	**9,05,263**	**6,52,493**

14.1(a) 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.

14.1(b) Public issue of Non-Convertible Debentures are secured by way of a first ranking pari passu charge by way of mortgage over our Company's specific immovable property and a first ranking pari passu floating charge over the movable properties of our Company, including book debts.

14.2 Particulars of Privately placed Secured Non-Convertible Debentures.

Description of Privately placed Secured Non-Convertible Debentures	Issue Date	Redemption Date	As at March 31, 2020		As at March 31, 2019	
			No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh
TCHFL NCD "F" 2019-2020	18-Nov-19	16-Nov-29	10,000	1,00,000	-	-
TCHFL NCD "J" FY 2016-17	30-Jun-16	30-Jun-26	100	1,000	100	1,000
TCHFL NCD "AU" FY 2015-16 Option I	30-Mar-16	30-Mar-26	150	1,500	150	1,500
TCHFL NCD "AM" FY 2015-16 - Option I	06-Nov-15	06-Nov-25	350	3,500	350	3,500
TCHFL NCD "AG" FY 2015-16	08-Oct-15	08-Oct-25	75	750	75	750
TCHFL NCD "AE" FY 2015-16	31-Aug-15	29-Aug-25	200	2,000	200	2,000
TCHFL NCD"O" FY 2015-16	16-Jun-15	16-Jun-25	200	2,000	200	2,000
TCHFL NCD V FY 2014-15	23-Jan-15	23-Jan-25	1,500	15,000	1,500	15,000
TCHFL NCD R FY 2014-15	09-Dec-14	09-Dec-24	2,000	20,000	2,000	20,000
TCHFL NCD "AP" FY 2015-16 - Option II	12-Jan-16	12-Jan-24	150	1,500	150	1,500
TCHFL NCD "E" FY 2016-17	04-May-16	04-May-23	200	2,000	200	2,000
TCHFL NCD U FY 2012-13	12-Mar-13	10-Mar-23	100	1,000	100	1,000
TCHFL NCD R FY 2012-13	18-Jan-13	18-Jan-23	150	1,500	150	1,500
TCHFL NCD "AP" FY 2015-16 - Option I	12-Jan-16	12-Jan-23	150	1,500	150	1,500
TCHFL NCD Q FY 2012-13	28-Dec-12	29-Dec-22	100	1,000	100	1,000
TCHFL Market Link NCD "A" 2019-20	22-Aug-19	22-Aug-22	990	990	-	-
TCHFL NCD "X" FY 2015-16	29-Jul-15	29-Jul-22	750	7,500	750	7,500
TCHFL NCD "C" FY 2019-20	04-Jul-19	04-Jul-22	250	2,500	-	-
TCHFL NCD G FY 2012-13	18-May-12	18-May-22	100	1,000	100	1,000
TCHFL NCD "C" FY 2018-19	07-Dec-18	13-Apr-22	993	9,930	993	9,930
TCHFL C Series FY 18-19 Reissue	09-Jan-19	13-Apr-22	700	7,000	700	7,000
TCHFL NCD "C" FY 2018-19 reissuance2	25-Apr-19	13-Apr-22	1,250	12,500	-	-
TCHFL NCD "D" FY 2019-20	19-Aug-19	11-Mar-22	1,000	10,000	-	-
TCHFL NCD "W" FY 2016-17	28-Dec-16	28-Dec-21	4,080	40,800	4,080	40,800
TCHFL Market Link NCD B 2019-20	30-Sep-19	30-Sep-21	614	614	-	-
TCHFL NCD "T" FY 2016-17	15-Sep-16	15-Sep-21	100	1,000	100	1,000
TCHFL NCD "K" FY 2016-17	05-Jul-16	05-Jul-21	200	2,000	200	2,000
TCHFL NCD "A" FY 2016-17	12-Apr-16	12-Apr-21	1,200	12,000	1,200	12,000
TCHFL NCD "E" FY 2019-20	04-Sep-19	11-Mar-21	3,000	30,000	-	-
TCHFL NCD "AS" FY 2015-16	22-Jan-16	22-Jan-21	200	2,000	200	2,000
TCHFL NCD "AM" FY 2015-16 - Option II	06-Nov-15	06-Nov-20	50	500	50	500
TCHFL NCD "AI" FY 2015-16	16-Oct-15	16-Oct-20	500	5,000	500	5,000
TCHFL NCD "AH" FY 2015-16	14-Oct-15	14-Oct-20	200	2,000	200	2,000
TCHFL NCD "I" FY 2017-18	31-Aug-17	31-Aug-20	3,500	35,000	3,500	35,000
TCHFL NCD "AB" FY 2015-16	20-Aug-15	20-Aug-20	100	1,000	100	1,000
TCHFL NCD "AA" FY 2015-16	17-Aug-15	17-Aug-20	1,000	10,000	1,000	10,000
TCHFL NCD "Z" FY 2015-16	07-Aug-15	07-Aug-20	300	3,000	300	3,000
TCHFL NCD"T" FY 2015-16 - Option I	09-Jul-15	09-Jul-20	100	1,000	100	1,000
TCHFL NCD "E" FY 2017-18	07-Jun-17	30-Jun-20	50	500	50	500
TCHFL NCD "D" FY 2018-19	19-Mar-19	26-Jun-20	750	7,500	750	7,500
TCHFL NCD "D" FY 2018-19 Reissuance	05-Apr-19	26-Jun-20	5,050	50,500	-	-
TCHFL NCD "F" FY 2017-18	14-Jun-17	15-Jun-20	550	5,500	550	5,500

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

14. DEBT SECURITIES *(Continued)*

Description of Privately placed Secured Non-Convertible Debentures	Issue Date	Redemption Date	As at March 31, 2020		As at March 31, 2019	
			No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh
TCHFL NCD "C" FY 2017-18	20-Apr-17	29-Apr-20	50	500	50	500
TCHFL NCD "Y" FY 2016-17	17-Mar-17	17-Mar-20	-	-	3,000	30,000
TCHFL NCD Z FY 2014-15	12-Feb-15	12-Feb-20	-	-	100	1,000
TCHFL NCD "X" FY 2016-17	10-Feb-17	07-Feb-20	-	-	514	5,140
TCHFL NCD "G" FY 2016-17 Option -II	10-Jun-16	23-Dec-19	-	-	130	1,300
TCHFL NCD G FY 2014-15	22-Oct-14	22-Oct-19	-	-	550	5,500
TCHFL NCD K FY 2012-13	03-Oct-12	03-Oct-19	-	-	100	1,000
TCHFL NCD "B" FY 2018-19	20-Jul-18	30-Sep-19	-	-	5,700	57,000
TCHFL NCD "R" FY 2016-17	30-Aug-16	30-Aug-19	-	-	250	2,500
TCHFL NCD D FY 2014-15 - Option-II	22-Aug-14	22-Aug-19	-	-	100	1,000
TCHFL NCD "P" FY 2016-17	08-Aug-16	08-Aug-19	-	-	250	2,500
TCHFL NCD "N" FY 2016-17	29-Jul-16	29-Jul-19	-	-	100	1,000
TCHFL NCD B FY 2014-15 - Option-II	22-Jul-14	22-Jul-19	-	-	100	1,000
TCHFL NCD "H" FY 2017-18	21-Jul-17	19-Jul-19	-	-	1,250	12,500
TCHFL NCD "M" FY 2016-17	14-Jul-16	12-Jul-19	-	-	100	1,000
TCHFL NCD "G" FY 2017-18	13-Jul-17	12-Jul-19	-	-	1,000	10,000
TCHFL NCD "G" FY 2016-17 Option I	10-Jun-16	24-Jun-19	-	-	20	200
TCHFL NCD "H" FY 2016-17	14-Jun-16	14-Jun-19	-	-	50	500
TCHFL NCD A FY 2014-15 - Option-II	13-Jun-14	13-Jun-19	-	-	100	1,000
TCHFL NCD "D" FY 2017-18	30-May-17	30-May-19	-	-	250	2,500
TCHFL NCD "AT" FY 2015-16	02-Mar-16	16-May-19	-	-	220	2,200
TCHFL NCD "AU" FY 2015-16 Option II	30-Mar-16	18-Apr-19	-	-	100	1,000
TCHFL NCD "B" FY 2016-17	18-Apr-16	18-Apr-19	-	-	150	1,500
TCHFL NCD "B" FY 2017-18	17-Apr-17	16-Apr-19	-	-	1,750	17,500
TCHFL NCD "A" FY 2017-18	05-Apr-17	05-Apr-19	-	-	2,550	25,500
Total				**4,16,084**		**3,93,320**
Add: Unamortised premium				259		79
Total				**259**		**79**
Less: Unamortised borrowing cost				(174)		(237)
Total				**(174)**		**(237)**
Privately Placed Non-Convertible Debentures				**4,16,169**		**3,93,162**

Note: Coupon rate of above outstanding as on March 31, 2020 varies from 7.40% to 10.10% (as on March 31, 2019 7.40% to 10.10%).

14.3 Particulars of Privately placed Secured Non-Convertible Debentures - ZCB.

Description of Privately Placed Non-Convertible Debentures - ZCB	Issue Date	Redemption Date	As at March 31, 2020		As at March 31, 2019	
			No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh
TCHFL NCD "G" FY 2019-20	11-Dec-19	25-Oct-22	150	1,500	-	-
TCHFL NCD "B" FY 2019-20	27-May-19	02-Jul-21	500	5,000	-	-
TCHFL NCD "A" FY 2019-20	21-May-19	08-Jul-20	1,250	12,500	-	-
TCHFL NCD "A" FY 2018-19	30-May-18	30-Jul-19	-	-	900	9,000
Total				**19,000**		**9,000**
Less: Unamortised discount				-		(241)
Total				**-**		**(241)**
Privately Placed Non-Convertible Debentures - ZCB				**19,000**		**8,759**

Note: Coupon rate of above outstanding as on March 31, 2020 varies from 7.55% to 8.70% (as on March 31, 2019 8.60% to 8.60%).

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

14. DEBT SECURITIES *(Continued)*

14.4 Public issue of Non-Convertible Debentures

Description of Public issue of Non-Convertible Debentures	Issue Date	Redemption Date	As at March 31, 2020		As at March 31, 2019	
			No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh
TCHFL NCD "Series I" FY 2019-20	14-Jan-20	14-Jan-23	2,99,345	2,993	-	-
TCHFL NCD "Series I" FY 2019-20	14-Jan-20	14-Jan-23	1,42,24,535	1,42,245	-	-
TCHFL NCD "Series II" FY 2019-20	14-Jan-20	14-Jan-25	51,892	519	-	-
TCHFL NCD "Series II" FY 2019-20	14-Jan-20	14-Jan-25	5,41,471	5,415	-	-
TCHFL NCD "Series III" FY 2019-20	14-Jan-20	14-Jan-25	3,35,925	3,359	-	-
TCHFL NCD "Series III" FY 2019-20	14-Jan-20	14-Jan-25	23,48,032	23,480	-	-
TCHFL NCD "Series IV" FY 2019-20	14-Jan-20	14-Jan-28	12,025	120	-	-
TCHFL NCD "Series IV" FY 2019-20	14-Jan-20	14-Jan-28	3,82,776	3,828	-	-
TCHFL NCD "Series V" FY 2019-20	14-Jan-20	14-Jan-28	1,17,900	1,179	-	-
TCHFL NCD "Series V" FY 2019-20	14-Jan-20	14-Jan-28	9,05,697	9,057	-	-
Total				**1,92,196**		**-**
Less: Unamortised borrowing cost				(1,643)		-
Total				**(1,643)**		**-**
Public issue of Non-Convertible Debentures				**1,90,553**		**-**

Note: Coupon rate of above outstanding as on March 31, 2020 varies from 7.92% to 8.40% (as on March 31, 2019 Nil).

14.5 Discount on Commercial Paper varies between 5.80% to 7.55% (as at March 31, 2019 7.56% to 9.10%) and and are repayable at maturity ranging between 3 and 12 months from the date of respective commercial paper.

14.6 Debt securities are not issued to related parties.

Notes forming part of the Financial Statements (Continued)

as at March 31, 2020

(Rs. in lakh)

15. 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		
(i) From Banks (Refer note 15.1 and 15.2 below)	**8,95,890**	6,96,533
(ii) From National Housing Bank (Refer notes 15.3)	**5,04,955**	5,84,659
Secured - Outside India		
From Banks (Refer note 15.1 and 15.2 below)	**55,346**	51,048
Unsecured - In India		
From Banks (Refer note 15.2 below)	**15,000**	84,999
(b) Loans repayable on demand		
Secured - In India		
From Banks		
(i) Cash credit (Refer note 15.1 and 15.4 below)	**180**	78,112
(ii) Working capital demand loan (Refer note 15.1 and 15.4 below)	**1,01,500**	1,71,000
(iii) Bank Overdraft (Refer note 15.1 and 15.4 below)	**4,674**	29,453
(c) Loan from related parties		
Unsecured - In India		
(i) as at March 31, 2019: 1,272,000,000 Compulsorily Convertible Cumulative Preference shares of Rs.10 each fully paid up (Refer note 15.6 and 15.7 below)	**-**	1,27,200
(ii) Inter corporate deposits from related parties (Refer note 15.5 below)	**-**	20,118
Total	**15,77,545**	**18,43,122**

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

15.2 **Terms of repayment of borrowings and rate of interest:**
Loans and advances from bank are repayable at maturity ranging between 3 month to 5 years (as at March 31, 2019: 3 month to 5 years) from the date of loan taken. Rate of Interest payable on Term Loans varies between 7.85% to 9.15% (as at March 31, 2019 8.30% to 9.15%).

15.3 Loan from National Housing Bank is secured by way of hypothecation of book debt and guarantee / Letter of comfort from Tata Capital Limited and is repayable in 28-60 (as at March 31, 2019: 28-60) quarterly installments. Rate of Interest payable on Term loan varies between 4.61% to 8.90% (as at March 31, 2019 4.61% to 9.80%).

15.4 Rate of Interest payable on Cash Credit / Over Draft & Working Capital Demand Loan varies between 7.45% to 9.10% (as at March 31, 2019 8.25% to 8.95%).

15.5 Rate of Interest payable on Inter Corporate Deposit as at March 31, 2020 Nil (as at March 31, 2019 8.84%).

15.6 The Company has not defaulted in the repayment of debt securities, borrowings (other than debt securities), subordinated liabilities and interest thereon for the year ended March 31, 2020 and March 31, 2019.

15.7 During the year ended March 31, 2020, the Company has issued 300,000,000, 9.00% (March 31, 2019: 555,000,000 @ 8.50%) Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of face value Rs. 10/- each aggregating Rs. 30,000 lakh (March 31, 2019 Rs. 55,500 Lakh), which are mandatorily convertible into equity shares after the completion of 9 years from the date of allotment. The CCCPS holders have a right to receive dividend, prior to the equity shareholders. The dividend proposed by the Board of Directors on the CCCPS is subject to the approval of the shareholders at an Annual General Meeting, except in case of interim dividend. In the event of liquidation, the Preference Shareholders will carry a preferential right over the holder of equity shares for payment of dividend and for payment of capital, in proportion to their shareholding.

The CCCPS holders have an option to convert all or any part of the holding into equity shares at any time prior to the completion of 9 years. Conversion of CCCPS into equity shares will be based on the fair value to be determined by an independent valuer closer to the conversion date. In the year in which CCCPS are converted to equity shares, the dividend on such CCCPS, if declared by the Board, shall be paid on pro-rata basis. During the year, the Company has converted CCCPS aggregating Rs. 1,57,200 lakh (March 31, 2019 Rs. 40,800 lakh) of face value of Rs. 10/- each into Equity Shares of Rs. 21,713 lakh (March 31, 2019 Rs. 5,638 lakh) at a premium of Rs. 1,35,487 lakh (March 31, 2019 Rs.35,162 lakh).

Notes forming part of the Financial Statements (Continued)
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(Rs. in lakh)

15. BORROWINGS (OTHER THAN DEBT SECURITIES) *(Continued)*

Tranche wise due date details for Compulsorily Convertible Cumulative Preference Shares ("CCCPS")

Allotment Date	Conversion Date	As at March 31, 2020		As at March 31, 2019	
		No. of Shares	Amount	No. of Shares	Amount
26-Mar-19	26-Mar-28	-	-	27,00,00,000	27,000
28-Dec-18	28-Dec-27	-	-	15,00,00,000	15,000
05-Sep-18	05-Sep-27	-	-	5,00,00,000	5,000
01-Aug-18	01-Aug-27	-	-	8,50,00,000	8,500
21-Mar-18	21-Mar-27	-	-	19,00,00,000	19,000
31-Jul-17	31-Jul-26	-	-	11,10,00,000	11,100
22-Nov-16	22-Nov-25	-	-	10,00,00,000	10,000
30-Sep-16	30-Sep-25	-	-	3,50,00,000	3,500
30-Jun-16	30-Jun-25	-	-	3,00,00,000	3,000
23-Mar-16	23-Mar-25	-	-	10,00,00,000	10,000
30-Nov-15	30-Nov-24	-	-	5,70,00,000	5,700
25-May-15	25-May-24	-	-	7,80,00,000	7,800
30-Apr-15	30-Apr-24	-	-	1,00,00,000	1,000
31-Mar-15	31-Mar-24	-	-	60,00,000	600
Total		**-**	**-**	**1,27,20,00,000**	**1,27,200**

15.8 The CCCPS holders may, at any time prior to the aforesaid period of conversion, make such request to convert all or any part of its holding into Equity Shares.

a) During the year ended March 31, 2020, the Company has declared and paid, an interim dividend for financial year 2019-20 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 910 lakh and dividend distribution tax thereon of Rs. 187 lakh.

b) During the year ended March 31, 2020, the Company has declared and paid, a final dividend for financial year 2018-19 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 38 lakh and dividend distribution tax thereon of Rs. 8 lakh.

c) During the year ended March 31, 2019, the Company had declared and paid, an interim dividend for financial year 2018-19 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 7,354 lakh and dividend distribution tax thereon of Rs. 1,512 lakh.

d) During the year ended March 31, 2019, the Company had declared and paid, a final dividend for financial year 2017-18 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 49 lakh and dividend distribution tax thereon of Rs. 10 lakh.

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

16. SUBORDINATED LIABILITIES

PARTICULARS	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Unsecured - In India		
Debentures		
Privately Placed Non-Convertible Subordinated Debentures (Refer note 16.1 below)	**62,296**	62,283
Public issue of Non-Convertible Subordinated Debentures (Refer note 16.1 below)	**7,734**	-
Total	**70,030**	**62,283**

1. All the subordinated liabilities have been borrowed in India
2. Subordinated Liabilities are not issued to related parties.

16.1 Particulars of Unsecured Privately Placed Non-Convertible Subordinated Debentures

Description of Unsecured Privately Placed Non-Convertible Subordinated Debentures	Issue Date	Redemption Date	As at March 31, 2020		As at March 31, 2019	
			No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh
TCHFL Tier II Bond A FY 2016-17	04-Aug-16	04-Aug-26	2,000	20,000	2,000	20,000
TCHFL Tier II Bond H FY 2015-16	15-Mar-16	13-Mar-26	200	2,000	200	2,000
TCHFL Tier II Bond G FY 2015-16	17-Dec-15	17-Dec-25	250	2,500	250	2,500
TCHFL Tier II Bond F FY 2015-16	15-Dec-15	15-Dec-25	250	2,500	250	2,500
TCHFL Tier II Bond E FY 2015-16	04-Nov-15	04-Nov-25	300	3,000	300	3,000
TCHFL Tier II Bond D FY 2015-16	21-Sep-15	19-Sep-25	150	1,500	150	1,500
TCHFL Tier II Bond C FY 2015-16	16-Sep-15	16-Sep-25	100	1,000	100	1,000
TCHFL Tier II Bond B FY 2015-16	22-Jul-15	22-Jul-25	350	3,500	350	3,500
TCHFL Tier-II Bond A FY 2015-16	28-Apr-15	28-Apr-25	400	4,000	400	4,000
TCHFL Tier II Bond A FY 2014-15	26-Sep-14	26-Sep-24	480	4,800	480	4,800
TCHFL Tier II Bond E FY 2013-14	18-Mar-14	18-Mar-24	4	40	4	40
TCHFL Tier II Bond D FY 2013-14	10-Jan-14	10-Jan-24	77	770	77	770
TCHFL Tier II Bond C FY 2013-14	20-May-13	19-May-23	10	100	10	100
TCHFL Tier II Bond B FY-2013-14	23-Apr-13	23-Apr-23	21	210	21	210
TCHFL Tier II Bond A FY-2013-14	15-Apr-13	15-Apr-23	250	2,500	250	2,500
TCHFL Tier II Bond E FY-2012-13	28-Mar-13	28-Mar-23	150	1,500	150	1,500
TCHFL Tier II Bond D FY-2012-13	22-Aug-12	22-Aug-22	330	3,300	330	3,300
TCHFL Tier II Bond C FY-2012-13	30-May-12	30-May-22	300	3,000	300	3,000
TCHFL Tier II Bond B FY-2012-13	30-May-12	30-May-22	3	30	3	30
TCHFL Tier II Bond A FY-2012-13	10-May-12	10-May-22	10	100	10	100
TCHFL Tier II Bond F FY-2011-12	12-Mar-12	12-Mar-22	102	1,020	102	1,020
TCHFL Tier II Bond E FY-2011-12	25-Jan-12	25-Jan-22	135	1,350	135	1,350
TCHFL Tier II Bond D FY-2011-12	04-Nov-11	04-Nov-21	101	1,010	101	1,010
TCHFL Tier II Bond C FY-2011-12	28-Oct-11	28-Oct-21	11	110	11	110
TCHFL Tier II Bond B FY-2011-12	29-Sep-11	29-Sep-21	253	2,530	253	2,530
Total				**62,370**		**62,370**
Less: Unamortised borrowing cost				(74)		(87)
Total				**(74)**		**(87)**
Privately Placed Non-Convertible Subordinated Debentures				**62,296**		**62,283**

Note: Coupon rate of above outstanding as on March 31, 2020 varies from 8.92% to 10.25% (as on March 31, 2019 8.92% to 10.25%).

16.2 Particulars of Unsecured Public issue of Non-Convertible Subordinated Debentures

Description of Unsecured Public issue of Non-Convertible Subordinated Debentures	Issue Date	Redemption Date	As at March 31, 2020		As at March 31, 2019	
			No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh
TCHFL Tier II Bond Series VI FY-2019-20	14-Jan-20	14-Jan-30	7,80,402	7,804	-	-
				7,804		**-**
Less: Unamortised borrowing cost				(70)		-
Total				**(70)**		**-**
Public issue of Non-Convertible Subordinated Debentures				**7,734**		**-**

Note: Coupon rate of above outstanding as on March 31, 2020 is borrowed at 8.70% (as on March 31, 2019 Nil).

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

17. OTHER FINANCIAL LIABILITIES

PARTICULARS	As at March 31, 2020	As at March 31, 2019
(a) Payable for capital expenditure	**41**	128
(b) Advances from customers	**287**	179
(c) Accrued employee benefit expense	**1,850**	2,379
(d) Amounts payable - assigned loans	**897**	944
(e) Interest accrued but not due on borrowings	**26,320**	20,214
(f) Lease Liabilities	**3,724**	-
Total	**33,119**	**23,844**

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

18. PROVISIONS

PARTICULARS	As at March 31, 2020	As at March 31, 2019
(a) Provision for gratuity	**84**	-
(b) Provision for compensated absences	**415**	375
(c) Provision for long-term service award	**28**	26
Total	**527**	**401**

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

19. OTHER NON-FINANCIAL LIABILITIES

PARTICULARS	As at March 31, 2020	As at March 31, 2019
(a) Statutory dues	**1,113**	1,071
(b) Others	**705**	355
Total	**1,818**	**1,426**

Notes forming part of the Financial Statements (Continued)
as at March 31, 2020

(Rs. in lakh)

20. SHARE CAPITAL

PARTICULARS	As at March 31. 2020	As at March 31. 2019
AUTHORISED		
2,500,000,000 (as at March 31, 2019: 2,500,000,000 shares) Equity shares of Rs.10 each	**2,50,000**	2,50,000
2,000,000,000 (as at March 31, 2019: 2,000,000,000 shares) Preference shares of Rs.10 each	**2,00,000**	2,00,000
	4,50,000	4,50,000
ISSUED, SUBSCRIBED & PAID UP		
547,555,612 (as at March 31, 2019: 309,710,300 shares) Equity shares of Rs.10 each fully paid	**54,756**	30,971
Total	**54,756**	**30,971**

20.1 Reconciliation of number of shares outstanding

Particulars	No. of Shares	Rs. in lakh
Equity Shares, Face Value Rs. 10 fully paid up		
Opening balance as on April 01, 2018	**25,33,33,332**	**25,333**
Additions during the year	**5,63,76,968**	**5,638**
Closing Balance as on March 31, 2019	**30,97,10,300**	**30,971**
Additions during the year	**23,78,45,312**	**23,785**
Closing Balance as on March 31, 2020	**54,75,55,612**	**54,756**

20.2 Rights, preferences and restrictions attached to shares

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

20.3 Investment by Tata Capital Limited (Holding company). The entire share capital is held by Tata Capital Limited and its nominees.

Name of company	Particulars of issue	No. of Shares	Rs. in lakh
Tata Capital Limited (Holding Company)			
Equity Shares	Opening Balance as on April 1, 2018	25,33,33,332	25,333
	Additions during the year	5,63,76,968	5,638
	Closing Balance as on March 31, 2019	30,97,10,300	30,971
	Additions during the year	23,78,45,312	23,785
	Closing Balance as on March 31, 2020	**54,75,55,612**	**54,756**

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

20.5 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)

21. OTHER EQUITY

PARTICULARS	As at March 31. 2020	As at March 31. 2019
(a) Securities Premium Account	**1,85,672**	37,429
(b) Special Reserve Account	**22,539**	17,811
(c) Surplus in Statement of Profit and Loss	**13,763**	11,362
(d) Other Comprehensive Income	**(65)**	(16)
(i) The effective portion of gains and loss on hedging instruments in a Cash flow hedge	***96***	-
(ii) Remeasurement of defined employee benefit plans	***(161)***	*(16)*
(e) Share options outstanding account	**232**	179
(f) General Reserve	**281**	158
Total	**2,22,422**	**66,923**

21.1 As required by Section 29C of National Housing Bank Act 1987,and Section 36 (1) (viii) of the Income Tax Act,1961, the Company has transferred an amount of Rs. 4,728 Lakh (FY 2018-19 Rs. 2,792 Lakh) to Special Reserve.

In accordance with the National Housing Bank circular no. NHB(ND)/ DRS/ Pol.Circular.61/ 2013-14 dated April 7,2014 following disclosure is made.

Particulars		As at March 31. 2020	As at March 31. 2019
Balance at the beginning of the year			
	a) Statutory Reserve as per Section 29C of National Housing Bank Act, 1987	5,149	3,489
	b) Amount of Special Reserve u/s 36 (1) (viii) of Income Tax Act,1961 taken into account for the purposes of Statutory Reserve under section 29C of NHB Act, 1987	12,662	11,530
	Total (A)	**17,811**	**15,019**
Addition / Appropriation / withdrawal during the year			
Add:	a) Amount transferred u/s 29C of the NHB Act,1987	1,604	1,660
	b) Amount of Special Reserve u/s 36 (1) (viii) of Income Tax Act,1961 taken into account for the purposes of Statutory Reserve under section 29C of NHB Act, 1987	3,124	1,132
Less:	a) Amount appropriated from the Statutory Reserve u/s 29 C of the NHB Act 1987	-	-
	b) Amount withdrawn from the Special Reserve u/s 36 (1) (viii) of Income Tax Act,1961 which has been taken into account for the purpose of provision u/s 29C of NHB Act, 1987	-	-
	Total (B)	**4,728**	**2,792**
Balance at the end of the year			
	a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	6,753	5,149
	b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	15,786	12,662
	Total (A+B)	**22,539**	**17,811**

21.2 The Company has transferred an amount of Rs. 3,124 Lakh (FY 2018-19 Rs. 1,132 Lakh) to Special Reserve Account in terms of section 36(1)(viii) of the Income Tax Act, 1961, which has also been considered as a transfer of profit to a reserve fund for the purpose of compliance with section 29 C (i) of the National Housing Bank Act 1987 (The Company is required to transfer at least 20% of net profits every year to a reserve).

21.3 During the year ended March 31, 2020, the Company has declared and paid, an interim dividend for financial year 2019-20 on Equity Shares aggregating to Rs. 6,571 lakh and dividend distribution tax thereon of Rs. 1,351 lakh.

21.4 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 29C of National Housing Bank Act 1987,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 NHB from time to time.
3	Surplus in profit and loss account	Created out of accretion of profits
4	General Reserve	Created upon completion of the vesting period of employees stock option or upon forfeiture of options granted
5	Share Options Outstanding Account	Created upon grant of options to employees
6	Other Comprehensive Income	Created on account of items measured through other comprehensive income

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

22. INTEREST INCOME

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Interest on loans (measured at amortised cost)	**2,91,343**	2,32,946
(b) Interest Income on deposits with Banks (measured at amortised cost)	**1,288**	67
Total	**2,92,631**	**2,33,013**

23. FEES AND COMMISSION INCOME

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Foreclosure charges	**985**	990
(b) Others (valuation charges, PDD charges etc)	**2,364**	2,291
Total	**3,349**	**3,281**

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	**3,349**	3,281
- Branch advertisement income	**2,960**	5,073
Total	**6,309**	**8,354**
ii. Primary geographical market:		
- Outside India	**-**	-
- India	**6,309**	8,354
Total revenue from contracts with customer	**6,309**	**8,354**
iii. Timing of revenue recognition		
- at a point in time upon rendering services	**6,309**	8,354
- over period of time upon rendering services	**-**	-
Total	**6,309**	**8,354**
iv. Trade receivables towards contracts with customers		
- Opening Balance	**462**	396
- Closing Balance	**366**	462
v. Impairment on trade receivables towards contracts with customers	**1**	46

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

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

24. 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	**2,097**	2,467
(C)	Total Net gain/(loss) on fair value changes	**2,097**	**2,467**
(D)	Fair value changes :		
	-Realised	**2,048**	2,470
	-Unrealised	**49**	(3)
	Total Net gain/(loss) on fair value changes	**2,097**	**2,467**

25. OTHER INCOME

PARTICULARS		For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Branch advertisement income	**2,960**	5,073
(b)	Net gain / (loss) on derecognition of property, plant & equipment	**(95)**	2
(c)	Miscellaneous Income	**138**	165
Total		**3,003**	**5,240**

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

26. FINANCE COSTS

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
Amortised cost		
(a) Interest on borrowings	**1,35,240**	1,04,463
(b) Interest on debt securities	**39,484**	32,791
(c) Interest on subordinated liabilities	**6,016**	5,989
(d) Interest on lease liabilities	**303**	-
(e) Dividend on Compulsorily Convertible Cumulative Preference Shares (including dividend distribution tax thereon) (Refer note 15.6 above)	**1,155**	8,999
(f) Discounting Charges		
(i) On commercial paper	**19,688**	24,624
(ii) On debentures	**241**	585
Total	**2,02,127**	**1,77,451**

27. EMPLOYEE BENEFIT EXPENSES

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Salaries, wages and bonus	**12,877**	15,207
(b) Contribution to provident and other fund (Refer note 27.1 below)	**599**	908
(c) Staff welfare expenses	**383**	654
(d) Expenses related to post-employment defined benefit plans	**134**	140
(e) Share based payments to employees	**175**	58
Total	**14,168**	**16,967**

27.1 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 as a matter of caution, the Company had made a provision Rs 390 lakh for the year ended 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.

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

28. IMPAIRMENT ON FINANCIAL INSTRUMENTS

PARTICULARS		For the year ended March 31, 2020		For the year ended March 31, 2019
(a) Loans - at amortised cost				
(i) Impairment allowance - stage III (net of recoveries)		**26,493**		18,919
(ii) Write off - Loans	**17,047**		21,519	
Less : Reversal of Impairment allowance on write off - Loans	**(17,047)**	**-**	(21,519)	-
(iii) Impairment allowance - stage I & II		**15,993**		1,245
(b) Trade receivables		**1**		46
Total		**42,487**		**20,210**

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

29. OTHER EXPENSES

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Advertisements and publicity	**481**	287
(b) Brand Equity and Business Promotion	**823**	682
(c) Corporate social responsibility cost (Refer Note No 29.3 below)	**621**	642
(d) Donations	**-**	530
(d) Incentive / commission/ brokerage	**62**	30
(e) Information technology expenses	**4,168**	2,234
(f) Insurance charges	**396**	366
(g) Legal and professional fees	**1,444**	2,120
(h) Loan processing fees	**1,483**	2,176
(i) Printing and stationery	**279**	252
(j) Power and fuel	**195**	153
(k) Repairs and maintenance	**106**	42
(l) Rent	**1,147**	1,835
(m) Rates and taxes	**13**	12
(n) Service providers' charges	**2,132**	2,073
(o) Training and recruitment	**274**	252
(p) Telephone, telex and leased line	**137**	116
(q) Travelling and conveyance	**976**	943
(r) Foreign currency translation loss / (gain)	**-**	375
(s) Directors remuneration	**61**	64
(t) Audit Fees (Refer Note No 29.1 below)	**45**	43
(u) Other expenses	**499**	819
Total	**15,342**	**16,046**

29.1 Auditors Remuneration (including out of pocket expenses and excluding taxes) as below.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit Fees	38	35
Tax Audit Fees	4	4
Other Services *	3	4
Total	**45**	**43**

* Other Services include fees for certifications

29.2 Expenditure in foreign currency

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Legal and professional fees	-	93
Information Technology Expenses	505	18
Finance Cost	284	-
Training and recruitment	-	12
Total	**789**	**123**

29.3 Corporate social responsibility expenses

(a) Gross amount required to be spent by the company during the year was Rs. 621 Lakh (FY 2018-19: Rs. 642 lakh).

(b) Amount spent and paid during the year on:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Construction/acquisition of any asset	**-**	-
(ii) On purposes other than above (i)	**621**	642

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

30. Contingent Liabilities and Commitments (to the extent not provided for):

(a) Contingent Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Suits filed against the Company	391	-

- There are no uncertain tax positions as at March 31, 2020.

(b) Capital Commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for (net off advances given).

- Tangible: Rs. 97 Lakh (as at March 31, 2019 Rs. 260 Lakh)
- Intangible: Rs. 113 Lakh (as at March 31, 2019 Rs. 20 Lakh)

(c) Undrawn Commitment given to Borrowers

- As on March 31, 2020 Rs. 2,60,987 lakh (as at March 31, 2019: Rs. 2,98,894 lakh)

31. 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 Pte. Limited
	Tata Capital Growth Fund I
	Tata Capital Special Situation Fund
	Tata Capital Healthcare Fund I
	Tata Capital Healthcare Fund II (w.e.f. 12.09.2019)
	Tata Capital Innovations Fund
	Tata Capital Growth Fund II (w.e.f. 28.09.2018)
	Tata Capital Growth II General Partners LLP (w.e.f.20.09.2018)
	Tata Capital Markets Pte. Ltd.
	Tata Capital Advisors Pte. Ltd.
	Tata Capital Plc
	Tata Capital General Partners LLP
	Tata Capital Healthcare General Partners LLP
	Tata Opportunities General Partners LLP
	Tata Securities Limited
	Tata Capital Financial Services Limited
	Tata Cleantech Capital Limited
Subsidiaries of ultimate holding company (with which the company had transactions)	Tata Consultancy Services Limited
	Infiniti Retail Limited
	Tata Teleservices Maharashtra Limited
	Tata Teleservices Limited
Plans	Tata Capital Limited Gratuity Scheme
	Tata Capital Limited Employees Provident Fund Trust
	Tata Capital Limited Employee Welfare Trust
	Tata Capital Limited Superannuation Scheme
Other Related Parties (with which the company had transactions)	Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
	Concorde Motors (India) Limited
	Nelco Limited
	Roots Corpotation Ltd
	Tata AIA Life Insurance Company Limited
	Tata AIG General Insurance Company Limited
	Tata Communications Limited
	Tata Motors Finance Limited
	Titan Company Ltd
	Voltas Limited
	Trent Limited
Key Management Personnel	Mr. R. Vaithianathan (Ceased to be Managing Director w.e.f. 21st May 2018)
	Mr. Anil Kaul (Managing Director w.e.f. 18th July 2018)
	Mr. Rajiv Sabharwal (Director)
	Mr. Ankur Verma (Director)
	Mr. Mehernosh B. Kapadia (Director)
	Ms. Anuradha E. Thakur (Director)
	Mr. Govind Sankaranarayan (Ceased to be Director w.e.f. 24th August 2018)
	Mr. S. Balakrishna Kamath (Chief Financial Officer) (Ceased to be Chief Financial Officer w.e.f. 29th February 2020)
	Mr. Jinesh Meghani (Company Secretary)

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

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:

Sr. No.	Party Name	Nature of transaction	2019-20	2018-19
1	Tata Sons Private Limited (formerly Tata Sons Limited)	a) Expenses		
		- Brand equity and business promotion	823	682
		- Staff Welfare	-	1
		- Training Expenses *	0	1
		b) Balance payable	823	682
2	Tata Capital Limited (Holding Company)	a) Amount raised by issue of		
		- Compulsorily Convertible Cumulative Preference Shares	30,000	55,500
		- Equity Shares	15,000	-
		b) Inter-Corporate Deposit accepted / repaid		
		- Inter-Corporate Deposit received during year	4,84,084	4,78,207
		- Inter-Corporate Deposit repaid during year	5,04,202	4,58,089
		c) Interest expense on		
		-Inter-Corporate Deposit	2,066	1,394
		d) Reimbursement of expenses to TCL	3	7
		e) Service providers charges	1,137	1,179
		f) Dividend paid on Equity Shares	6,571	-
		g) Dividend paid on Preference Shares	948	7,403
		h) Guest house income *	-	0
		i) Conversion of Compulsorily Convertible Cumulative Preference Shares into Equity Shares	1,57,200	40,800
		j) Balance Outstanding		
		- Expenses Payable	106	94
		- Borrowings (Inter-Corporate Deposit)	-	20,118
		- Borrowings (Compulsorily Convertible Cumulative Preference Shares)	-	1,27,200
3	Tata Capital Financial Services Limited	a) Transfer from		
		-Fixed Assets *	0	11
		b) Transfer to		
		-Fixed Assets / CWIP *	0	-
		c) Expenses		
		-Rent expenses	1,104	1,076
		-Guest house expenses	21	27
		-Loan sourcing fee	22	15
		d) Income		
		-Rent recovery	99	70
		-Guest House Recovery	6	7
		-Reimbursement of expenses	65	-
		e) Balance payable	173	205
4	Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)	a) Expenses		
		- Service provider charges	1,329	1,865
		b) Balance payable	36	-
5	Tata Consultancy Services Limited	a) Expenses		
		- Information technology expenses	1,956	1,549
		- Advertisements and publicity	-	200
		b) Prepaid expenses	7	-
		c) Balance payable	1,202	884

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

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)***

Sr. No.	Party Name	Nature of transaction	2019-20	2018-19
6	Tata AIA Life Insurance Company Limited	a) Expenses		
		- Insurance Expense for Employees	29	12
		b) Advance given	20	27
7	Tata AIG General Insurance Company Limited	a) Expenses		
		- Insurance expenses	2	4
		b) Advance given	2	-
8	Infiniti Retail Limited	a) Fixed Asset purchased	1	2
		b) Gift Expenses *	0	-
		c) Repair & Maintenance *	0	-
		d) Advance given	-	1
9	Tata Cleantech Capital Limited	a) Guest House Expenses	1	-
		b) Guest House Income*	0	-
		c) Outstanding Payable*	0	-
10	Tata Teleservices Limited	a) Telephone, telex and leased line	2	17
		b) Advance given *	-	-
11	Tata Teleservices Maharashtra Limited	a) Telephone, telex and leased line	2	7
12	Concorde Motors (India) Limited	a) Fixed asset purchased	-	11
13	Nelco Limited	a) Information technology expenses *	-	0
14	Roots Corpotation Ltd	a) Training expenses *	-	0
15	Tata Communications Limited	a) Information technology expenses	32	26
16	Tata Motors Finance Limited	a) Rent expenses	1	2
17	Titan Company Ltd	a) Staff welfare	18	5
		b) Advance given	1	39
18	Voltas Limited	a) Fixed asset purchased	1	5
		b) Repairs and maintenance expenses	5	6
		c) Advance given *	-	0
19	Tata Capital Limited Employees Provident Fund Trust	a) Expenses - Employers Contribution towards Provident	366	303
		a) Others - Employees Contribution towards Provident Fund	581	506
20	Tata Capital Limited Superannuation Scheme	a) Contribution towards Superannuation Fund	13	14
21	Trent Limited	a) Advance given *	0	-
22	Tata Securities Limited	a) Rent income	4	-
		b) Asset transfer from *	0	-
		c) Balance receivable	3	-
23	Key Management Personnel	a) Remuneration to KMP		
		- Short Term Employee Benefits	642	519
		- Long Term Employee Benefits	20	-
		- Post Employment Benefits	62	205
		- Share based payments (No. of Shares)		
		(i) Options granted as on date	12,35,000	10,05,307
		(ii) Options exercised as on date	25,000	3,95,307
		- Director sitting fees	31	31
		- Director commission	30	27
		b) Home Loans given		
		- Disbursement made against home loans	-	161
		- Interest income against home loans	26	29
		- Repayment received against home loans	274	32
		- Outstanding amount of home loans	123	369

*Less than Rs.50,000/-

All transaction with these related parties are priced on an arm's length and in ordinary course of business.

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

32. Earnings per Share (EPS):

Particulars		2019-20	2018-19
Profit after tax	Rs. in Lakh	15,234	5,049
Add: Preference dividend (including dividend distribution tax)	Rs. in Lakh	1,098	8,911
Profit after tax attributable to parent company	Rs. in Lakh	16,332	13,960
Weighted average number of Equity shares used in computing Basic / Diluted EPS	Nos	52,46,86,306	54,12,12,806
Face value of equity shares	Rupees	10	10
Earnings per share (Basic and Diluted)	Rupees	**3.11**	**2.58**

33. Movement in Impairment loss allowance - Stage I & II (provisions against standard assets) during the year is as under:

Particulars	2019-20	2018-19
Opening Balance	18,657	17,412
Additions during the year	15,993	1,245
Utilised during the year	-	-
Closing Balance	**34,650**	**18,657**

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

34. Share based payment

A. Description of share based payments:

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

B. Summary of share based

31 March 2020

Particulars	ESOP 2013	ESOP 2017	ESOP 2018	ESOP 2019	Total
Outstanding balance at the beginning of the period	**33,402**	**14,93,500**	**10,20,000**	**-**	**25,46,902**
Options granted	-	-	-	11,75,000	11,75,000
Options forfeited	-	-	-	-	-
Options exercised	-	1,17,000	-	-	1,17,000
Options expired	33,402	13,76,500	-	-	14,09,902
Options lapsed	-	-	-	-	-
Options outstanding at the end of the period	**-**	**-**	**10,20,000**	**11,75,000**	**21,95,000**
Options exercisable at the end of the period			10,20,000	11,75,000	21,95,000
For share options exercised:					
Weighted average exercise price at date of exercise					33.40
Money realized by exercise of options					39,07,800
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	5.95
Modification of plans	N.A.	N.A.	N.A.	N.A.	
Incremental fair value on modification	N.A.	N.A.	N.A.	N.A.	

31 March 2019

Particulars	ESOP 2013	ESOP 2017	ESOP 2018	ESOP 2019	Total
Outstanding balance at the beginning of the period	**1,06,805**	**24,60,000**	**-**	**-**	**25,66,805**
Options granted	-	-	10,20,000	-	10,20,000
Options forfeited	53,958	6,70,000	-	-	7,23,958
Options exercised	19,445	2,96,500	-	-	3,15,945
Options expired	-	-	-	-	-
Options lapsed	-	-	-	-	-
Options outstanding at the end of the period	**33,402**	**14,93,500**	**10,20,000**	**-**	**25,46,902**
Options exercisable at the end of the period	33,402	14,93,500	-	-	15,26,902
For share options exercised:					
Weighted average exercise price at date of exercise	-	-	-	-	33
Money realized by exercise of options	-	-	-	-	1,03,89,225
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	-	2.61
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)*

B. Summary of share based payments *(Continued)*

C. Valuation of stock options

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes formula. The inputs used in measuring the fair values at grant date of the equity-settled sharebased payment plans were as follows :

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

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

34. Share based payment *(Continued)*

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

As at March 31, 2020

	Mr. Anil Kaul		Mr. Balakrishna Kamath*		Mr. Jinesh Meghani	
Name of Scheme	**Granted**	**Exercised**	**Granted**	**Exercised**	**Granted**	**Exercised**
ESPS 2009	-	-	-	-	-	-
ESPS 2011	-	-	-	-	-	-
ESOP 2011	-	-	-	-	-	-
PS 2013	-	-	-	-	-	-
ESPS 2013	-	-	-	-	-	-
ESOP 2013	-	-	-	-	-	-
ESOP 2016	-	-	10,000	10,000	5,000	5,000
ESOP 2017	-	-	10,000	10,000	10,000	-
ESOP 2018	6,00,000	-	-	-	-	-
ESOP 2019	6,00,000	-	-	-	-	-
Total	**12,00,000**	**-**	**20,000**	**20,000**	**15,000**	**5,000**

* Mr. Balakrishna Kamath ceased to be a KMP w.e.f. February 29, 2020.

As at March 31, 2019

	Mr. Anil Kaul		Mr. R. Vaithianathan*		Mr. Balakrishna Kamath		Mr. Jinesh Meghani*	
Name of Scheme	**Granted**	**Exercised**	**Granted**	**Exercised**	**Granted**	**Exercised**	**Granted**	**Exercised**
ESPS 2009	-	-	2,16,923	2,16,923	-	-	-	-
ESPS 2011	-	-	-	-	-	-	-	-
ESOP 2011	-	-	1,10,000	1,10,000	-	-	-	-
PS 2013	-	-	23,384	23,384	-	-	-	-
ESPS 2013	-	-	-	-	-	-	-	-
ESOP 2013	-	-	-	-	-	-	-	-
ESOP 2016	-	-	10,000	10,000	10,000	10,000	5,000	5,000
ESOP 2017	-	-	10,000	10,000	10,000	10,000	10,000	-
ESOP 2018	6,00,000	-	-	-	-	-	-	-
ESOP 2019	-	-	-	-	-	-	-	-
Total	**6,00,000**	**-**	**3,70,307**	**3,70,307**	**20,000**	**20,000**	**15,000**	**5,000**

* Mr. R. Vaithianathan ceased to be a KMP w.e.f. May 21, 2018 and Mr. Jinesh Meghani appointed as KMP w.e.f. June 01, 2018

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

35. Employee benefit expenses

A. Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to provident fund set up as Trust by the Company. 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 ₹ 585 Lakhs (Year ended 31 March 2019 ₹ 504 Lakhs) for Provident Fund contributions and ₹ 13 Lakhs (Year ended 31 March 2019 ₹ 14 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/Diability
Benefit payable	For service less than 10 years: 15/26 X Salary X Service
	For service greater than 10 years: Salary X Service
Salary definition	Last drawn monthly basic salary + Dearness Allowance
Service definition	Number of years of service rounded to the nearest integer
Normal retirement age	60 years

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

The Tata Capital Limited Gratuity Scheme is funded by way of a separate irrevocable Trust and the Company is expected to make regular contributions to the Trust. The fund is managed internally by the Company and the assets are invested as per the pattern prescribed under Rule 67 of IT Rules. The asset allocation of the Trust is set by Trustees from time to time, taking into account the membership profile, the liquidity requirements of the plan and risk appetite of the plan sponsor as per the investment norms. Each year asset-liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and Contribution policies are integrated within this study.

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

1. Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

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

4. Market risk: : Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

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

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

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

Movement in net defined benefit (asset) liability

a) Reconciliation of balances of Defined Benefit Obligations.

Particulars	For the year ended March 31, 2020 Total Funded	Total Unfunded	For the year ended March 31, 2019 Total Funded	Total Unfunded
Defined Obligations at the beginning of the year	734	-	721	
Current service cost	151	-	148	-
Interest cost	47	-	46	-
Plan participant's contributions		-		-
Exchange (gain) / loss		-		-
Benefits paid	-	-	-	-
Past service cost		-		-
Amalgamations / Acquisitions	21	-	11	-
Liabilities assumed on transfer of employees		-		-
Settlement cost / (credit)	-	-	-	-
Curtailment cost / (credit)	-	-	-	-
Plan amendments	-	-	-	-
Actuarial (Gains)/ Losses on obligations arising from:		-		-
a. Due to change in financial assumptions	61	-	105	-
b. Due to change in experience adjustments	39	-	22	-
c. Due to experience adjustments	-	-	(61)	-
Benefits paid directly by the Company	(169)	-	(258)	-
Defined Obligations at the end of the year	**884**	**-**	**734**	**-**

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

35. Employee benefit expenses *(Continued)*

b) Reconciliation of balances of Fair Value of Plan Assets

	For the year ended March 31, 2020		For the 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	**815**	**-**	756	
Expected return on plan assets	(94)	-	(9)	-
Actuarial gain / (loss) on plan assets		-		-
Exchange gain/(loss)		-		-
Employer contributions	-	-	-	-
Plan participant's contributions		-		-
Benefits paid	-	-	-	-
Amalgamations / Acquisitions	21	-	11	-
Assets transferred on transfer of employees		-		-
Adjustment on plan settlement				
Change in secured pensioner value	-	-	-	-
Others (please specify below)		-		-
Interest Income on Plan Assets	59	-	58	-
		-		-
Due to company ceasing to be a subsidiary		-		-
Fair Value of Plan Assets at the end of the year	**800**	**-**	**815**	**-**

c) Funded status

	For the year ended March 31, 2020		For the year ended March 31, 2019	
Particulars	**Total Funded**	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Deficit of plan assets over obligations				
Surplus of plan assets over obligations	**(84)**		**81**	
Unrecognised asset due to asset ceiling				
Total	**(84)**	**-**	**81**	**-**

d) Categories of plan assets

	For the year ended March 31, 2020		For the year ended March 31, 2019	
Particulars	**Total Funded**	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Corporate bonds	172	-	351	-
Equity shares	46	-	85	-
Government securities	184	-	371	-
Insurer managed funds - ULIP Product	397	-	-	-
PSU bonds	-	-	-	-
Equity mutual funds	-	-	-	-
Bank balances	-	-	-	-
Cash	1	-	7	-
Equities	-	-	-	-
Special deposit scheme	-	-	-	-
Index linked gilt	-	-	-	-
Secured pensions	-	-	-	-
Others (please specify)	-	-	-	-
Total	**800**	**-**	**815**	**-**

Notes forming part of the Financial Statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

35. Employee benefit expenses *(Continued)*

e) Amount recognised in Balance sheet

	For the year ended March 31, 2020		For the year ended March 31, 2019	
Particulars	**Total Funded**	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Present value of the defined benefit obligation	884	-	734	-
Fair value of plan assets	800	-	815	-
Unrecognised asset due to asset ceiling				
Unrecognised past service costs				
Net asset / (liability) recognised in the Balance Sheet	**(84)**	**-**	**81**	**-**

f) Amount recognised in Statement of Profit and Loss

	For the year ended March 31, 2020		For the year ended March 31, 2019	
Particulars	**Total Funded**	**Total Unfunded**	**Total Funded**	**Total Unfunded**
Current Service Cost	146	-	152	-
Past Service cost	-	-	-	-
Interest Cost (net)	(12)	-	(13)	-
Curtailment cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Received from intra-group company on transfer of employees				
Expected return on plan assets				
Actuarial loss/(gain) recognised during the year				
Others (please specify)				
Expenses for the year	**134**	**-**	**140**	**-**

g) Amount recognised in OCI

	For the year ended March 31, 2020		For the year ended March 31, 2019	
Particulars	**Total Funded**	**Total Unfunded**	**Total Funded**	**Total Unfunded**
a. Due to change in financial assumptions	**61**	**-**	**105**	**-**
b. Due to change in experience adjustments	**39**	**-**	**22**	**-**
c. Due to experience adjustments	**-**	**-**	**(61)**	**-**
d. (Return) on plan assets (excl. interest income)	94	-	9	-
e. Change in Asset Ceiling				
Total remeasurements in OCI	**194**	**-**	**76**	**-**
Total defined benefit cost recognized in P&L and OCI	**329**	**-**	**216**	**-**

h) Expected cash flows for the following year

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Expected total benefit payments	**1,416**	**1,293**
Year 1	**85**	**73**
Year 2	**85**	**75**
Year 3	**91**	**89**
Year 4	**119**	**97**
Year 5	**128**	**127**
Next 5 years	**908**	**832**

(Rs. in lakh)

35. Employee benefit expenses *(Continued)*

i) Major Actuarial Assumptions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount Rate (%)	6.30%	7.20%
Salary Escalation/ Inflation (%)	Non CRE : 8.25% CRE and J Grade : 6%	Non CRE : 8.25% CRE and J Grade : 6%
Expected Return on Plan assets (%)	6.30%	7.20%
Mortality Table	**Indian assured lives Mortality (2006-08) (modified) Ult.**	**Indian assured lives Mortality (2006-08) (modified) Ult.**
Withdrawal (rate of employee turnover)	CRE and J Grade : 40% Non CRE : Service Rate Less than 5 years 25% More than 5 years 10%	CRE and J Grade : 40% Non CRE : Service Rate Less than 5 years 25% More than 5 years 10%
Retirement Age	**60 years**	**60 years**
Estimate of amount of contribution in the immediate next year	85	73.32

The estimates for future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation.

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

i) Sensitivity analysis

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

	For the year ended March 31, 2020		For the year ended March 31, 2019	
Particulars	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(67.7)	77.7	(54.4)	62.3
Future salary growth (1% movement)	75.7	(67.3)	61.2	(54.5)
Others (Withdrawal rate 5% movement)	(79.2)	119.5	(54.9)	77.1

j) Provision for leave encashment

	For the year ended March 31, 2020		For the year ended March 31, 2019	
Particulars	**Non current**	**Current**	**Non current**	**Current**
Liability for compensated absences	293	113	242	123

Experience adjustments	Defined benefit obligation	Plan assets	Surplus/ (deficit)	Experience adjustments on plan liabilities	Experience adjustments on plan assets
Funded					
2019-20	884	800	(84)	(39)	(94)
2018-19	734	815	81	(22)	(9)
Unfunded					
2019-20	-	-	-	-	-
2018-19	-	-	-	-	-

(Rs. in lakh)

36. Fair values of financial instruments

See accounting policy in Note 2(iv).

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 forward rate agreement, that use only 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. 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 and interest rate risk on account of fluctuation in the foreign exchange rates and floating rates towards the principal and interest repayments of external commercial borrowing. Some of these instruments are valued using models with significant unobservable inputs, principally expected long-term volatilities and expected correlations between different underlyings.

(Rs. in lakh)

36. Fair values of financial instruments *(Continued)*

See accounting policy in Note 2(iv).

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) re-performance of model valuations;
3) a review and approval process for new models and changes to models
4) annual calibration and back-testing of models against observed market transactions;
5) analysis and investigation of significant annual valuation movements; and
6) review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous year.

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

Significant valuation issues are reported to the Audit Committee.

(Rs. in lakh)

36. Fair values of 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	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying Value
Financial Assets:						
Cash and cash equivalents	-	-	-	-	1,67,561	1,67,561
Other balances with banks	-	-	-	-	30	30
Derivative financial instruments	-	4,419	-	-	-	4,419
Trade receivables	-	-	-	-	366	366
Loans	-	-	-	-	26,84,996	26,84,996
Investments	452	-	-	-	-	452
Other financial assets	-	-	-	-	443	443
Total	**452**	**4,419**	**-**	**-**	**28,53,396**	**28,58,267**
Financial Liabilities:						
Derivative financial instruments	-	2,447	-	-	-	2,447
Trade and other payables	-	-	-	-	8,510	8,510
Borrowings *	-	-	-	-	25,52,838	25,52,838
Other financial liabilities	-	-	-	-	33,119	33,119
Total	**-**	**2,447**	**-**	**-**	**25,94,467**	**25,96,914**

* Borrowings includes Debt Securities, Subordinated liabilities and Borrowings (Other than debt securities).

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	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying Value
Financial Assets:						
Cash and cash equivalents	-	-	-	-	13,276	13,276
Other balances with banks	-	-	-	-	51,708	51,708
Derivative financial instruments	-	347	-	-	-	347
Trade receivables	-	-	-	-	462	462
Loans	-	-	-	-	26,08,400	26,08,400
Investments	369	-	-	-	-	369
Other financial assets	-	-	-	-	482	482
Total	**369**	**347**	**-**	**-**	**26,74,328**	**26,75,044**
Financial Liabilities:						
Derivative financial instruments	-	372	-	-	-	372
Trade and other payables	-	-	-	-	6,617	6,617
Borrowings *	-	-	-	-	25,57,898	25,57,898
Other financial liabilities	-	-	-	-	23,844	23,844
Total	**-**	**372**	**-**	**-**	**25,88,359**	**25,88,731**

* Borrowings includes Debt Securities, Subordinated liabilities and Borrowings (Other than debt securities).

Carrying amounts of cash and cash equivalents, trade receivables, and trade 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 period presented.

(Rs. in lakh)

36. Fair values of financial instruments

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For mutual funds, published net asset value (NAV) is used for the purpose of computation of fair value.

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.
a) Fair value is computed for financial asset carried at amortised cost by comparing the contracted internal rate of return with the weighted average coupon rate for the loans disbursed in the reporting month.
b) For all other financial assets and financial liabilities, the carrying value approximates the fair value of the instrument.

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:				
Derivative financial instruments	-	4,419	-	4,419
Mutual fund units	-	452	-	452
Total	**-**	**4,871**	**-**	**4,871**
Financial Liabilities:				
Derivative financial instruments	-	2,447	-	2,447
Total	**-**	**2,447**	**-**	**2,447**

As at March 31, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets:				
Derivative financial instruments	-	347	-	347
Mutual fund units	-	369	-	369
Total	**-**	**716**	**-**	**716**
Financial Liabilities:				
Derivative financial instruments	-	372	-	372
Total	**-**	**372**	**-**	**372**

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	26,84,996	27,03,492	26,08,400	26,22,666
Total	**26,84,996**	**27,03,492**	**26,08,400**	**26,22,666**
Financial Liabilities at amortised cost:				
Borrowings (includes debt securities and subordinated liabilities)	25,52,838	25,36,560	25,57,898	25,51,222
Total	**25,52,838**	**25,36,560**	**25,57,898**	**25,51,222**

(Rs. in lakh)

36. Fair values of financial instruments

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	27,03,492	26,22,666	Level 3	Discounted cash flows	Discounting rate and future expected cash flows	Higher the discounting rate lower the fair value of loans
Financial Assets at Fair value	**27,08,363**	**26,23,382**				

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				
Borrowings	25,36,560	25,51,222	Level 3	Discounted cash flows	Discounting rate and future expected cash flows	Higher the discounting rate lower the fair value of Borrowings
Financial Liabilities at Fair value	**25,39,007**	**25,51,594**				

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.

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.
To improve the accuracy of the valuation estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics such as product.
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.

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

37. 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 39

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. Capital management
i. Regulatory capital
ii. Capital allocation

A. Credit risk
For the definition of credit risk and information on how credit risk is mitigated by the Company, see Note 39.

i. Credit quality analysis
The following table sets out information about the credit quality of financial assets measured at amortised cost and fair value through other comprehensive income. The amounts in the table represent gross carrying amounts for financial assets, impairment allowance and net carrying amounts for financial assets.
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)

37. Financial risk review *(Continued)*

A. **Credit risk**

Loans by Division

i. Credit quality analysis continued

1) **Loan exposure by Financing division**

PARTICULARS	As at March 31, 2020 Amortised Cost	As at March 31, 2019 Amortised Cost
Loans by division		
(i) Housing	19,99,233	20,47,095
(ii) Non Housing	7,48,773	6,02,202
(iii) Others	57	57
Gross carrying amount	**27,48,063**	**26,49,354**
Less : Impairment loss allowance	57,968	32,528
Net Carrying amount	**26,90,095**	**26,16,826**

Note:

- Gross Carrying amount does not include Loan commitments Rs. 2,60,987 lakh (As on March 31, 2019: Rs. 2,98,894 lakh). The EAD considered for loan commitments is after applying credit conversion factor (CCF) as per NHB norms.

2) **<u>Days past due based method implemented by Company for credit quality analysis of Loans</u>**

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	25,02,359		130	25,02,489	23,79,092		586	23,79,678
1-29 days	1,44,807		11	1,44,818	1,88,021		229	1,88,250
30-59 days		36,692	19	36,711		24,271	7	24,278
60-89 days		26,493	1,091	27,584		34,065	70	34,135
90 or more days			36,461	36,461			23,014	23,014
Total	**26,47,166**	**63,185**	**37,712**	**27,48,063**	**25,67,113**	**58,336**	**23,906**	**26,49,354**

Note:

- Gross Carrying amount does not include Loan commitments Rs. 2,60,987 lakh (As on March 31, 2019: Rs. 2,98,894 lakh). The EAD considered for loan commitments is after applying credit conversion factor (CCF) as per NHB norms.

Notes forming part of the Financial Statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

37. Financial risk review *(Continued)*

3)

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	11,584		60	11,644	9,165		515	9,680
1-29 days	3,494		6	3,500	1,013		111	1,124
30-59 days		6,836	10	6,846		2,789	3	2,792
60-89 days		12,736	578	13,314		5,690	30	5,720
90 or more days			22,664	22,664			13,212	13,212
Total	**15,078**	**19,572**	**23,318**	**57,968**	**10,178**	**8,479**	**13,871**	**32,528**

Note:

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 37(A) (iii) (4) and Note no 39.

- Include impairment allowance on Loan commitments Rs. 1,249 lakh (As on March 31, 2019: Rs. 1,231 lakh)

(Rs. in lakh)

37. 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 probability of default**	**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	0	25,02,359	0.46%	11,584	24,90,775
			1-29	1,44,807	2.41%	3,494	1,41,313
			Total	26,47,166	0.57%	15,078	26,32,088
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired	Loans	30-59	36,692	18.63%	6,836	29,856
			60-89	26,493	48.07%	12,736	13,757
			Total	63,185	30.98%	19,572	43,613
	Financial assets for which credit risk has increased significantly and credit-impaired	Loans	0	130	46.15%	60	70
			1-29	11	54.55%	6	5
			30-59	19	52.63%	10	9
			60-89	1,091	52.98%	578	513
			90 days and above	36,461	62.16%	22,664	13,797
			Total	37,712	61.83%	23,318	14,394
			Total	**27,48,063**	**2.11%**	**57,968**	**26,90,095**

As at March 31, 2019		**Asset group**	**Days past due**	**Estimated gross carrying amount at default**	**Expected probability of default**	**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	0	23,79,092	0.39%	9,165	23,69,927
			1-29	1,88,021	0.54%	1,013	1,87,008
			Total	25,67,113	0.40%	10,178	25,56,934
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired	Loans	30-59	24,271	11.49%	2,789	21,482
			60-89	34,065	16.70%	5,690	28,375
			Total	58,336	14.53%	8,479	49,857
	Financial assets for which credit risk has increased significantly and credit-impaired	Loans	0	586	87.88%	515	71
			1-29	229	48.47%	111	118
			30-59	7	42.86%	3	4
			60-89	70	42.86%	30	40
			90 days and above	23,014	57.41%	13,212	9,802
			Total	23,906	58.02%	13,871	10,035
			Total	**26,49,354**	**1.23%**	**32,528**	**26,16,826**

Note:

- Gross Carrying amount does not include Loan commitments Rs. 2,60,987 lakh (As on March 31, 2019: Rs. 2,98,894 lakh). The EAD considered for loan commitments is after applying credit conversion factor (CCF) as per NHB norms.

- Include impairment allowance on Loan commitments Rs. 1,249 lakh (As on March 31, 2019: Rs. 1,231 lakh)

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	366	-	366	462	-	462
Stage 2:Significant increase in credit risk	-	-	-	-	-	-
Stage 3: Credit impaired	1	1	-	46	46	-
Net Carrying value of trade receivables	**367**	**1**	**366**	**508**	**46**	**462**

Notes forming part of the Financial Statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

37. 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	60,494	4,419	-	57,788	347	-
Interest rate swap	56,058	-	2,447	51,990	-	372
Total	**1,16,551**	**4,419**	**2,447**	**1,09,778**	**347**	**372**

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 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 38.

The 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.

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

37. Financial risk review *(Continued)*

A. Credit risk

ii (a) Collateral held 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:

For housing loans, mortgage against residential property is obtained. For loan against property, mortgage against residential and commercial property is obtained. For Construction finance, additionally mortgage over residential and commercial project is obtained.

The table show the maximum exposure to credit risk by class of financial asset.

Particulars	Category of collateral available	As at March 31, 2020	As at March 31, 2019
Financial assets			
Loans			
Housing Loans	Mortgages over residential properties	19,99,233	20,47,095
Non housing loan	Charges over: i) real estate properties (including residential and commercial), ii) land iii) Under construction flat	7,48,773	6,02,202
Loan to TCL Employee Welfare Trust	Unsecured loan	57	57
Total		**27,48,063**	**26,49,354**

Assets obtained by taking possession of collateral

The Company's collection policy is to pursue timely realisation of the collateral in an orderly manner.The Company upon a customer account becoming delinquent, undertakes the process to physically repossess properties with the help of legal proceeding to recover funds and settle outstanding debt. Any surplus funds if any received are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale. Asset in the form of real estate property received upon final settlement of the loan is recorded as non-current assets held for sale.

Management monitors the market value of collateral as per the Credit monitoring process and will request additional collateral in accordance with the underlying agreement as applicable.

Notes forming part of the Financial Statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

37. Financial risk review *(Continued)*

A. **Credit risk**

ii (b) Collateral held and other credit enhancements (continued)

The table show the value of the credit impaired asset and the value of the collateral available.

Particulars	As at March 31, 2020		As at March 31, 2019	
	Credit Impaired	Security held	Credit Impaired	Security held
Loans				
Housing Loans	29,502	51,982	18,633	59,255
Non housing loan	8,199	24,519	5,271	24,057
Total	**37,701**	**76,501**	**23,904**	**83,312**

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

37. 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	**25,67,113**	**58,336**	**23,906**	**26,49,354**	**19,63,521**	**55,656**	**24,801**	**20,43,978**
New assets originated or purchased	7,02,997			7,02,997	10,71,375			10,71,375
Assets derecognised or repaid (excluding write offs)	(5,69,687)	(13,425)	(1,752)	(5,84,864)	(4,29,264)	(12,751)	(1,698)	(4,43,713)
Transfers to Stage 1	8,629	(7,516)	(1,114)	-	15,956	(14,311)	(1,645)	-
Transfers to Stage 2	(41,563)	42,206	(643)	-	(38,972)	39,401	(429)	(0)
Transfers to Stage 3	(19,768)	(16,386)	36,155	-	(14,415)	(8,313)	22,728	-
Amounts written off *	(555)	(30)	(18,839)	(19,424)	(1,088)	(1,346)	(19,851)	(22,285)
Gross carrying amount closing balance	**26,47,166**	**63,185**	**37,712**	**27,48,063**	**25,67,113**	**58,336**	**23,906**	**26,49,354**

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	**10,178**	**8,479**	**13,871**	**32,528**	**9,591**	**7,822**	**16,471**	**33,883**
New assets originated or purchased	42,441			42,441	20,309			20,309
Assets derecognised or repaid (excluding write offs)	(1,740)	(2,299)	(1,831)	(5,870)	(2,141)	(3,497)	(1,953)	(7,591)
Transfers to Stage 1	66	(60)	(6)	-	66	(58)	(8)	-
Transfers to Stage 2	(23,173)	23,273	(100)	-	(8,893)	8,950	(57)	0
Transfers to Stage 3	(12,692)	(9,818)	22,510	-	(8,750)	(4,528)	13,279	-
Amounts written off *	(2)	(3)	(11,127)	(11,131)	(3)	(210)	(13,860)	(14,073)
ECL allowance - closing balance	**15,078**	**19,572**	**23,318**	**57,968**	**10,178**	**8,479**	**13,871**	**32,528**

* The above amount written off is subject to the enforcement of the security.

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 37(A) (iii) (4) and Note no 39.

(Rs. in lakh)

37. Financial risk review *(Continued)*

A. Credit risk

iii Amounts arising from ECL

Modified financial assets

The Company renegotiates loans given to customers in financial difficulties (referred to as forbearance activities, restructuring or rescheduling) to maximise collection opportunities and minimise the risk of default. Under the Companies forbearance policy, loan forbearance is granted on a selective basis if the customer is currently in default on its debt or if there is a high risk of default, there is evidence that the customer made all reasonable efforts to pay under the original contractual terms and the customer is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Risk Management Committee regularly reviews reports on forbearance activities.

Upon renegotiation, such accounts are classified as stage 3. Such accounts are upgraded to stage 1 only upon observation of satisfactory repayments of one year from the date of such down-gradation and accordingly loss allowance is measured using 12 month PD.

Exposure to modified financial assets

PARTICULARS	As at March 31, 2020 Amortised Cost	As at March 31, 2019 Amortised Cost
Loan exposure to modified financial assets		
(i) **Gross carrying amount**	450	2,972
(ii) Impairment allowance	243	656
(iii) Net carrying amount	**207**	**2,316**

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

37. Financial risk review *(Continued)*

A. **Credit risk**

Loans by Division

iv. Credit concentration by division under various stages:

1) **Loan exposure by division**

The table below shows the credit quality and the maximum exposure to credit risk based on year-end stage classification of Loans by division. The amounts presented are gross of impairment allowances.

a)

Gross carrying amount of 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
Division								
Housing	19,26,464	43,273	29,496	19,99,233	19,87,742	40,721	18,633	20,47,095
Non Housing	7,20,645	19,912	8,216	7,48,773	5,79,314	17,615	5,273	6,02,202
Others	57	-	-	57	57	-	-	57
Total	**26,47,166**	**63,185**	**37,712**	**27,48,063**	**25,67,113**	**58,336**	**23,906**	**26,49,354**

- Gross Carrying amount does not include Loan commitments Rs. 2,60,987 lakh (As on March 31, 2019: Rs. 2,98,894 lakh). The EAD considered for loan commitments is after applying credit conversion factor (CCF) as per NHB norms.

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								
Housing	9,817	14,386	19,002	43,205	6,456	6,878	11,373	24,707
Non Housing	5,261	5,186	4,316	14,763	3,723	1,601	2,498	7,822
Total	**15,078**	**19,572**	**23,318**	**57,968**	**10,178**	**8,479**	**13,871**	**32,528**

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 37(A) (iii) (4) and Note no 39.

- Include impairment allowance on Loan commitments Rs. 1,249 lakh (As on March 31, 2019: Rs. 1,231 lakh)

(Rs. in lakh)

37. 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 39.

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.

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

37. Financial risk review *(Continued)*

B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

The following tables set out the remaining contractual maturities of the Company's financial liabilities and financial assets:

As at March 31, 2020	Carrying amount	Gross nominal inflow/(outflow)	Less than 1 month	1–3 months	3 months –1 year	1–5 years	More than 5 years	upto 1 Year	more than 1 Year
Financial liability by type									
Non-derivative liabilities									
Trade payables	8,510	8,510	70	8,440	-	-	-	8,510	-
Debt securities	9,05,263	9,05,263	49,051	1,54,709	2,41,699	3,34,915	1,24,889	4,45,459	4,59,804
Borrowings	15,77,545	15,77,545	57,133	1,20,417	2,15,914	9,56,537	2,27,543	3,93,465	11,84,080
Subordinated liabilities	70,030	70,030	-	-	-	22,274	47,756	-	70,030
Other financial liabilities	33,119	33,119	2,714	7,118	15,212	7,421	655	25,044	8,075
Derivative liabilities	2,447	2,520	-	155	972	1,394	-	1,127	1,394
	25,96,914	**25,96,987**	**1,08,967**	**2,90,839**	**4,73,798**	**13,22,541**	**4,00,843**	**8,73,604**	**17,23,383**
Financial asset by type									
Non-derivative assets									
Cash and cash equivalents	1,67,561	1,67,561	1,67,561	-	-	-	-	1,67,561	-
Balances with bank in deposit account	30	30	-	-	-	-	30	-	30
Receivables	366	366	-	366	-	-	-	366	-
Loans	26,84,996	26,84,996	11,604	21,259	3,19,533	9,15,878	14,16,721	3,52,396	23,32,600
Investments	452	452	452	-	-	-	-	452	-
Other Financial Assets	443	443	10	19	86	251	77	115	328
Derivative assets	4,419	4,926	-	29	93	4,804	-	122	4,804
	28,58,267	**28,58,774**	**1,79,627**	**21,673**	**3,19,712**	**9,20,934**	**14,16,828**	**5,21,012**	**23,37,762**
Type of Borrowings									
Borrowings from Banks	15,78,872	15,78,872	57,174	1,20,500	2,16,273	9,57,382	2,27,543	3,93,947	11,84,925
Market Borrowings	9,77,317	9,77,317	49,111	1,54,822	2,42,181	3,58,465	1,72,738	4,46,114	5,31,203
Total Borrowings	**25,56,189**	**25,56,189**	**1,06,285**	**2,75,322**	**4,58,454**	**13,15,847**	**4,00,281**	**8,40,061**	**17,16,128**

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

37. 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	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	6,617	6,617	-	6,617	-	-	-	6,617	-
Debt securities	6,52,493	6,52,493	1,13,955	84,451	2,45,197	1,63,141	45,750	4,43,603	2,08,890
Borrowings	18,43,122	18,43,122	1,94,679	1,40,252	1,80,329	9,16,588	4,11,274	5,15,259	13,27,862
Subordinated liabilities	62,283	62,283	-	-	-	17,509	44,774	-	62,283
Other financial liabilities	23,844	23,844	6,471	4,360	12,523	490	-	23,354	490
Derivative liabilities	372	372	-	-	-	372	-	-	372
	25,88,731	**25,88,731**	**3,15,105**	**2,35,679**	**4,38,049**	**10,98,100**	**5,01,797**	**9,88,833**	**15,99,897**
Financial asset by type									
Non-derivative assets									
Cash and cash equivalents	13,276	13,276	13,276	-	-	-	-	13,276	-
Balances with bank in deposit account	51,708	51,708	8,009	16,020	27,651	-	28	51,680	28
Receivables	462	462	-	462	-	-	-	462	-
Loans	26,08,400	26,08,400	30,347	62,526	3,13,646	7,04,583	14,97,298	4,06,519	22,01,881
Investments	369	369	369	-	-	-	-	369	-
Other Financial Assets	482	482	-	-	353	129	-	353	129
Derivative financial instruments	347	347	1	2	8	336	-	11	336
	26,75,044	**26,75,044**	**52,002**	**79,010**	**3,41,658**	**7,05,048**	**14,97,326**	**4,72,670**	**22,02,374**
Type of Borrowings									
Borrowings from Banks	16,96,903	16,96,903	1,93,212	1,40,317	1,61,975	9,16,725	2,84,674	4,95,504	12,01,399
Market Borrowings	7,35,260	7,35,260	1,15,471	84,476	2,63,909	1,80,854	90,550	4,63,856	2,71,404
Total Borrowings excluding CCCPS	**24,32,163**	**24,32,163**	**3,08,683**	**2,24,793**	**4,25,884**	**10,97,579**	**3,75,224**	**9,59,360**	**14,72,803**

(Rs. in lakh)

37. 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.
Derivative financial liabilities and financial assets held for risk management purposes	The Derivative liability/asset amount represents the mark to market(MTM) gain/loss.

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) retail loans have an original contractual maturity of between 12 and 144 months but an average expected maturity of 84 months because customers take advantage of early repayment options.

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 i.e. retail and wholesale 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.

Notes forming part of the Financial Statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

37. Financial risk review *(Continued)*

B. **Liquidity risk**

ii. 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.

ASSETS	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	1,67,561	-	**1,67,561**	13,276	-	**13,276**
Balances with bank in deposit account	-	30	**30**	51,680	28	**51,708**
Derivatives financial instruments	120	4,299	**4,419**	11	336	**347**
Trade Receivables	366	-	**366**	462	-	**462**
Loans	3,52,396	23,32,600	**26,84,996**	4,06,519	22,01,881	**26,08,400**
Investments	-	452	**452**	-	369	**369**
Other financial assets	115	328	**443**	353	129	**482**
Non-financial Assets						
Current tax assets (Net)	-	688	**688**	-	312	**312**
Deferred tax Assets (Net)	-	13,127	**13,127**	-	12,001	**12,001**
Investment property	-	378	**378**	-	397	**397**
Property, Plant and Equipment	-	5,373	**5,373**	-	1,827	**1,827**
Capital work-in-progress	-	24	**24**	-	66	**66**
Intangible assets under development	-	-	**-**	-	9	**9**
Other intangible assets	-	603	**603**	-	714	**714**
Other non-financial assets	889	16	**905**	817	165	**982**
Total Assets	**5,21,447**	**23,57,918**	**28,79,365**	**4,73,118**	**22,18,234**	**26,91,352**

B. **Liquidity risk *(Continued)***

ii. Maturity analysis of assets and liabilities *(Continued)*

LIABILITIES	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Liabilities						
Derivative financial instruments	-	2,447	2,447	-	372	372
Trade Payables						
- Total outstanding dues of micro enterprises and small enterprises	25	-	25	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	8,485	-	8,485	6,617	-	6,617
Debt Securities	4,45,459	4,59,804	9,05,263	4,43,603	2,08,890	6,52,493
Borrowings (Other than debt securities)	3,93,465	11,84,080	15,77,545	5,15,259	13,27,863	18,43,122
Subordinated liabilities	-	70,030	70,030	-	62,283	62,283
Other financial liabilities	25,044	8,075	33,119	23,354	490	23,844
Non-Financial Liabilities						
Current tax liabilities (Net)	2,928	-	2,928	2,900	-	2,900
Provisions	128	399	527	137	264	401
Other non-financial liabilities	1,818	-	1,818	1,426	-	1,426
Total liabilities	**8,77,352**	**17,24,835**	**26,02,187**	**9,93,296**	**16,00,162**	**25,93,458**
Net	**(3,55,904)**	**6,33,082**	**2,77,178**	**(5,20,178)**	**6,18,072**	**97,894**

Notes forming part of the Financial Statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

37. Financial risk review *(Continued)*

B. **Liquidity risk**

iii. Financial assets available to support future funding

The Company has assets which are not pledged as securities. Details of assets pledged/not pledged as securities are as follows:

ASSETS	As at March 31, 2020 Pledged	As at March 31, 2020 Not Pledged	As at March 31, 2020 Total	As at March 31, 2019 Pledged	As at March 31, 2019 Not Pledged	As at March 31, 2019 Total
Financial assets	**26,76,883**	**1,81,384**	**28,58,267**	**26,04,802**	**70,242**	**26,75,044**
Cash and cash equivalents	-	1,67,561	1,67,561		13,276	13,276
Balances with bank in deposit account		30	30		51,708	51,708
Derivatives financial instruments		4,419	4,419		347	347
Trade Receivables		366	366		462	462
Loans	26,76,883	8,113	26,84,996	26,04,802	3,598	26,08,400
Investments		452	452		369	369
Other financial assets		443	443		482	482
Non-financial Assets	**29**	**21,069**	**21,098**	**31**	**16,277**	**16,308**
Current tax asset		688	688		312	312
Deferred tax Assets (Net)		13,127	13,127		12,001	12,001
Investment property	29	349	378	31	366	397
Property, Plant and Equipment		5,373	5,373		1,827	1,827
Capital work-in-progress		24	24		66	66
Intangible assets under development		-	-		9	9
Other intangible assets		603	603		714	714
Other non-financial assets		905	905		982	982
Total Assets	**26,76,912**	**2,02,453**	**28,79,365**	**26,04,833**	**86,519**	**26,91,352**

iv. Financial assets pledged as collateral

The total financial assets recognised in the statement of financial position that had been pledged as collateral for liabilities as on March 31, 2020 and March 31, 2019 is shown in the preceding table.

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

37. Financial risk review *(Continued)*

C. Market risk

i For the definition of market risk and information on how the company manages the market risks of trading and non-trading portfolios, see Note 39(D).

The following table sets out the allocation of assets and liabilities to non-trading portfolios. The Company does not allocate the assets and liabilities to trading portfolios.

Carrying amount	**Market risk measure**	
Assets subject to market risk	**As at March 31, 2020**	**As at March 31, 2019**
Cash and cash equivalents	1,67,561	13,276
Balances with bank in deposit account	30	51,708
Derivative financial instruments	4,419	347
Receivables	366	462
Loans	26,84,996	26,08,400
Investments	452	369
Other Financial Assets	443	482
Liabilities subject to market risk		
Derivative financial instruments	2,447	372
Trade payables	8,510	6,617
Debt securities issued	9,05,263	6,52,493
Borrowings	15,77,545	18,43,122
Subordinated liabilities	70,030	62,283
Other financial liabilities	33,119	23,844

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

37. Financial risk review *(Continued)*

C. Market risk

ii 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

Rate sensitive	**Less than 1 Year**	**@ 100bps change increase**	**@ 100bps change decrease**
Loans given	26,66,872	26,669	(26,669)
Borrowings	18,42,598	18,426	(18,426)
Net Gap (Asset - liability)	8,24,274	8,243	(8,243)

As at March 31, 2019

Rate sensitive	**Less than 1 Year**	**@ 100bps change increase**	**@ 100bps change decrease**
Loans given	26,13,071	13,065	(13,065)
Borrowings	19,48,154	9,741	(9,741)
Net Gap (Asset - liability)	6,64,916	3,325	(3,325)

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	53%	61%
Fixed rate borrowings	47%	39%
Total borrowings	**100%**	**100%**

iii 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)
for the year ended March 31, 2020

(Rs. in lakh)

37. Financial risk review *(Continued)*

C. Market risk

iv Disclosure persuant to Ind AS 7 “Statement of Cash Flows”

Changes in Liabilities arising from financing activities

As at March 31, 2020

particulars	April 1, 2019	Cash Flows	Exchange Difference	Others	March 31, 2020
Debt Securities	6,52,493	2,54,599	-	(1,829)	9,05,263
Borrowings (Other than debt securities)	18,43,122	(1,42,217)	4,068	(1,27,428)	15,77,545
Subordinated liabilities	62,283	7,804	-	(57)	70,030
Total	**25,57,898**	**1,20,186**	**4,068**	**(1,29,313)**	**25,52,838**

Other column includes the effect of amortisation of borrowing cost, amortisation of premium/discount on CPs/NCDs and conversion of CCCPS to equity shares.

As at March 31, 2019

particulars	April 1, 2018	Cash Flows	Exchange Difference	Others	March 31, 2019
Debt Securities	7,30,480	(79,693)	-	1,706	6,52,493
Borrowings (Other than debt securities)	11,41,144	6,87,843	375	13,760	18,43,122
Subordinated liabilities	64,770	(2,500)	-	13	62,283
Total	**19,36,394**	**6,05,650**	**375**	**15,479**	**25,57,898**

Other column includes the effect of amortisation of borrowing cost, amortisation of premium/discount on CPs/NCDs and conversion of CCCPS to equity shares.

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

37. Financial risk review *(Continued)*

D. Capital management

i Regulatory capital

The National Housing Bank (NHB) 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 reserve,
3) Retained earnings,
4) Cummulative compulsorily convertible preference Shares (CCCPS),
5) Debenture redemption reserve
6) Perpetual debt
7) Special reserve
8) Retained earnings
9) Special reserve.
10) 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,
3) perpetual debt to the extent not eligible for Tier I.

(Rs. in lakh)

37. Financial risk review *(Continued)*

D. Capital management

ii Regulatory capital

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 13 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

Particulars	**As at March 31. 2020**	**As at March 31. 2019**
Ordinary share capital	54,756	30,971
Securities premium reserve	1,85,672	37,429
Retained earnings	13,694	11,316
cumulative compulsorily convertible preference Shares (CCCPS),	-	1,27,200
Other free reserve	22,378	17,811
general reserve	281	158
Less:		
-Deferred Revenue Expenditure	(3,717)	(1,894)
-Software	(603)	(714)
-Intangible assets under development	-	(9)
-Unamortised Loan Acquisition Cost	(6,793)	(6,123)
-Deferred Tax Asset	(13,127)	(12,001)
Tier I Capital	**2,52,540**	**2,04,144**
Subordinate Debt	58,192	54,862
Impairment loss allowance - stage I & II	22,900	18,657
Tier II Capital	**81,092**	**73,519**
Tier I + Tier II Capital	**3,33,632**	**2,77,663**

(Rs. in lakh)

37. Financial risk review *(Continued)*

D. Capital management

iii Capital allocation

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by Asset and Liability Management Committee (ALCO).

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Company to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Company's longer-term strategic objectives. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

37. Financial risk review(continued)

A. Credit risk

iii Amounts arising from ECL

Impairment allowance on financial asset is covered in note 2 (x)

Inputs, assumptions and estimation techniques used for estimating ECL

1) Inputs:

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, expert credit assessment and including forward looking information.

The Company allocates each exposure to a credit risk grade based on days past due, which is a quantitative factor that indicates the risk of default. Additional qualitative factors are applied such as fraudulent customer, reschedulement of loans and discontinued portfolios are also considered as qualitative factor.

These factors are applied uniformly for each lending product. Upon review the committee may conclude that the account qualifies for classification as stage 2 since there is increase in credit risk. The determination of the credit risk is for each product, considering the unique risk and rewards associated with it. The Company has observed varied level of risk across various buckets within each stage and a significant increase in risk in stage 2, based on assessment of qualitative parameters such as decline in net-worth, downgrade in internal ratings and external ratings for Corporate and SME Finance Division.

The objective of the ECL assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime probability of default (PD) as at the reporting date; with the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure and adjusted for changes on account of prepayments.

In assessing the impairment of loan assets under Expected Credit Loss (ECL) Model, the loans have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial instrument.

Refer note 2(x) in Significant accounting policies for definition of Stages of Asset

2) Assumptions:

The Company has applied following assumptions for determination of ECL.

1) "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
2) "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.
3) "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.
4) 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.

5) 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.

6) 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. Additionally, accounts identified and reviewed by the Executive committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

3) Estimation techniques:

The Company has applied the following estimation technique for ECL model:

1) The Company has used historic default rates for calculating the 12-month PD and Lifetime PDs

2) 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 and Retail exposures:

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 determining capital adequacy of the bank) norms is also used

Days past due are a primary input for the determination of the PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by product. For some portfolios, information published in Basel IRB (Basel internal rating based approach refers to set of credit measurement techniques proposed by the Basel committee on Bank Supervision (BCBS)) norms is also used.

The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime -PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default for each product.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors. Key macro-economic indicators include but is not limited to.

a) Private consumption
b) contribution to real GDP growth/Real GDP
c) Housing Price Index
d) Lending interest rate
e) Average real wages
f) Real agriculture
g) Recorded unemployment
h) Consumer prices
i) Growth of real capital stock
j) Manufacturing
k) Net direct investment flows
l) Industry
m) Services
n) Public debt
o) Producer prices
p) Labour productivity
q) Domestic credit

For the purpose of determination of impact of forward-looking information, the Company applies various macro-economic (ME) variables as stated above to each product and assess the trend of the historical probability of defaults as compared to the forecasted probability of default. Based on the directional trend of output, management applies an overlay if required. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

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 over the past 5 years.

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 loans are segmented into homogenous product categories to determine the historical PD/LGD as per similar risk profiles, this segmentation is subject to regular review

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. Company has observed challenges in the resolution of defaulted accounts with ageing more than two years and accordingly a higher LGD estimate is applied assuming nil recoveries towards such accounts.

ix) Techniques for computation of EAD

a) 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 NHB for various loan commitments. For financial assets in stage 2, EAD is determined by estimating the possible exposure in future using linear amortisation techniques.

b) 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 NHB 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.

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 expected credit loss (ECL) model of the Company was primarily based on historical experiences of the economic conditions, customer behaviour and related factors. The increased uncertainty about potential future economic scenarios and their impact on credit losses has necessitated a consideration of additional scenarios while measuring ECLs.

Impact on certain type of borrowers like self-employed borrower segment would be more than the salaried segment due to impact on working capital cycle caused by closure of business during the lockdown. In case of retails loans, the Company has calculated impact of Covid 19 on a collective basis. The portfolio is segmented based on nature of products, past forward flow rates and days past due (DPD) status. Further, the Company has segmented the portfolio, in to various products for arriving at the potential impact on probability of default.

For construction real estate book, the Company carried out the individual borrower wise assessment to quantify the COVID impact. Impact analysis was done considering following additional credit risk parameters such as:

1. Promotor strength
2. Construction stage
3. Status of project financial closure
4. Debt Service Reserve Account

With this impact analysis, the cases which are having low and medium impact are classified under Stage 1 whereas the cases having high impact are classified under Stage 2 accounts.

To estimate the potential impact of COVID-19, various scenarios were built on the basis of likely duration of the COVID-19 impact. Based on the portfolio segmentation, forward flow into various buckets were estimated for each of the scenarios. ECL rates of each product have been applied to the forward flows as estimated, to arrive at estimated provision under each scenario. Further, by assigning probabilities to various scenarios, overall impact assessment was quantified. The extent to which COVID-19 pandemic will impact current estimates of ECL is uncertain at this point in time. The Company has based on historical data and best available internal and external forward-looking information, built probable scenarios of impact, and quantified an additional loan loss provision of Rs. 11,000 lakh (includes stage 1 and stage 2 provisioning of Rs. 2,879 lakh and 8,121 lakh respectively), in order to capture any potential impact of COVID-19 on impairment allowances.

The underlying forecasts and assumptions applied in the determination of ECL provision are subject to uncertainties which are often outside of the Company’s control and accordingly, actual results may differ from these estimates.

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

38. Leases:

As a lessee the Company classified property leases as operating leases under Ind AS 116. These include residential premises taken on lease for employee residence. The leases typically run for a period of one to three years. Leases include conditions such as non-cancellable period i.e. lock in 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 at the date of initial application.

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:

Particulars	As on April 1, 2019
Right-of-use assets	2,828
Lease liability	3,073
Retained earnings (before tax)	245
Less: Tax	(62)
Retained earnings (after tax)	183

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using the borrowing rate at the date of initial application.

Particulars	As on April 1, 2019
Total cash outflow for the lease contract over the balance tenure	3,906
- Discounted value of lease liabilities using the borrowing rate at the initiation of lease	3,073
Lease liabilities recognised at April 1, 2019	3,073

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 Deposit given for the abovementioned residential properties as per Ind AS 109, amounting to Rs 117 lakh has been reclassed to Right-of-use asset. This amount shall be depreciated over the remaining period of lease.

Impact for the year:

As a result of initially applying Ind AS 116, in relation to the leases that were previously classified as operating leases, the Company recognised Rs. 3,461 lakh of right-of-use assets and Rs. 3,724 lakh of lease liabilities as at March 31, 2020.

Also in relation to those leases under Ind AS 116, the Company has recognised depreciation and interest costs, instead of operating lease expense. During the year ended March 31, 2020, the Company recognised Rs. 766 lakh of depreciation charges and Rs. 303 lakh of interest costs from these leases.

Right-of-use assets

Particulars	As on April 1, 2019
Balance at April 01,2019	2,961
Additions during the year	1,266
Deletion during the year	-
Depreciation charge for the year	766
Balance at March 31, 2020	3,461

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

38. Leases:

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

Particulars	As on April 1, 2019
Less than one month	83
Between one and three months	162
Between three months and one year	716
Between one and five years	2,966
More than five years	730
Total undiscounted lease liabilities	**4,657**

Amounts recognized in the Statement of Profit and Loss:

Particulars	For the year ended March 31, 2020
Short-term lease rent expense	50
Interest on lease liabJities	303
Depreciation on Right-of-use assets	766

Amounts recognised in statement of cash flows:

Particulars	For the year ended March 31, 2020
Total cash outflow for leases during FY 2019-20	918

Disclosure pursuant to 'Ind AS 17 Leases' for leases previously classified as operating leases under Ind AS 17 (upto March 31, 2019)

The total of future minimum lease payments as at March 31, 2019 that the Company is committed to make:

Lease Payments	As at March 31, 2019
- Within one year	284
- Later than one year and not later than five years	971
- Later than five years	-

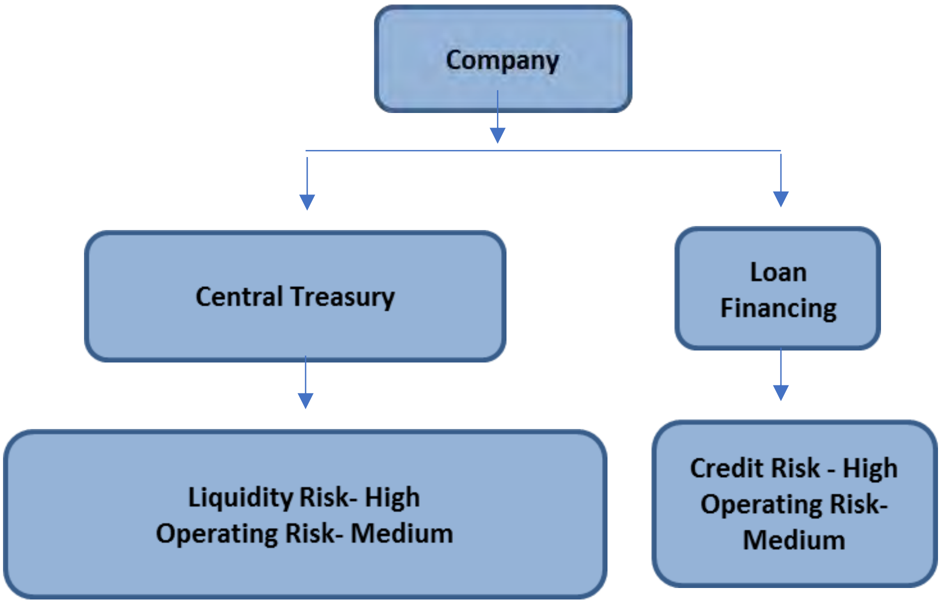
39. Financial risk management

A. Introduction and overview

Financial instruments of the Company have exposure to the following risks:

a) credit risk;
b) liquidity risk;
c) market risks; and
d) operational risk

The following chart provides a link between the Company's business units and the principal risks that they are exposed to. The significance of risk is assessed within the context of the Company as a whole and is measured based on allocation of the regulatory capital within the company.



Company's objectives, policies and processes for measuring and managing risk.

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 established the Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. 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 Audit Committee oversees how management monitors compliance with the Company's 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.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements:

Risk	Exposure arising from	Measurement	Management
Credit risk	Financial assets measured at amortised cost. Trade receivables and derivative financial instruments	Ageing analysis	Diversification of credit limits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Payable in foreign currency for purchase of Assets given on operating lease		
Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts.	

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 central treasury department as per the policies approved by the board of directors. Company treasury identifies, evaluates and mitigates financial risks in close co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

B. Credit risk

Credit risk is 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.

Management of Credit risk:

The credit risk is governed by the Credit Policy approved by the Board of Directors. The Credit Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits. The Company measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level. The Company has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk.

The Company has additionally taken the following measures: -

1) Lower borrower group exposure limits
2) Establishment of a separate credit monitoring team to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required
3) Enhanced monitoring of retail product portfolios through periodic reviews.

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

Following type of risk are monitored by the Credit committee

a) Market 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 Risk management committee.
b) Settlement risk:
The Company's activities may give rise to risk at the time of settlement of transactions and trades. 'Settlement risk' is the risk of loss due to the failure of a Company to honour its obligations to deliver cash, securities or other assets as contractually agreed. For certain types of transaction, the Company mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process described earlier.

Governance framework:

a) The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit Committee. A separate Managing Credit Committee, reporting to the Credit Committee, is responsible for managing the Company's credit risk, including the following: 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. Larger facilities require approval by Credit Committee, the Head of Credit, the Head of Risk or the Board of Directors, as appropriate. Review and assessment of credit risk is done by the Credit and Risk Team. Credit assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned.
c) Renewals and reviews of facilities are subject to the same review process;
d) Limiting concentrations of exposure to counterparties, geographies and industries for loans and advances;
e) Developing and maintaining the Company's risk gradings to categorise exposures according to the degree of risk of default. 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;
f) Developing and maintaining the Company's processes for measuring ECL:
This includes processes for:
   1) initial approval, regular validation and back-testing of the models used;
   2) incorporation of forward-looking information.
   3) Reviewing compliance of business units with agreed exposure limits to products, state and sector.
   4) Regular reports on the credit quality of product portfolios are provided to Credit Committee, which may require appropriate corrective action to be taken.
   5) These include reports containing estimates of ECL allowances.

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

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 subjects to approval of Credit Committee. Regular audits of business units and credit processes are undertaken by Internal Audit.

Credit Risk Assessment Methodology

Retail Portfolio

Our customers for retail loans are primarily middle and high-income, salaried and self-employed individuals.

The Company's credit officers evaluate credit proposals on the basis of operating policies approved by the Board of Directors. The criteria typically include factors such as the borrower’s income and ability to repay, the loan-to-value ratio and demographic parameters. Any deviations need to be approved at the designated levels.

External agencies such as field investigation agencies facilitate a comprehensive due diligence process including CIBIL score verification, visits to offices and homes in the case of loans made to retail borrowers. Dedupe procedures are carried out for the fraud risk assessment.

We mine data on our borrower account behaviour as well as static data regularly to monitor the portfolio performance of each product segment regularly and use these as inputs in revising our product programs, target market definitions and credit assessment criteria to meet our twin objectives of combining volume growth and maintenance of asset quality.

Risk Management and Portfolio Review

We ensure effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is higher for cases with higher outstanding balances. For both Corporate and Retail borrowers, 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, creation of security and insurance policies for assets financed. The Credit Committee of the Company, 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 Credit Committee is submitted to the Board for its information.

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:

i. Engagement with the customers through dedicated relationship manager and collection team for regularisation of standard accounts
ii. Policy intervention by way of identifying positive and negative sectors and geographies for future funding need of the customers
iii. Realigning the product suite by way of differentiated product mix offering to different segments of borrowers

iv. Diversification of geographical concentration risk by way of varied maximum ticket size based on target geography
v. Enhanced field monitoring for partly disbursed cases
vi. For construction real estate book, stringent escrow management, field monitoring and engagement with promoters. Selection of new borrower is being done after assessing the impact of COVID19 on the borrower and project.
vii. Continuous monitoring of both operational and under construction projects to identify risks at an early stage, to aid timely action.
viii. Assessment of cashflow of the borrowers under the current scenario.
ix. Strengthening of the collection infrastructure
x. Cautious selection of new construction projects after careful assessment of impact of COVID-19 on the borrower and project.
xi. Regular assessment of the credit profile of off-takers and their payment track record to various developers. Gradual reduction in portfolio with relatively weaker off-takers.
xii. Strengthening of credit assessment terms for newer sanctions.
xiii. Opportunistic acquisition of credit-worthy transactions from secondary markets.
xiv. Long term Credit lines from foreign and Indian Institutions.
xv. Digitization of key processes enabling better and real time portfolio monitoring.

C. Liquidity risk

'Liquidity risk' is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Company's Board of Directors sets the strategy for managing liquidity risk and delegates responsibility for oversight of the implementation of this policy to ALCO. ALCO approves the liquidity policies and procedures. Central Treasury manages the liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the Company. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key elements of the Company's liquidity strategy are as follows.

1) Maintaining a diversified funding base consisting of market borrowings such as debentures and commercial papers and bank borrowings and maintaining contingency facilities such as unutilised bank lines of credit. Carrying a portfolio of highly liquid mutual funds.
2) Monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the Company's financial assets and financial liabilities, and the extent to which the assets are encumbered and so not available as potential collateral for obtaining funding.
3) Stress testing of the Company's liquidity position.
4) Central Treasury receives information from other business units regarding the liquidity profile of their financial assets and financial liabilities and details of other projected cash flows arising from projected future business. Central Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Company as a whole.
5) The liquidity requirements of business units and subsidiaries are met through loans from Central Treasury to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements.

The Central treasury monitors the ALM mismatches for all buckets on a periodic basis and addresses those gaps. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed taking into account both specific events (e.g. a rating downgrade) and market-related events (e.g. prolonged market illiquidity, significant adverse change in the industry scenarios, natural disasters or other catastrophes).

Impact of COVID 19 on Liquidity risk

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

D. Market risks

'Market risk' is the risk that changes in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – 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.

a) Management of market risks

The Company monitors its exposure to market risks on account of non-trading portfolios. Overall authority for market risk is vested in ALCO. ALCO sets up limits for each type of risk in aggregate and for portfolios, with market liquidity being a primary factor in determining the level of limits set for trading portfolios. The Chief Market Risk officer is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation. The Company employs a range of tools to monitor and limit market risk exposures. These are discussed below, separately for non-trading portfolios.

b) Exposure to market risk – Non-trading portfolios

- **Interest rate risk**

Our core business is borrowing and lending as permitted by the Reserve Bank of India. These activities expose us to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. 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 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. We monitor interest rate risk through above measures on a monthly basis. The interest rate risk limits are approved by the Board of Directors.

The extent to which COVID-19 pandemic will impact current estimates of interest rates is uncertain at this point in time. On a best estimate basis, the company is not anticipating any significant interest rate risk due to COVID-19 outbreak. The following assessment are being conducted on regular basis to monitor the interest rate risk.

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

- **Foreign exchange risk**

The Company's risk management policies is to hold derivatives instruments such as foreign currency forward to mitigate the risk of foreign currency payments for payments and interest rate swap to mitigate the risk of fluctuation in the interest rate applicable towards external commercial borrowings. The Company has a policy to enter in to the derivative position to ensure that the risk on account of fluctuation in foreign exchange rates and interest rates on external commercial borrowings is fully mitigated by entering into foreign exchange forward cover and interest rate swap.

c) Equity price risk

Equity price risk is subject to regular monitoring by Company Market Risk, but is not currently significant in relation to the Company's overall results and financial position.

Impact of COVID 19 on Market risk

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:

1. floating interest rate and
2. 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 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.

Equity price risk:

The Company has nil investment in equity, hence no impact is expected due to COVID-19 outbreak.

E. Operational risk

'Operational risk' is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks – e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and innovation. In all cases, Company's policy requires compliance with all applicable legal and regulatory requirements. The Board of Directors has delegated responsibility for operational risk to its Company's Operational Risk Committee, which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Company's standards for the management of operational risk in the following areas:

1) requirements for appropriate segregation of duties, including the independent authorisation of transactions
2) requirements for the reconciliation and monitoring of transactions
3) compliance with regulatory and other legal requirements;
4) documentation of controls and procedures;
5) requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
6) requirements for the reporting of operational losses and proposed remedial action; •• development of contingency plans;•• training and professional development;
7) ethical and business standards; and
8) risk mitigation, including insurance where this is cost-effective.

Compliance with Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the

Operational Risk Committee, with summaries submitted to the Audit Committee and senior management of the Group.

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

In order to address the risk associated with COVID 19 and to seamlessly carry out normal operations, the Company immediately activated its Business Continuity Plan (BCP).

The Company ensured seamless accessibility of critical systems through virtual private network (VPN), thereby minimizing the risk of security/data breaches and cyberattacks.

Notes forming part of the Financial Statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

40. Disclosure of details as required under notification issued by NHB dated February 09, 2017, NHB.HFC.CG-DIR.1/MD&CEO/2016.

40.1 Capital

(Rs. In Lakh)

Particulars		2019-20 Ind AS	2018-19 Ind AS
(i)	CRAR (%)	18.21%	16.23%
(ii)	CRAR – Tier I Capital (%)	13.78%	11.94%
(iii)	CRAR – Tier II Capital (%)	4.43%	4.30%
(iv)	Amount of subordinated debt raised as Tier- II Capital	7,804	-
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

40.2 There were no unhedged foreign currency transactions during current year (FY 2018-19 Rs. Nil).

40.3 The Company has not done any Securitisation during the financial year. (FY 2018-19 Rs Nil).

40.4 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction is Rs. Nil (FY 2018-19 Rs Nil).

40.5 Details of Assignment transactions undertaken by HFCs:

(Rs. In Lakh)

Particulars		2019-20	2018-19
(i)	No. of accounts	Nil	Nil
(ii)	Aggregate value (net of provisions) of accounts sold *	Nil	Nil
(iii)	Aggregate consideration	Nil	Nil
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

40.6 The Company does not have purchase / sale transaction of non-performing financial asset (FY 2018-19 Rs Nil).

40.7 Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities as per NHB format

For the year 2019-20

(Rs. In Lakh)

	Liabilities			Assets		
Particulars	Borrowings from Banks	Market Borrowings	Foreign Currency Liabilities	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (One month)	57,174	49,111	-	12,265	-	-
Over One month to 2 months	27,417	91,556	-	10,415	-	-
Over 2 months unto 3 months	93,083	63,266	-	12,014	-	-
Over 3 months to 6 months	74,202	87,996	-	86,846	-	-
Over 6 months to 1 year	1,42,071	1,54,185	-	2,39,596	-	-
Over 1 year to 3 years	7,00,658	2,78,772	56,058	5,39,464	-	-
Over 3 years to 5 years	2,00,666	79,693	-	4,12,637	-	-
Over 5 to 7 years	83,887	75,750	-	2,78,612	-	-
Over 7 to 10 years	86,051	96,988	-	4,08,093	-	-
Over10 years	57,605	-	-	7,48,121	-	-
Total	**15,22,814**	**9,77,317**	**56,058**	**27,48,063**	**-**	**-**

Assets and liabilities bifurcation into various buckets is based on NHB guidelines.

Notes forming part of the Financial Statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

40. Disclosure of details as required under notification issued by NHB dated February 09, 2017, NHB.HFC.CG-DIR.1/MD&CEO/2016. *(Continued)*

40.7 Asset Liability Management *(Continued)*

For the year 2018-19

(Rs. In Lakh)

Particulars	Liabilities			Assets		
	Borrowings from Banks	Market Borrowings	Foreign Currency Liabilities	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (One month)	1,93,212	1,15,471	-	31,083	-	-
Over One month to 2 months	61,500	63,542	-	31,953	-	-
Over 2 months puts 3 months	78,817	20,934	-	31,974	-	-
Over 3 months to 6 months	93,942	1,35,738	-	1,17,940	-	-
Over 6 months to 1 year	68,033	1,28,171	-	2,02,394	-	-
Over 1 year to 3 years	6,25,286	1,35,373	-	3,83,348	-	-
Over 3 years to 5 years	2,39,449	45,481	51,990	3,42,647	-	-
Over 5 to 7 years	1,01,874	69,550	-	2,68,016	-	-
Over 7 to 10 years	97,737	21,000	-	4,09,826	-	-
Over10 years	85,063	-	-	8,30,172	-	-
Total	**16,44,912**	**7,35,260**	**51,990**	**26,49,354**	**-**	**-**

Assets and liabilities bifurcation into various buckets is based on NHB guidelines.

40.8 Exposure

40.8.1 Exposure to Real Estate Sector

(Rs. In Lakh)

Category		**2019-20**	**2018-19**
a)	**Direct Exposure**		
(i)	**Residential Mortgages -**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:		
	(i) Individual housing loans up to Rs. 15 Lakh	3,82,506	4,01,651
	(ii) Other loans	23,14,940	22,99,570
(ii)	**Commercial Real Estate -**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure includes non-fund based (NFB) limits.	3,22,184	2,49,174
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
b)	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total		**30,19,630**	**29,50,395**

Note : Exposure to Real Estate Sector Includes accrued interest and undrawn commitment given to borrowers.

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

40. Disclosure of details as required under notification issued by NHB dated February 09, 2017, NHB.HFC.CG-DIR.1/MD&CEO/2016. *(Continued)*

40.8 Exposure *(Continued)*

40.8.2 Exposure to Capital Market

(Rs. In Lakh)

Particulars		2019-20	2018-19
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market		-	-

40.8.3 No Parent Company products were financed during the year (FY 2018-19 Rs Nil).

40.8.4 The Exposure to a single borrower and group of borrower does not exceed the limit stipulated by the NHB prudential norms applicable to HFC (FY 2018-19 Rs Nil).

40.9 Miscellaneous

40.9.1 The Company has following Registrations effective as on March 31, 2020:

Issuing Authority	Registration No., if any	Date of registration	Valid upto	Registered as
National Housing Bank	04.0073.09	02-Apr-09	-	Housing finance institution without permission to accept public deposits.

40.9.2 No penalties has been imposed on the Company during the year (FY 2018-19 Rs Nil).

40.9.3 No loans granted against the collateral gold jewellery by the company (FY 2018-19 Rs Nil).

40.9.4 There are no prior period items that have an impact on the current year's profit and loss (FY 2018-19 Rs Nil).

40.9.5 Since the Company does not have significant uncertainties pending resolutions as at March 31, 2020, revenue recognition has not been postponed.

40.9.6 Ratings assigned by credit rating agencies and migration of ratings during the year.

(i)	Rating Assigned to	Short Term Debt, Long Term Debt, Tier II Debt
(ii)	Date of Rating	ICRA- 30th October 2019, CRISIL- 31st March, 2020, India Rating- 06th November 2019
(iii)	Rating Valid up to	Till the Date of reaffirmation
(iv)	Name of the Rating Agency	ICRA Limited (ICRA), CRISIL Limited (CRISIL), INDIA RATINGS
(v)	Rating of products	
	(a) Commercial Paper	CRISIL A1+, [ICRA] A1+
	(b) Secured Non Convertible Debentures (NCDs)	CRISIL AAA/ Stable, [ICRA] AAA/Stable, IND AAA/Stable
	(c) Subordinated NCDs	CRISIL AAA/ Stable, [ICRA] AAA/Stable
	(d) Secured NCDs - Market Linked Debentures	CRISIL PP-MLD AAAr/Stable
	(e) Bank loan facilities	CRISIL AAA/ Stable, IND AAA/ Stable

During the year under review, rating agencies re-affirmed/issued ratings to the Company as above

Notes forming part of the Financial Statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

40. Disclosure of details as required under notification issued by NHB dated February 09, 2017, NHB.HFC.CG-DIR.1/MD&CEO/2016. *(Continued)*

40.10 Additional Disclosures

40.10.1 Provisions and Contingencies

(Rs. In Lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		2019-20	2018-19
(i)	Provision made / (reversed) towards income tax	10,219	7,688
(ii)	Provision made / (reversed) towards NPA [Impairment allowance - stage III (net of recoveries)]	26,493	18,919
(iii)	Provision made / (reversed) for standard assets [Impairment allowance - stage I & II]	15,993	1,245
(iv)	Provision made / (reversed) for depreciation on fixed assets	1,503	590
(v)	Provision made / (reversed) for gratuity	329	216
(vi)	Provision made / (reversed) for leave encashment	225	283
(vii)	Provision made / (reversed) for long term service benefit	2	(28)

The Company has assessed its obligations arising in the normal course of business, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Indian Accounting Standard (Ind AS) 37 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 as contingent liabilities in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

40.10.2 The disclosure for drawdown of reserves during the year has been disclosed in Note no 38.

40.10.3 The disclosure of the Concentration of Deposits taken is not applicable as the Company carries on the business of a housing finance institution without accepting public deposits (FY 2018-19 Rs Nil).

40.10.4 Concentration of Loans & Advances

(Rs. In Lakh)

Particulars	2019-20	2018-19
Total Loans & Advances to twenty largest borrowers #	2,00,837	1,36,393
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	7.28%	5.14%

Includes Loans & Advances and interest accrued thereon.

40.10.5 Concentration of all Exposure (including off-balance sheet exposure)

(Rs. In Lakh)

Particulars	2019-20	2018-19
Total Exposure to twenty largest borrowers / customers #	2,85,464	1,91,029
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	9.45%	6.47%

Includes Loans & Advances and interest accrued and undrawn exposure thereon.

40.10.6 Concentration of NPAs

(Rs. In Lakh)

Particulars	2019-20	2018-19
Total Exposure to top ten NPA accounts	10,101	4,173

Notes forming part of the Financial Statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

40. Disclosure of details as required under notification issued by NHB dated February 09, 2017, NHB.HFC.CG-DIR.1/MD&CEO/2016. *(Continued)*

40.10 Additional Disclosures *(Continued)*

40.10.7 Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector 2019-20	Percentage of NPAs to Total Advances in that sector 2018-19
A.	**Housing**	**1.48%**	**0.91%**
1.	Individuals	1.24%	0.92%
2.	Builders/Project	2.80%	0.72%
3.	Corporates	1.12%	2.92%
4.	Others (specify)	0.00%	0.00%
B.	**Non-Housing**	**1.09%**	**0.88%**
1.	Individuals	1.19%	0.84%
2.	Builders/Project	0.05%	1.37%
3.	Corporates	1.98%	0.72%
4.	Others (specify)	0.00%	0.00%

40.10.8 Movement of NPAs

(Rs. In Lakh)

Particulars		2019-20	2018-19
(I)	Net NPAs to Net Advances (%)	0.53%	0.38%
(II)	Movement of NPAs (Gross)		
a)	Opening balance	23,904	24,852
b)	Additions during the year	36,491	25,203
c)	Reductions during the year	(22,694)	(26,151)
d)	Closing balance	37,701	23,904
(III)	Movement of Net NPAs		
a)	Opening balance	10,033	8,380
b)	Additions during the year	14,296	9,439
c)	Reductions during the year	(9,946)	(7,786)
d)	Closing balance	14,383	10,033
(IV)	Movement of provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	13,871	16,472
b)	Additions during the year	30,622	13,286
c)	Reductions during the year	(21,175)	(15,887)
d)	Closing balance	23,318	13,871

Note: The movement of Gross NPA, Provisions for NPA and Net NPA presented above excludes NPA identified and regularized in the same financial year.

40.10.9 The company does not have overseas asset as at March 31st 2020 (as at March 31, 2019 : Nil).

40.10.10 The Company has not sponsored any SPVs. Accordingly there is no disclosure applicable (FY 2017-19 : Nil).

40.11 Customers Complaints

Particulars		2019-20	2018-19
a)	No. of complaints pending at the beginning of the year	134	21
b)	No. of complaints received during the year	4993	3747
c)	No. of complaints redressed during the year	5013	3634
d)	No. of complaints pending at the end of the year	114	134

Notes forming part of the Financial Statements (Continued)
for the year ended March 31, 2020

(Rs. in lakh)

40. Disclosure of details as required under notification issued by NHB dated February 09, 2017, NHB.HFC.CG-DIR.1/MD&CEO/2016. *(Continued)*

40.12 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 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 (x).

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. Interest rate swap is entered to establish the fixed rate of interest payable towards the external commercial borrowing.

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 interest rate 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	81	60,494	83	57,788
Interest rate swap contract i.e. Notional principal of Swap Agreements (Foreign Currency borrowings*Closing exchange rate)	Buy	75	56,058	75	51,990
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	4,419	NA	347
The fair value loss of the interest rate swap	Buy	NA	(2,447)	NA	(372)

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)	60,494	57,788	56,058	51,990
(ii) Marked to Market Positions [1]				
(a) Assets (+)	4,419	347.00	-	-
(b) Liability (-)	-	-	(2,447)	(372)
(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)

40. Disclosure of details as required under notification issued by NHB dated February 09, 2017, NHB.HFC.CG-DIR.1/MD&CEO/2016. *(Continued)*

40.13 Housing and non-housing loans and provision in respect thereof on account of standard, sub standard, doubtful and loss assets are recorded in accordance with the guidelines on prudential norms as specified by National Housing Bank are as follows:

(Rs. in Lakh)

Category	Standard Assets		Sub-Standard Assets		Doubtful Assets		Loss Assets		Total	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Housing Loan										
Gross Portfolio	19,69,731	20,28,462	28,025	17,619	1,477	471	-	543	19,99,233	20,47,095
Provision	24,203	13,334	17,525	10,359	1,477	471	-	543	43,205	24,707
Net Portfolio	19,45,528	20,15,128	10,500	7,260	-	-	-	-	19,56,028	20,22,388
Non Housing Loan										
Gross Portfolio	7,40,574	5,96,931	7,842	4,975	357	296	-	-	7,48,773	6,02,202
Provision	10,447	5,323	3,959	2,202	357	296	-	-	14,763	7,821
Net Portfolio	7,30,127	5,91,608	3,883	2,773	-	-	-	-	7,34,010	5,94,381
Total										
Gross Portfolio	27,10,305	26,25,393	35,867	22,594	1,834	767	-	543	27,48,006	26,49,297
Provision	34,650	18,657	21,484	12,561	1,834	767	-	543	57,968	32,528
Net Portfolio	26,75,655	26,06,736	14,383	10,033	-	-	-	-	26,90,038	26,16,769

Categories of Doubtful Assets are as follows:

(Rs. in Lakh)

Category	Doubtful 1		Doubtful 2		Doubtful 3		Total	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Housing Loan								
Gross Portfolio	1,477	396	-	75	-	-	1,477	471
Provision	1,477	396	-	75	-	-	1,477	471
Net Portfolio	-	-	-	-	-	-	-	-
Non Housing Loan								
Gross Portfolio	340	293	17	3	-	-	357	296
Provision	340	293	17	3	-	-	357	296
Net Portfolio	-	-	-	-	-	-	-	-
Total								
Gross Portfolio	1,817	689	17	78	-	-	1,834	767
Provision	1,817	689	17	78	-	-	1,834	767
Net Portfolio	-	-	-	-	-	-	-	-

40.14 Loans granted by the company are secured against mortgage of property.

40.15 The company has reported frauds aggregating Rs. 431 Lakh (FY 2018-19: Rs.1,556) based on management reporting to risk committee and to the NHB through prescribed returns.

40.16 Asset Classification, NPA identification and Provisioning as per NHB Norms and Staging & Impairment allowance under Ind AS

1) Classification of Asset as Standard Asset under NHB norms:

An Asset having DPD equal to or less than 89 days and not classified as default as per Ind AS 109 is reported as standard asset as per NHB norms. Provisioning made on stage 1 and stage 2 assets under Ind AS 109 is reported as standard asset provisioning.

2) Classification of an Asset as NPA Asset under NHB norms:

An Asset having DPD equal to or more than 90 days and classified as default as per Ind AS 109 is reported as NPA asset as per NHB norms. Such asset based on DPD as per NHB norms is further classified and presented into substandard, doubtful and loss assets in compliance with the NHB norms. Provisioning made on stage 3 assets under Ind AS 109 is reported as NPA provisioning.

Notes forming part of the Financial Statements (Continued)

for the year ended March 31, 2020

(Rs. in lakh)

41. 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, , April 17 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. 88,185 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. 22,519 lakh (including accrued interest of Rs. 395 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. 4,467 lakh against these loan accounts (allowances made during Q4-2020 amounted to Rs. Nil pursuant to compliance with the RBI circular on moratorium mandating a minimum standard asset provisioning% as on March 31, 2020).

42. As per Section 203 (1) of the Companies Act, 2013, the Company is required to appoint a Chief Financial Officer ("CFO"). Mr. S. Balakrishna Kamath, who was earlier the CFO of the Company, resigned with effect from February 29, 2020. The Company is in the process of appointing a CFO and as per the provisions of the said section, the Company has a period of 6 months to fill up the said vacancy

43. Previous year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current year's classification / disclosures.

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 Capital Housing Finance Limited

Sagar Lakhani
Partner
Membership No: 111855

Rajiv Sabharwal
Chairman
(DIN No. : 00057333)

Mehernosh B. Kapadia
Director
(DIN No. : 00046612)

Anuradha E. Thakur
Director
(DIN No. : 06702919)

Ankur Verma
Director
(DIN No. : 07972892)

Anil Kaul
Managing Director
(DIN No. : 00644761)

Mumbai
25 June 2020

Jinesh Meghani
Company Secretary